

HORIZONS REPORT

Sustainability Services, 2024

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Excerpt for EY

“

The sustainability spheres of influence remain vast for any ambitious consulting, technology, engineering, IT, or business services firm—even when we launched our first [Sustainability Services market analysis](#) two years ago. Companies in every industry need to move quickly. Services firms can be there alongside them—having become intertwined throughout their organizations.

Services firms should come together with their most ambitious clients and partners that also want to tap into those spheres of influence. They can be a part of a critical mass—architects of the positive tipping points of sustainability needs. They can further embed sustainability in their services regardless of client demand and play the role the global context calls for.

”



Josh Matthews

Practice Leader for
Sustainability, HFS Research

“

True sustainability goes beyond compliance; it's about embedding environmental stewardship, social responsibility, and economic viability into every facet of business. By embedding ESG principles into every layer of business operations, we create lasting value for our planet, people, and profit. True sustainability is achieved when innovation meets accountability, leading to economic viability and environmental stewardship.

Additionally, by harnessing innovation, transparency, and a holistic approach, companies can mitigate risks and unlock new sources of value, making sustainability an integral part of their growth strategy.

”



Nandini Tare

Associate Practice Leader,
HFS Research

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Introduction and the HFS sustainability services value chain

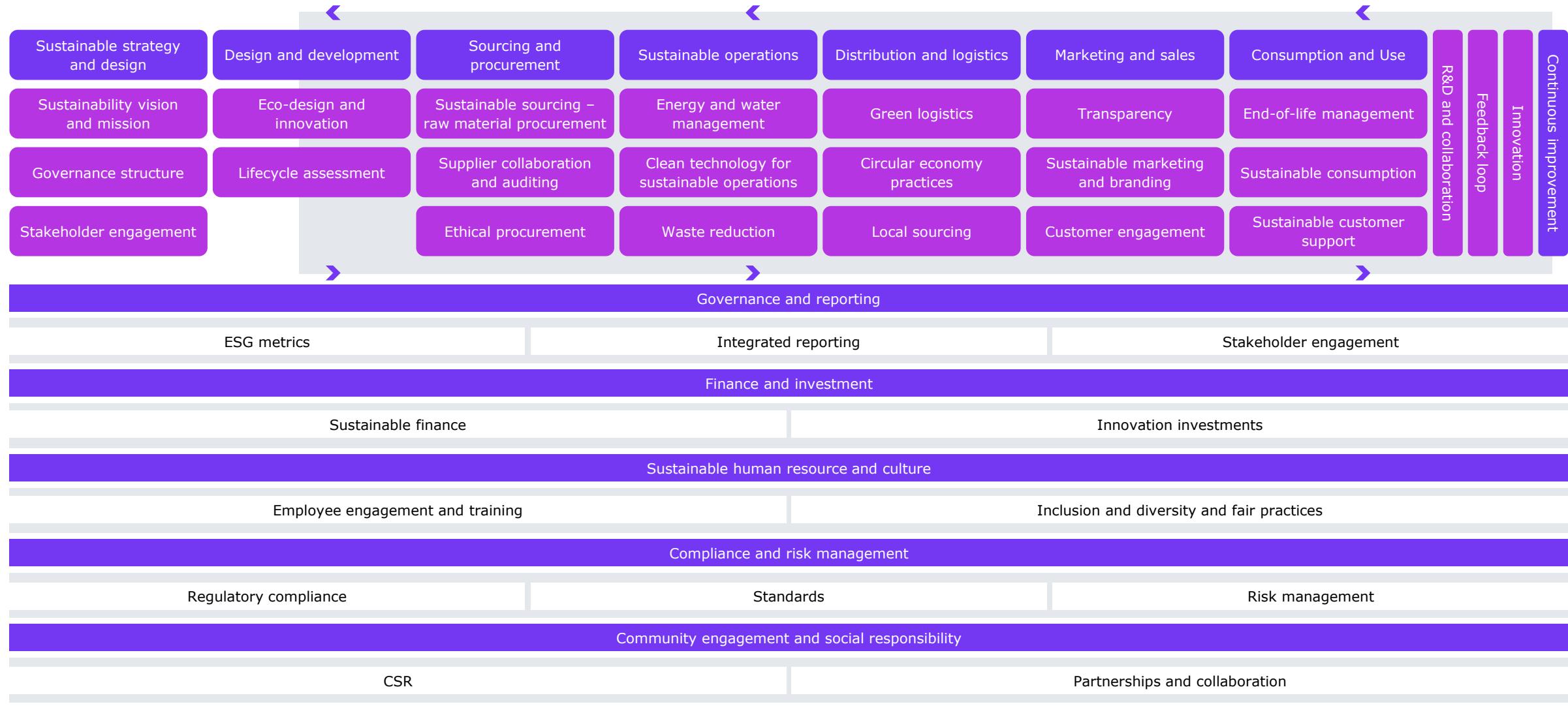
Defining sustainability for the Horizons study

- Sustainability focuses on the long-term health of natural ecosystems and communities, aiming to balance environmental, social, and economic dimensions. Creating a sustainable business involves integrating these dimensions in every business step.
- Our framework breaks down the global sustainability context (see next page) and aligns industries, businesses, and technologies to the ultimate targets of the 17 UN Sustainable Development Goals (SDGs).
- In business and finance, environmental, social, and governance principles (ESG) have long sought to provide a structured approach to achieving and measuring organizations' sustainability goals. By doing so, businesses ensure their practices reduce the negative impacts on the environment and society and are governed ethically.
- However, for true sustainability, businesses must go beyond ESG reporting and reducing harm to positively transitioning to create an environment, society, and economy that works for all.
- Services firms hold an immense opportunity and responsibility for sustainability—in consulting, technology, engineering, or broad business services (see value chain on page 7). Beyond addressing their sustainability as organizations, this manifests throughout their teams, client engagements, and ecosystems (see spheres of influence on page 9).
- In this study, we have included service providers that are addressing the needs of enterprises with consulting, technology, BPO, BPM, engineering, and managed services, designed to integrate and achieve environmental stewardship, social responsibility, and economic viability.

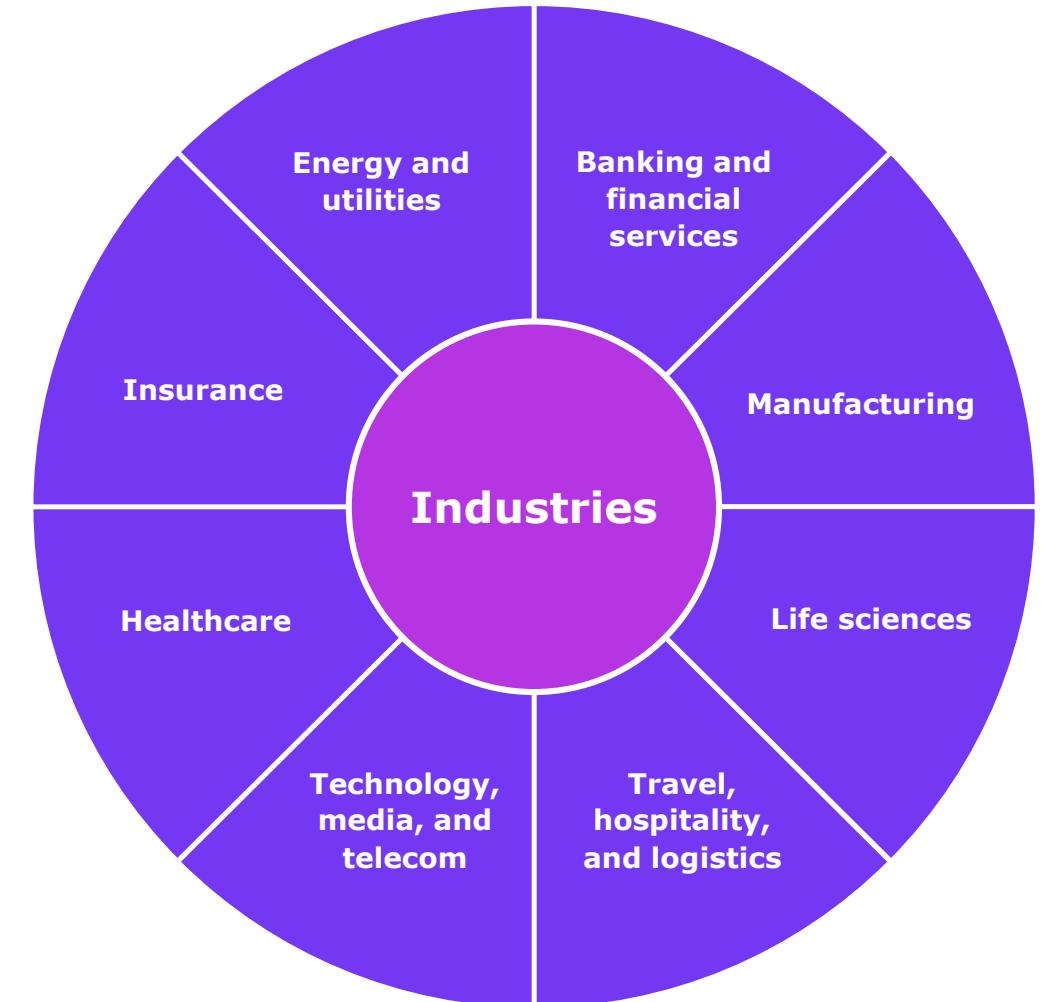
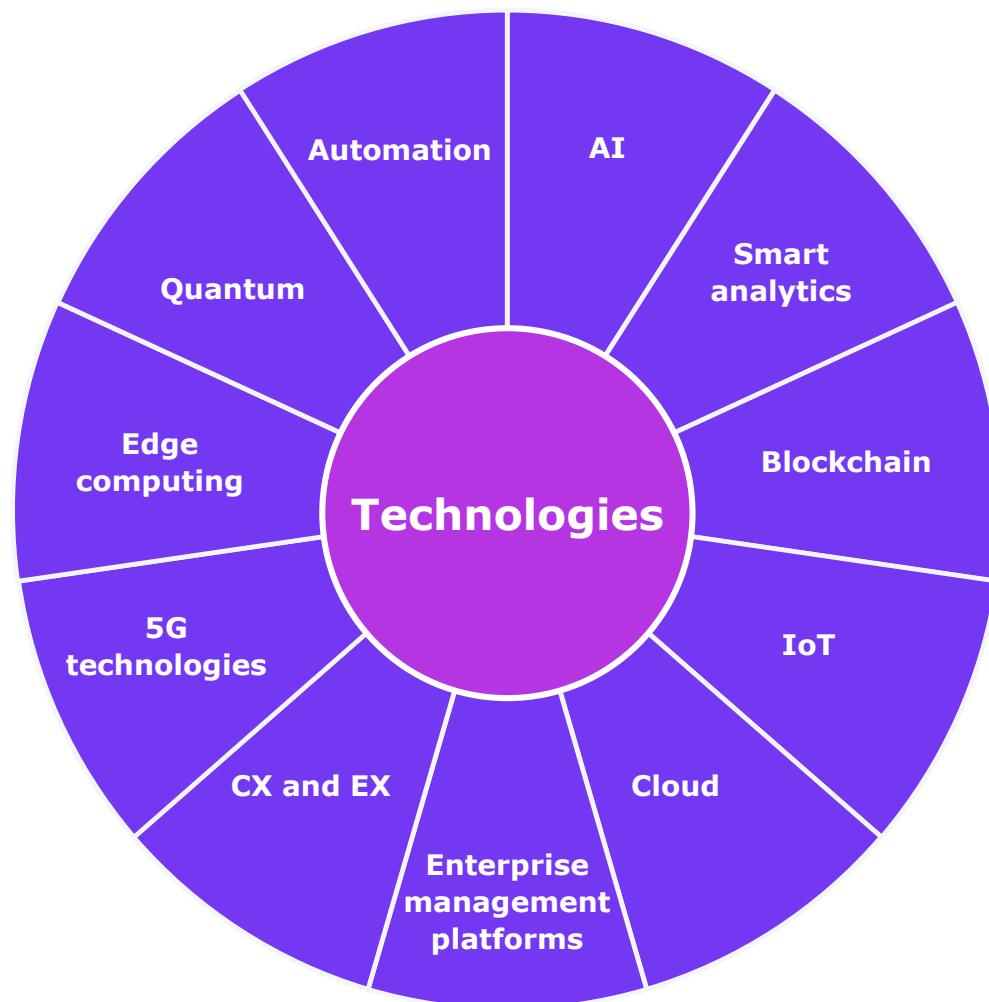
Framing sustainability | Breaking down the global context

The global sustainability context																				
17 UN Sustainable Development Goals (SDGs)																				
ESG Factors																				
Decarbonization			Environmental			Social			Governance											
<ul style="list-style-type: none"> Goal setting Footprint measurement Benchmarking Ongoing measuring and monitoring Visualization Reporting Decision making Roadmapping and delivering on emissions reductions 			<ul style="list-style-type: none"> Biodiversity on land Biodiversity in water Water usage and sanitation Affordable and clean energy Other resource usage Waste reduction Circular economy Responsible production and consumption Spills and leaks 			<ul style="list-style-type: none"> Diversity, equality, and inclusion Education Human rights No poverty and zero hunger Quality work and economic growth Labor practices and zero modern slavery Corporate outreach and CSR Talent development Impact on communities Health and safety 			<ul style="list-style-type: none"> Risk Resilience Supply chains Cybersecurity Physical security Corporate management Disclosure Financial performance Partnerships Peace, justice, and institutions 											
Geopolitics																				
Conflict economics politics health cybersecurity ageing populations developing countries poverty security migration law and order technology business culture																				
Industry Dynamics																				
Financial services and insurance	Energy and utilities	Retail and CPG	Manufacturing and chemicals	Infrastructure and construction	Travel, hospitality, and logistics	Healthcare	Pharma and life sciences	Agriculture	Telecom, media, and technology											
Leading organizations driving collaboration and alignment across their industries, regions, and entire ecosystems																				
Organizational-level roadmap and business model																				
CEO/board		Sustainability leader		Customers		Investors and shareholders		Ecosystem and supply chain partners												
<i>Organizational functions and domain-level roadmaps</i>																				
Finance	Operations	Procurement	Supply Chain	IT	Cybersecurity	HR	R&D	Sales	Marketing											
<i>Digital and physical technologies and business processes</i>																				

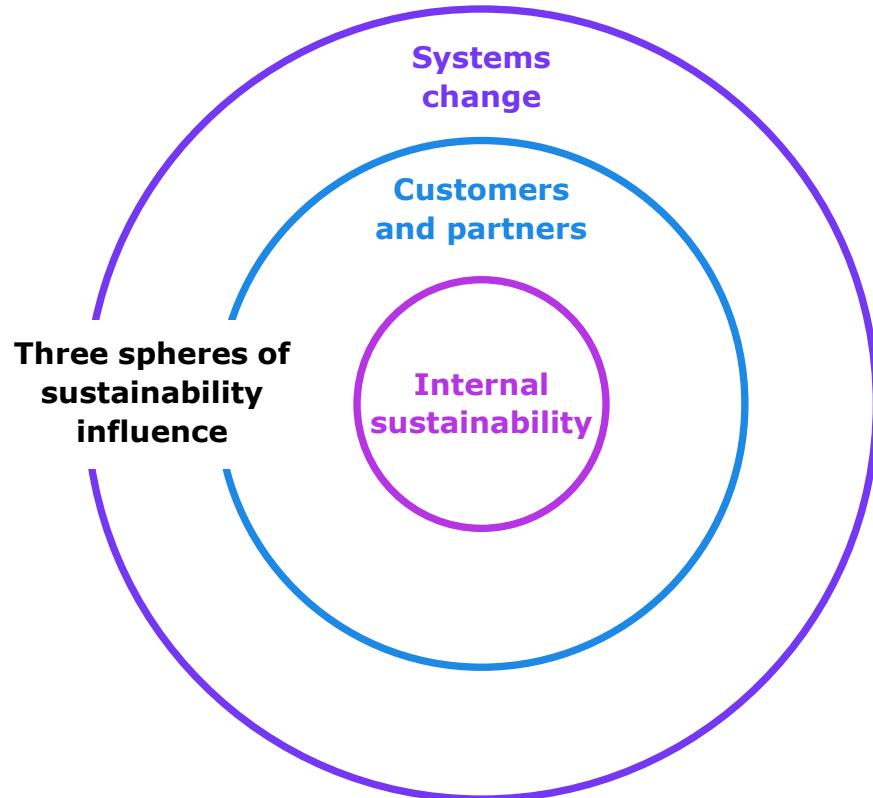
HFS Research: Sustainability services value chain, 2024



Technologies that have been driving sustainability in the various industries we are covering



Focus on material spheres of influence to maximize your impact on sustainability



Systems change

- Organizations and coalitions with the greatest influence must move first, show sustainability works on all environmental, social, and economic fronts.
- By doing so, organizations can be a part of the critical mass that leads to positive tipping points and systemic change sustainability needs.
- Such a systemic change will align policy, consumer behavior, and businesses to the global sustainability context.

Customers and partners

- Organizations must seek to align their customers' and partners' products and services to the global context.
- For most industries, the value chain sustainability spheres of influence overwhelm their internal impact.
- Organizations can increase their positive impact by embedding sustainability across all contact points.

Internal sustainability

- Organizations must address their own sustainability by aligning their actions and plans to the global sustainability context.
- For many firms, the internal impact is relatively small versus the spheres above and other sectors, but it still must be addressed for leadership and regulatory purposes.
- The global context starts with the 17 UN SDGs. Each goal is underpinned by roadmaps covering the ESG factors of sustainability.

Introduction to HFS Horizons: Sustainability Services, 2024

In our **2024 HFS Horizons: Sustainability Services** study, we analyze services such as advisory, framework, tools, and solutions as well as services through various delivery models. Horizons are HFS Research's [newly launched vendor evaluation research vehicle](#) designed to assess the **innovation and value potential** of service provider capabilities across three distinct horizons:

Horizon 1

Functional transformation: The ability to drive **transformation** to address primary compliance sustainability objectives and acknowledge a need for bigger influence.

Horizon 2

Enterprise transformation: Horizon 1 + enablement of the **OneOffice** model drives distinct sustainability services that link sustainability and all parts of an organization.

Horizon 3

Ecosystem transformation: Horizon 2 + ability to drive **OneEcosystem**, where sustainability influences partnerships, networks, and key clients, and sustainability is becoming embedded throughout ecosystems.

This study will assess how well service providers are addressing the needs of **sustainability that underpin the 17 UN SDGs with consulting, technology, BPO, BPM, engineering, and managed services**. We are profiling a mix of **traditional advisory, technology, and services firms** on how they use their own strengths and those of their ecosystems to address the full value chain (covering, in some ways, what you might call the "sustainability transformation" of an organization).

The study evaluates the capabilities of providers across the [HFS sustainability value chain](#) based on a range of dimensions to understand the **why, what, how, and so what** of their service offerings.

2

Research methodology

Service providers covered in this report



Note: All service providers are listed alphabetically

Sources of data

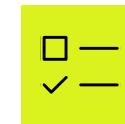
This Horizons research report relies on myriad data sources to support our methodology and help HFS obtain a well-rounded perspective on the service capabilities of the participating organizations covered in our study. Sources are as follows:



Briefings and information gathering

HFS conducted detailed **briefings** with sustainability leadership from each vendor.

Each participant submitted a specific set of **supporting information** aligned to the assessment methodology.



Reference checks

We conducted reference checks with **28 active clients and 33 active partners** of the study participants via survey-based and telephonic interviews.



HFS Pulse

Each year, HFS fields multiple demand-side surveys in which we include detailed vendor rating questions.

For this study, we leveraged our fresh-from-the-field HFS Pulse study data featuring **~600 service provider ratings**.



Other data sources

Public information such as press releases and websites.

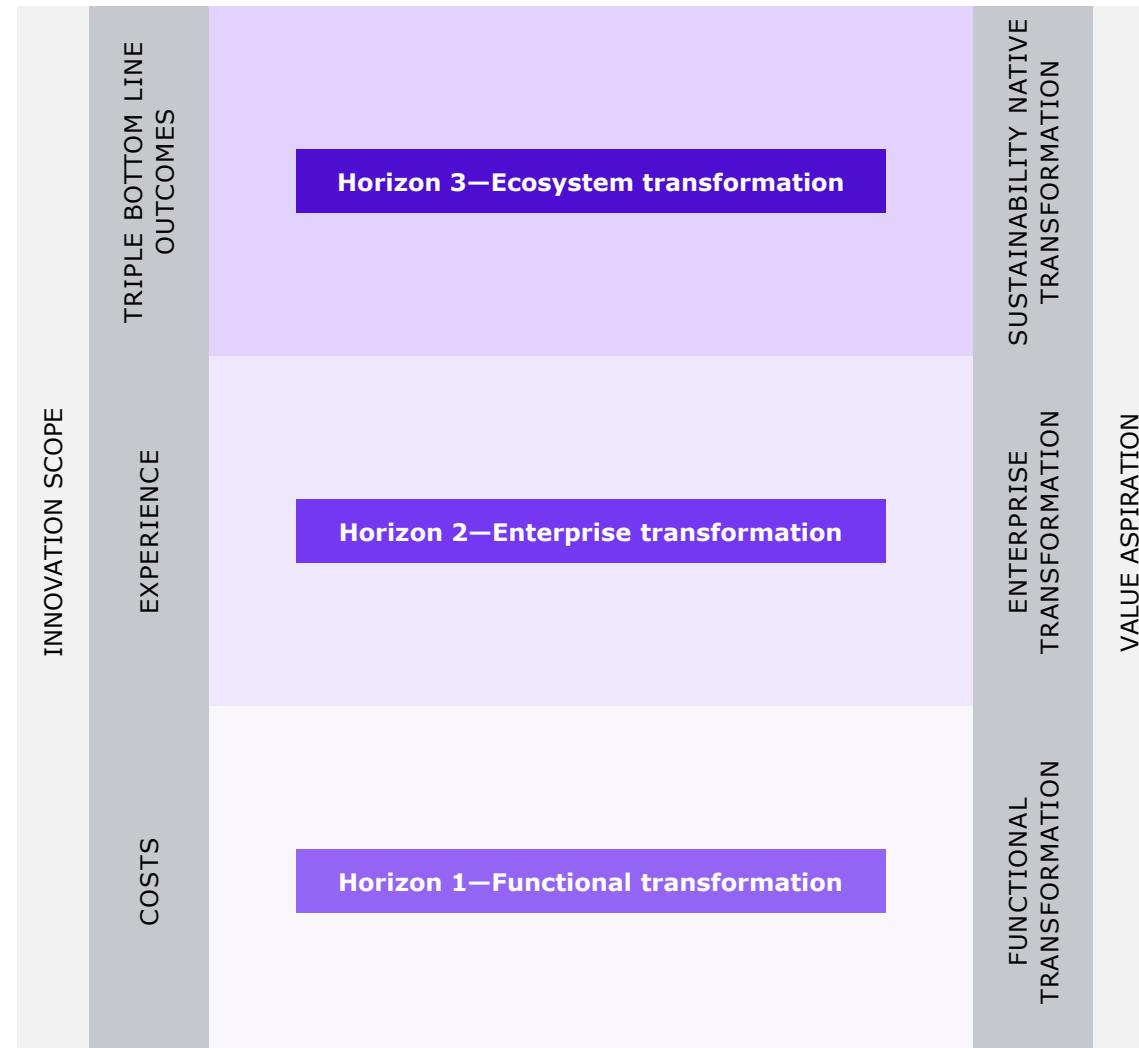
Ongoing interactions, briefings, virtual events, etc., with in-scope vendors and their clients and partners.

Horizon assessment methodology – Sustainability services

The HFS Horizons: Sustainability Services, 2024 report evaluates providers' capabilities across a range of dimensions to understand the **why, what, how, and so what** of their sustainability service offerings.

Distinguishing service provider characteristics				
Assessment dimension	Assessment sub-dimension	Horizon 1 service providers	Horizon 2 service providers	Horizon 3 service providers
Value proposition: The Why? (25%)	• Impacting the triple bottom line (people, profit, planet)	<ul style="list-style-type: none"> Ability to transform risk mitigation and drive cost reduction Has a siloed approach to implementing sustainability systems 	<ul style="list-style-type: none"> Horizon 1+ Ability to drive “OneOffice” mindset to break down barriers imposed by the value chain Ability to impact the process, people, and technology 	<ul style="list-style-type: none"> Horizon 2+ Ability to drive “One Ecosystem” to find completely new sources of value Ability to impact the triple bottom line (people, profit, planet) Drives enterprise-focused transformation, including ecosystem partner consideration
	• Improving the efficacy of sustainability services			
	• Optimizing the value chain			
Innovation capabilities: The What? (25%)	• Enabling technologies intelligently	<ul style="list-style-type: none"> Primarily focused on technology implementation Driving cost certainty and adherence to reporting and regulatory requirements Addressing client-specific challenges vs. industry-oriented challenges 	<ul style="list-style-type: none"> Horizon 1+ Ability to support clients on their enterprise transformation journey Global capabilities with strong consulting skills and partnerships with major players Ability to drive better business outcomes of the sustainability function 	<ul style="list-style-type: none"> Horizon 2+ Sophisticated capabilities across all value-creation levers Adopting emerging technologies to address complex industry challenges Ability to deliver long-term value to drive competitive advantage
	• Designing creative commercial models			
	• Transcending beyond the line-item solutions			
Go-to-market (GTM) strategy: The How? (25%)	• Addressing adjacencies			
	• Value and outcome-based solutions	<ul style="list-style-type: none"> Addressing tactical operational challenges Delivering functional transformation in reporting (CFO, CSO) Underwriting risk of implementations and technology enablement 	<ul style="list-style-type: none"> Horizon 1+ Addressing outcomes through proprietary and or industry-specific technologies (platforms, applications) enabled by domain experience Delivering sustainability-specific transformation at a function level 	<ul style="list-style-type: none"> Horizon 2+ Creating advantages across green finance, investor relations, and customer perceptions Delivering sustainability-specific transformation at an organization level to unlock business value Consistently co-innovating or co-inventing
	• Co-innovate and co-create scalable solutions			
Market impact: The So What? (25%)	• Ecosystem plays and thought leadership			
	• Demonstrable client case studies	<ul style="list-style-type: none"> Referenceable and satisfied clients and partners for the ability to execute 	<ul style="list-style-type: none"> Horizon 1+ Referenceable and satisfied clients for the ability to enhance experience Driving implementation of sustainability across all organizational functions 	<ul style="list-style-type: none"> Horizon 2+ Referenceable and satisfied clients by impacting the triple bottom line Driving new business models based on partnerships
	• Voice of the customer and partner			
	• Outcomes beyond table stakes			

HFS Horizons for sustainability services



Horizon 3 – Sustainability-native transformation providers demonstrate:

- Horizon 2+
- Sustainability influence through partnerships, networks, key clients; moving toward sustainability embedded in all services
- Focused on driving new business model development and drives CxO and functional level initiatives
- Strategy through execution at scale with sophisticated capabilities across all value creation levers
- Creating governance for all people, process, technology services, and solutions
- Provide state-of-the-art framework and solutions set to establish the enterprise as an innovator using scalable platforms and technology
- Create foundational catalyst of transformation for other services such as risk and cybersecurity
- Consistently co-innovating or co-inventing with enterprises
- Referenceable and satisfied clients by impacting the triple bottom line (people, profit, planet)

Horizon 2 – Enterprise transformation providers demonstrate:

- Horizon 1+
- Distinct sustainability services; links between sustainability and all services
- Strategic clients and ecosystem partners with outcome-driven relationships
- ESG transformation and outcome value works toward business harmonization
- Provide next-gen framework and solution set to drive competitive differentiation for the improved end-to-end process
- Focused on agile delivery with an incomplete governance framework and drives CSO-focused issues and initiatives
- Referenceable and satisfied clients for the ability to enhance experience

Horizon 1 – Functional transformation providers demonstrate:

- Addressing internal sustainability objectives, acknowledging bigger influence is with clients
- ESG transformation and outcome value is limited to cost reduction and risk mitigation
- Primarily focused on basic compliance with fewer governance structures and drives CFO-focused issues and initiatives
- Provide an initial framework and solution set for new application support and scalable infrastructure
- Emerging sustainability narrative
- Emerging ecosystem of partners
- Addressing client-specific challenges vs. industry-oriented challenges
- Referenceable and satisfied clients for the ability to execute

3

Executive summary and market dynamics

Executive summary

1 The leaders

HFS Research assessed 25 service providers across value propositions, innovation capabilities, GTM strategies, and market impact criteria. In alphabetical order, the leaders in Horizon 3 are Accenture, Capgemini, ERM, EY, IBM, Infosys, KPMG, TCS, and Wipro. Their focus on market impact is evident through the growth of their sustainability portfolios, with a notable ability to deliver measurable outcomes across sectors. These leaders consistently outperform in key areas such as sustainability strategy, decarbonization efforts, and the integration of digital solutions to drive sustainable transformation. They have also demonstrated leadership in aligning their offerings with evolving regulatory standards and managing stakeholder expectations, making them stand out in the highly competitive sustainability landscape.

2 Acquisitions bolster sustainability expertise

Several service providers are expanding their sustainability capabilities through strategic acquisitions. By acquiring niche players, they are rapidly enhancing their expertise and scale in carbon strategy, decarbonization, and ESG consulting. These acquisitions have enabled service providers to offer end-to-end sustainability solutions, helping clients address complex regulatory challenges and move toward net-zero goals.

3 Leadership and innovation drive competitive advantage

Service providers leading in sustainability are integrating it into all aspects of their operations, using advanced governance structures and innovative frameworks to ensure long-term impacts. Key players are pushing boundaries with cross-functional innovations and AI-infused solutions, setting benchmarks in sustainable business transformations.

4 Technology as a catalyst for sustainability

Almost all service providers assessed are utilizing emerging technologies, including AI, IoT, and cloud computing, to help clients meet ambitious sustainability goals in areas such as green IT, smart infrastructure, and sustainable product design. These technologies create measurable improvements in energy consumption, emissions reduction, and ESG compliance. These technology-driven strategies enable enterprises to move from sustainability compliance to sustainability leadership.

5 Reporting and regulatory compliance are growing demands

The regulatory landscape for sustainability is becoming more stringent, with bodies such as CSRD, SEC, and ISSB making it mandatory for companies to comply with new disclosure requirements. Service providers increasingly focus on offering robust ESG reporting and data management solutions to help businesses navigate these evolving requirements. They help enterprises achieve their sustainability goals by integrating decarbonization strategies through comprehensive net-zero frameworks and carbon-reduction goals to meet regulatory compliance and drive environmental sustainability.

Market trends

Sustainability is one of the key business drivers



Sustainability services are becoming essential components of business transformation. Companies increasingly invest in sustainability initiatives, recognizing their role in driving long-term growth, profitability, and shareholder value. ESG reporting and carbon neutrality road mapping are top priority areas.

Sustainability disclosures and reporting



The regulatory landscape is continuously evolving. Regulatory and governing bodies such as CSRD, SEC, IFRS, GRI, and ISSB are making it mandatory for companies to comply with disclosures and compliance directives. They are pushing them to be more transparent and accountable in their sustainability efforts.

Sector-specific focus



Industries such as banking and financial services (BFS), insurance, and energy are prioritizing ESG services for regulatory compliance and climate risk management. Sectors such as healthcare and retail focus on ethical sourcing and sustainable practices, showcasing how industry-specific needs drive the adoption of ESG services.

Transparent and traceable supply chain



There is a gradual shift toward responsible procurement and sustainable supply chain planning to identify and address the environmental and societal impacts of operations. Enterprises are collaborating with service providers to measure and tackle scope 1, 2, and 3 emissions to meet sustainability goals and align with regulatory requirements.

Demand for integrated sustainability services



Service providers are expanding their offerings through mergers and acquisitions (M&As) to meet the increasing demand for integrated ESG services. This includes investments in decarbonization, climate risk modeling, and sustainable supply chain management. Major service providers also focus on partnerships to enhance their capabilities and geographic reach.

Emerging technologies support sustainability



Advanced technologies such as AI, Internet of Things (IoT), and blockchain are critical to enabling sustainability transformations. These technologies are helping companies improve data management, streamline ESG reporting, and implement net-zero strategies, with service providers offering innovative digital solutions to support these goals.

Sustainability services engagement landscape with the service providers

~\$900 million

Average dedicated sustainability services revenue

~8,000

Average dedicated sustainability services headcount

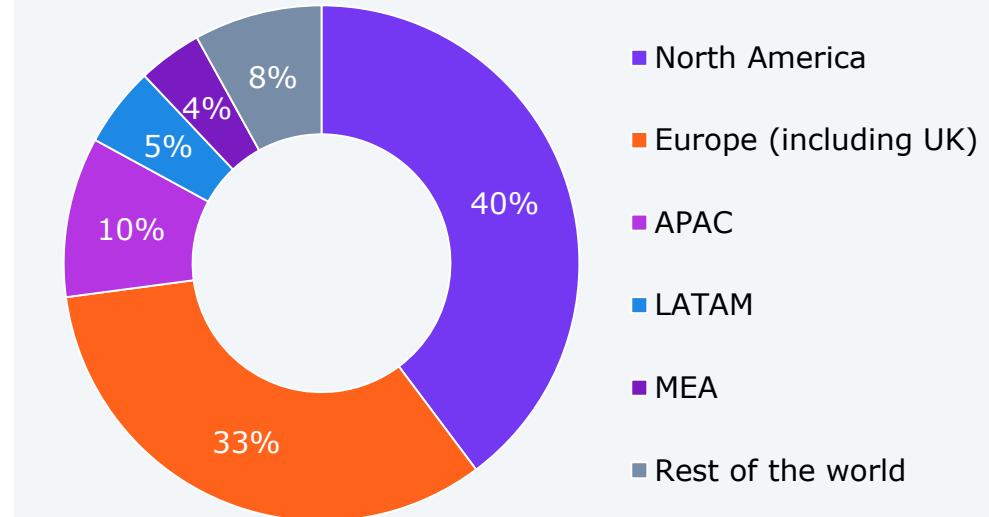
~2,000

Average number of dedicated sustainability services clients

2.5 years

Average tenure of relationship

Sustainability revenue by geography



Source: Service provider briefings and HFS Research estimates

ESG importance is rising along with finance and accounting, indicating growing prioritization

Of the third-party business process services your firm currently uses, please rate the top three based on the most value and impact they deliver to your enterprise.

(Percentages of respondents, Rank 1)



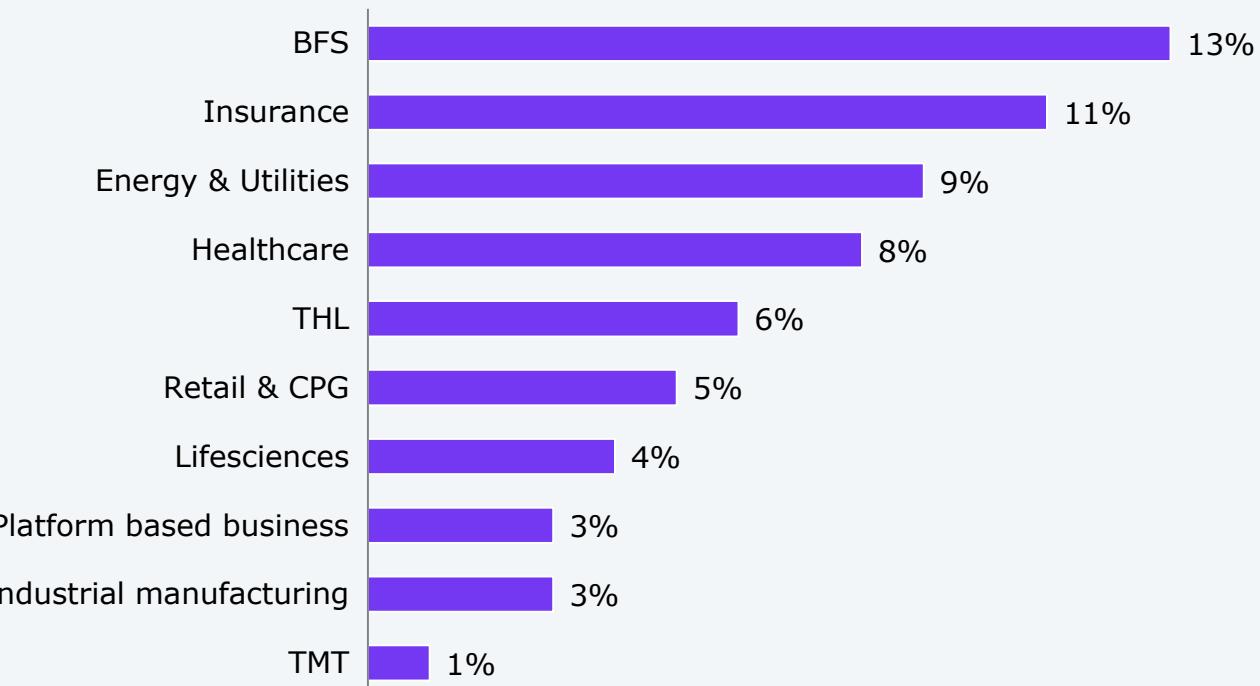
Sample: 2024 HFS Pulse Research, N=392 executives across Global 2000 enterprises

Source: HFS Research, 2024

- ESG and sustainability services are valued. They hold a 6% share, indicating a moderate but crucial role in third-party business process services.
- This is in line with other essential services such as finance, employee experience, and strategic finance, suggesting that businesses recognize the importance of integrating sustainability into their operations. However, there is room for increasing the impact and value of ESG and sustainability.

BFS, insurance, and energy sectors prioritize third-party ESG services

Of the third-party business process services your firm currently uses, please rank the top three based on the most value and impact they deliver to your enterprise.
(Percentages of respondents, Rank 1)



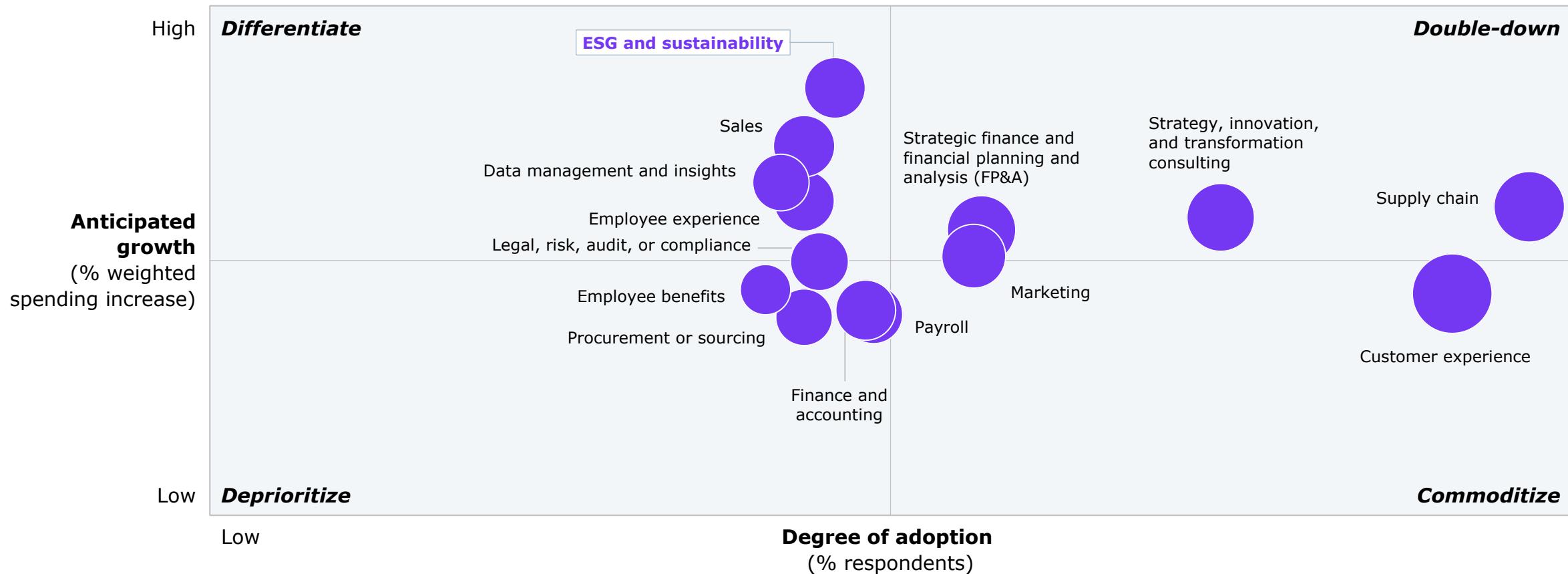
- The BFS and insurance sectors lead, driven by regulatory compliance and climate risk management. Energy and utilities leverage third-party services to transition to renewable energy and improve operational sustainability. Healthcare prioritizes sustainable practices in patient care and medical technology. Retail and CPG focus on ethical sourcing and waste reduction.
- Reliance on third-party business process services across industries reflects a growing emphasis on ESG and sustainability initiatives. These services provide the necessary expertise, data, and innovative solutions to help companies meet their sustainability goals and comply with ESG standards.

Sample: 2024 HFS Pulse Research, N=Number of respondents for each parameter are different, Respondents include executives across Global 2000 enterprises
Source: HFS Research, 2024

ESG and sustainability are positioned for high growth and adoption, indicating the rising importance and potential for significant value creation

Enterprise adoption versus growth of business services

● Size of the bubble represents value potential



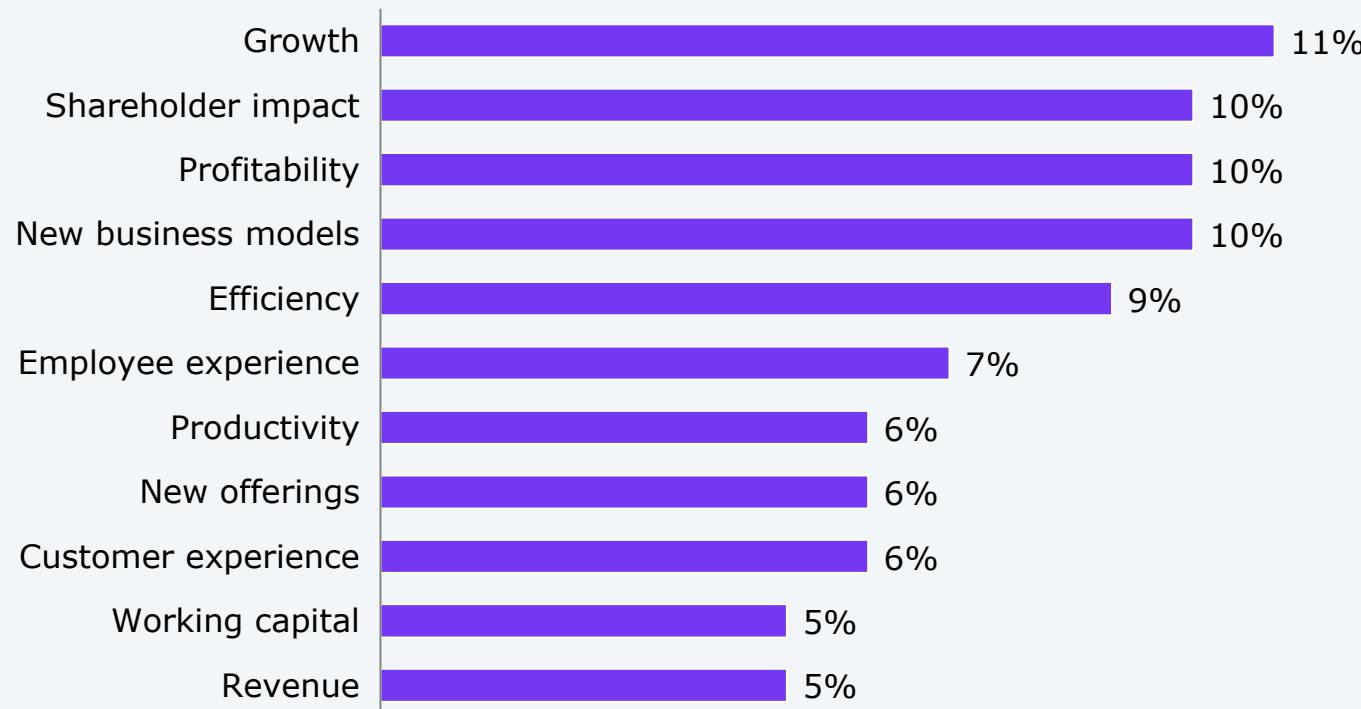
Sample: 2024 HFS Pulse Research, N=605 executives across Global 2000 enterprises

Source: HFS Research, 2024

ESG and sustainability drive business growth, enhance profitability, and support innovative business models, aligning with future market demands

Please select the top three benefits for ESG and sustainability third-party business process service.

(Percentages of respondents, Rank 1)



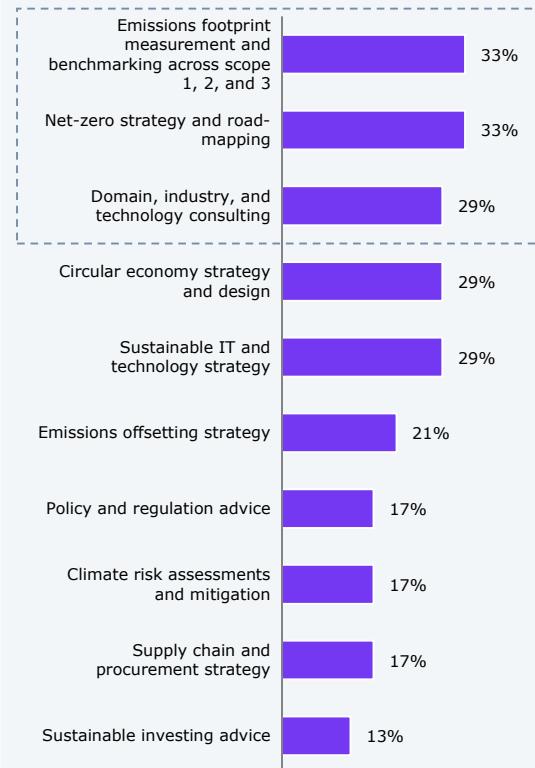
- “Growth” (11%) emerges as the primary benefit, indicating a strong link between sustainable practices and business expansion. This is followed by “shareholder impact” (10%), “profitability” (10%), and “new business models” (10%).
- The data highlights that ESG initiatives not only drive financial performance but also enhance shareholder value. These findings suggest that integrating ESG and sustainability into business processes is crucial for long-term growth, improved profitability, and positive shareholder outcomes.

Sample: 2024 HFS Pulse Research, N=81 executives across Global 2000 enterprises

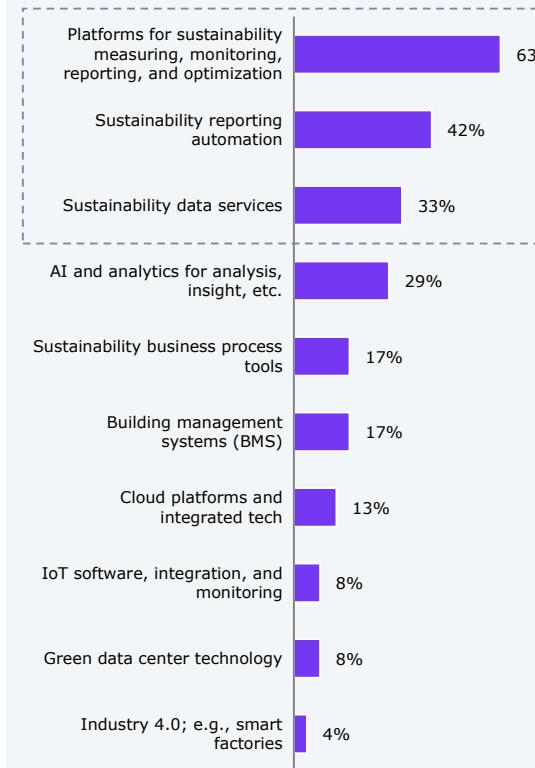
Source: HFS Research, 2024

Emission reduction and carbon neutrality road-mapping, ESG reporting, and risk mitigation are key priority areas of engagement for enterprises

Engagement with service providers on sustainability consulting services engagement (Percentages of respondents)



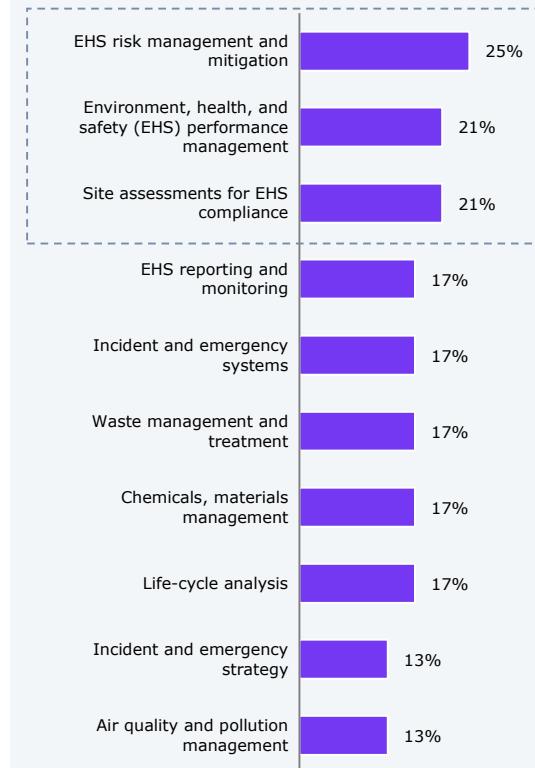
Engagement with service providers on technology supporting sustainability consulting services (Percentages of respondents)



Engagement with service providers on managed sustainability services (Percentages of respondents)



Engagement with service providers on engineering, EHS, and other services (Percentages of respondents)



Sample: Client reference survey, N=24

Source: HFS Research, 2024

Services that are provided to enterprises in various business models

Strategy	Assess and design	Delivery	Technical consulting
<ul style="list-style-type: none">• Sustainability footprint measuring and benchmarking; supply chain mapping• Road-mapping to net zero; e.g., emissions and carbon neutrality• Baseling of ESG targets• Governance and change management• Investments, M&As• Internal and external policies• Corporate social responsibility (CSR)• Offsetting strategies, carbon credits, etc.• Risk assessments and climate mitigation• Technology and innovation strategy• Human rights and human capital• Marketing and communications	<ul style="list-style-type: none">• Software and hardware for sustainability measuring, monitoring, reporting, and optimization• Reporting automation• Data analytics and AI to track progress, impacts, and implementation; e.g., data consulting and processing, benchmarking, and predictions and analysis• Connected devices and traceability technologies for measuring, monitoring, data capturing, and traceability• Incident management/emergency systems• Green IT and green software	<ul style="list-style-type: none">• Reporting and transparency including auditing, compliance, regulation and standards tracking, insurance, legal, and claims management• Risk management and mitigation• Performance management, including site assessments and environment, health and safety (EHS)• Renewable Energy Certificates (RECs) and carbon offsetting• Supply chain compliance and visibility• Incident/emergency strategy/management	<ul style="list-style-type: none">• Deep carbon and sustainability footprint measurement and management• Energy and water efficiency• Chemicals and materials management• Air quality and pollution management• Green buildings, data centers, and building management systems (BMS)• Decommissioning, decontamination, and site redevelopment• Biodiversity and natural conservation• Recycling, circular economy, and waste management and treatment• Asset maintenance• End-of-life management

Source: HFS Research, 2024

Clients' higher expectations reveal a significant perception gap for clients across consulting services (1/3)

Average rating for the consulting services across the value chain on a scale of 1 (poor) to 5 (excellent)

Sustainability consulting parameters	Service provider	Client	Partner
Emissions footprint measurement and benchmarking across scope 1, 2, and 3	4.5	4.0	4.6
Net-zero strategy and road mapping	4.6	3.8	4.4
Domain, industry, and technology consulting	4.7	4.0	4.6
Sustainable investing advice	3.3	3.5	4.0
Policy and regulation advice	3.9	4.0	4.1
Merger and acquisition (M&A) advice	3.2	3.0	3.9
Corporate social responsibility (CSR) strategy	3.9	3.6	4.5
Circular economy strategy and design	4.3	3.9	4.4
Sustainable IT and technology strategy	4.8	4.5	4.7
Emissions offsetting strategy	3.4	3.8	4.3
Climate risk assessments and mitigation	3.9	3.4	4.1
UN SDG strategy	3.9	3.1	4.4
Diversity and inclusion (D&I) strategies	4.1	3.4	4.1
Brand and CX design and marketing	3.7	3.3	3.9
Supply chain and procurement strategy	4.4	3.5	4.6
Average rating	4.1	3.6	4.3

- There is a perception gap as service providers and partners rate services higher than clients overall.
- Service providers prioritize technological strategies, with "sustainable IT and technology strategy" rated highest. "M&A advice" (3.2) is rated lowest, indicating it's less central to their agenda.
- Clients highly value "sustainable IT and technology strategy" and "emissions footprint measurement", reflecting a need for robust technology solutions and environmental compliance. "M&A advice" is rated lowest, suggesting clients find it less relevant or impactful.
- Partners prioritize "domain, industry, and technology consulting" and "supply chain strategy" along with "sustainable IT and technology strategy," reflecting a focus on comprehensive solutions and efficiency. Though lowest, "M&A advice" still holds considerable value, indicating varied priorities.

Sample: Client reference survey, N=24; Partner reference survey, N=33; Participating service providers, N = 17

Source: HFS Research, 2024

Clients' higher expectations reveal a significant perception gap for clients across consulting services (2/3)

Average rating for technology supporting services across the value chain on a scale of 1 (poor) to 5 (excellent)

Technology parameters	Service provider	Client	Partner
Platforms for sustainability measuring, monitoring, reporting, and optimization	4.8	4.3	4.8
Sustainability reporting automation	4.7	4.1	4.7
Sustainability business process tools	4.1	3.9	4.7
Sustainability data services	4.9	4.2	4.6
BMS	4.1	3.3	4.3
Smart city initiatives, including smart spaces	4.2	3.4	4.3
Green data center technology	4.2	3.3	4.3
Average rating	4.4	3.8	4.5

- "Platforms for sustainability measuring" and "sustainability data services" are the most highly valued, highlighting their critical roles. However, "building management systems (BMS)" and "green data center technology" received the lowest ratings from clients, suggesting these areas need improvement.
- The overall lower ratings from clients compared to service providers and partners suggest that service providers should focus on aligning their offerings more closely with client expectations and demonstrating the tangible benefits of their sustainability solutions.

Sample: Client reference survey, N=24; Partner reference survey, N=33; Participating service providers, N = 17
Source: HFS Research, 2024

Clients' higher expectations reveal a significant perception gap for clients across consulting services (3/3)

Average rating for managed services across the value chain on a scale of 1 (poor) to 5 (excellent)

Sustainability consulting parameters	Service provider	Client	Partner
ESG reporting	4.8	4.4	4.6
ESG auditing	3.5	3.6	4.2
Regulation and standards tracking	4.2	4.0	4.4
Insurance, legal, and claims management	2.7	3.4	4.0
Emissions offsetting management	3.2	3.3	4.1
Procurement services for sustainability	4.4	3.6	4.3
Supplier monitoring and partner support	4.3	3.5	4.5
Sustainability risk management and mitigation	4.4	3.8	4.4
Sustainability business process management	4.4	3.8	4.4
Supply chain management focused on sustainability	4.5	3.9	4.5
Average rating	4.0	3.7	3.7

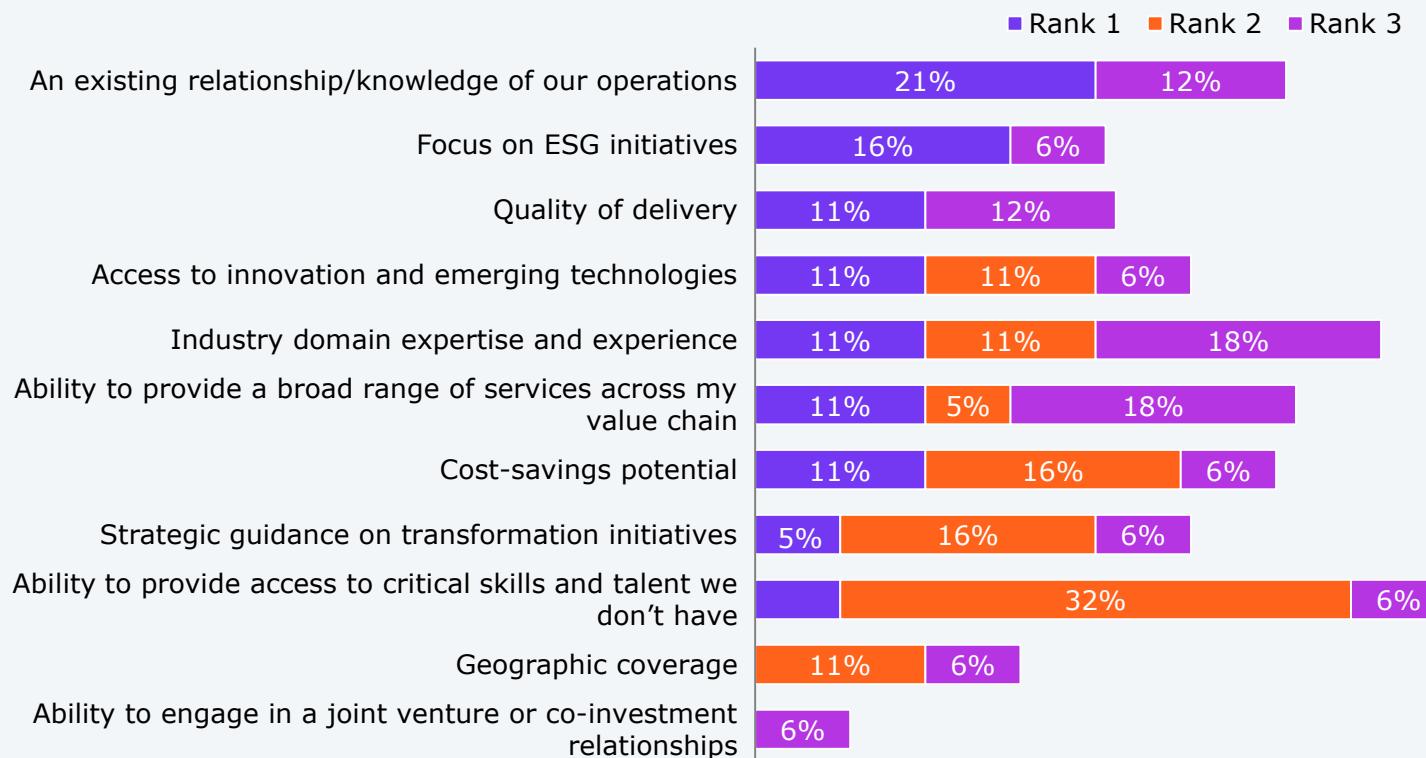
- “ESG reporting” is highly valued across all groups, reflecting its critical importance in sustainability initiatives.
- There is a notable perception gap between service providers and clients/partners, with clients rating services lower on average. This gap suggests that while service providers believe they are delivering high-quality sustainability services, clients are less satisfied. This discrepancy may be due to unmet expectations or communication gaps regarding the benefits and effectiveness of the services provided.
- “Insurance, legal, and claims management” is rated lowest, highlighting a need for significant improvement.
- “ESG auditing” also scored low, indicating a need for better processes.

Sample: Client reference survey, N=24; Partner reference survey, N=33; Participating service providers, N = 17
Source: HFS Research, 2024

ESG focus and established relationships drive service provider choice, highlighting trust and sustainability importance

How did you pick this service provider? Please rank the top three criteria.

(Percentages of respondents)



- Established relationships and ESG focus are paramount. Existing relationships/knowledge are ranked highest, followed by ESG initiatives, emphasizing trust and sustainability.
- Access to critical skills and talent is highly valued though less often ranked first, indicating its importance as a supporting factor.

Sample: Client reference survey, N=24

Source: HFS Research, 2024

Enterprise stakeholders implementing and executing the ESG agenda

CSO

- Navigate the ESG strategy in the right direction
- Champion the sustainability initiatives
- Integrate sustainability into processes and decision-making

COO

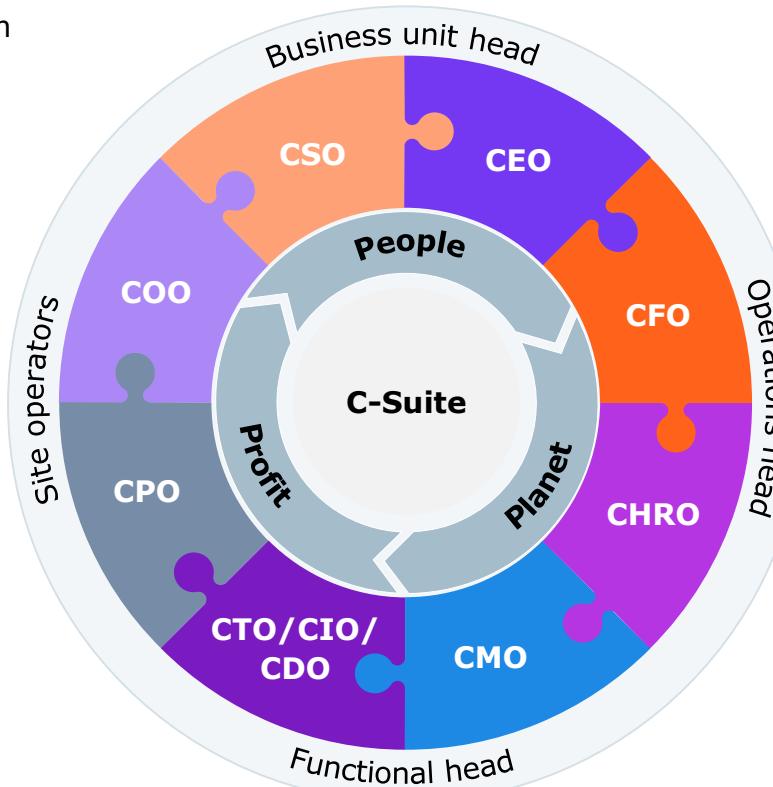
- Safeguard business operations from risks and ensure resiliency
- Drive operational efficiency across businesses

CPO

- Adopt sustainable procurement practices such as ethical sourcing, labor conditions, business conduct, etc.
- Measure and track emissions across the supply chain

CTO/CIO/CDO

- Green IT and technologies
- Data strategy for sustainability insights



CEO

- Drive ESG agenda as part of the corporate strategy
- Manage stakeholder expectations aligning with sustainability initiatives

CFO

- Align ESG goals with financial growth
- Measure outcomes against committed outcomes
- Ensure accuracy and transparency in reporting

CHRO

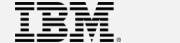
- Help build a collaborative environment
- Drive awareness and learning and development
- Ensure employee well-being

CMO

- Establish an ESG-embedded brand narrative
- Protect and secure enterprise reputation

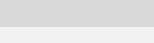
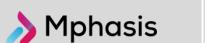
The ESG responsibility is largely distributed across enterprises' functions. While the c-suite is responsible for driving the strategic changes, integrating ESG initiatives, and influencing overall business decisions, business units or operational leaders are responsible for executing the ESG initiatives across business operations.

Net-zero targets have become integral to service providers' overall company strategy (1/2)

 Accenture	Accenture has achieved a 57% reduction in total emissions, surpassing its 2025 net-zero emissions target. It has received approval from Science Based Targets initiative (SBTi) for a new near-term science-based target aligned to 2030.	 Deloitte	Deloitte aims to become net zero by 2030, targeting reductions in absolute scope 1 and 2 GHG emissions by 70% and scope 3 GHG emissions from business travel by 50% per FTE.
 Akkodis	As part of the Adecco group, Akkodis is committed to becoming carbon neutral by 2030, targeting a 50% reduction in carbon emissions.	 ERM	ERM is committed to achieving net-zero GHG emissions by 2040 across the value chain. As part of its long-term target, it aims to reduce absolute scope 1 and 2 GHG emissions by 90% and absolute scope 3 GHG emissions from purchased goods and services, business travel, and employee commute by 90%.
 ARCADIS	Between 2019 and 2023, Arcadis achieved a 58% absolute reduction in scope 1 and 2 emissions, and its overall scope 3 emissions decreased by 17%. It has set near-term net-zero objectives to reduce absolute scope 1 and 2 GHG emissions by 70% by 2026 and scope 3 GHG emissions by 45% by 2029. Overall, it aims to achieve net zero across the value chain by 2035.	 EY	EY aims to reduce absolute emissions by 40% across scope 1, 2, and 3 by FY25.
 Capgemini	Capgemini aims to become net zero by 2040, targeting a 90% reduction in carbon emissions.	 GEP	GEP has committed to reduce its carbon footprint by 60% by 2025 and is well on track to achieve this.
 cognizant	Cognizant aims to achieve net zero, targeting a 50% reduction in carbon emissions by 2030 and a 90% reduction by 2040. In early 2030, it will compensate for all remaining emissions through the purchase of credibly certified carbon offsets. Its near-term and long-term targets are validated by SBTi.	 GLYNT.AI	GLYNT.AI estimates that its purpose-built AI will use 1/20 of the energy and water per transaction compared to LLMs.
 CYIENT	Cyient aims to become net zero by 2025 and is continuously investing in renewable energy.	 HCLTech	HCLTech achieved a 25% reduction in scope 1 and 2 emissions and a 29% reduction in scope 3 emissions in 2024. It aims to become net zero by 2040.
 Hitachi Digital Services		 IBM	Hitachi Digital Services aims to become carbon neutral in scope 1 and 2 by 2030 and in scope 3 by 2050.
			IBM has achieved a 68% reduction in operational GHG emissions, meeting its 65% emission-reduction target by 2025. It has set a target for net-zero operational GHG emissions by 2030.

Note: Service providers assessed as part of this study.

Net-zero targets have become integral to service providers' overall company strategy (2/2)

 Infosys	Infosys has committed to achieving net zero by 2040 as a signatory of the climate pledge and has validated a science-based target for emission reduction—in line with its internal ESG vision 2030—which clearly defines actions and targets covering climate change, water, and waste categories.	 TCS TATA CONSULTANCY SERVICES	In May 2021, TCS set the target to achieve a 70% reduction in scope 1 and 2 emissions by 2025; as of 2024, these are already at 80%. The company has set a net-zero target by 2030. The targets are submitted and are under verification by SBTi.
 KPMG	KPMG is committed to reduce emissions by 50 percent by 2030.	 TECH mahindra	Tech Mahindra aims to become carbon neutral by 2030 and net zero by 2035.
 LTIMindtree	LTIMindtree aims to reduce scope 1 and 2 emissions by 30% and scope 3 emissions by 20% by 2025. It is also committed to achieving net zero by 2040 and 85% renewable and water positivity in India by 2030.	 U • S T	In 2022, UST surpassed the 25% renewable energy target for 2025 and increased it to 50%. It aims to achieve the net-zero status by 2040.
 L&T Technology Services	LTTS has set a target to achieve carbon and water neutrality by 2030.	 wipro	Wipro aims to achieve net zero on scope 1, 2, and 3 by 2040: a 59% reduction in scope 1 and scope 2 emissions by 2030 and a 55% reduction in scope 3 emissions by 2030 from the 2020 baseline.
 Mphasis	Mphasis aims to achieve carbon neutrality by 2030. It has a year-on-year target for reducing energy consumption by 5% and the carbon footprint by 1%.	 WSP	WSP is committed to reduce absolute scope 1 and 2 GHG emissions 60% by 2030 and reduce absolute scope 3 GHG emissions by 30% within the same timeframe. It has also committed to reach net-zero GHG emissions across its value chain by 2040.
 pwc	PwC is committed to achieving net-zero GHG emissions by 2030: 50% absolute reduction in scope 1 and 2 GHG emissions; 50% reduction in scope 3 emissions from business travel by FY30; 50% of purchased goods and services suppliers (by emissions) across; 50% of its purchased goods and services suppliers (by emissions) with science-based targets to reduce their climate impact by FY25; and 100% use of renewable electricity in all territories.		

Note: Service providers assessed as part of this study.

M&A is emerging as a key focus area to expand and enhance the sustainability capabilities for service providers

Key mergers and acquisitions between 2020 and 2024	
Accenture	Partners in Performance, Green Domus, Carbon Intelligence, Greenfish, Avieco, Zestgroup
Akkodis	Progneur Technologies
Arcadis	IBI Group, Giftge Consult, Over Morgen
Capgemini	Unity, Financial Crime Compliance (FCC) division of Exiger, 23red, Possible Future, Purpose
Cognizant	Thirdera, Mobica, Utegration, ESG Mobility, Bright Wolf
Cyient	Citec
Deloitte	Fleet Challenge Canada Inc., OCT Emissions Solutions, PACER, Carbon Care Asia
ERM	Energetics, The Big Middle, The Big Zero, Coho Climate Advisors, NINT, Point Advisory, MarineSpace, Shelton Communications Group, Libryo
EY	Denskatt, VVA Group, EBS Advisory, Incentive Partners ApS, Attalea Partners, AFARA, Cova Advisory
HCLTech	ASAP, Starschema, Quest Informatics

Key mergers and acquisitions between 2020 and 2024	
Hitachi Digital Services	Thales, Flexware Innovation, Io-Tahoe, GlobalLogic
IBM	Agyla SAS, Envizi
Infosys	InSemi, Danske IT, BASE life science, Oddity, GEIM, Carter Digital, Blue Acorn iCi, Kaleidoscope Innovation, GuideVision, Simplus
KPMG	Action Sustainability
LTIMindtree	Mindtree, NxT Digital Business (acquisition by Mindtree)
LTTS	Smart World & Communication
Mphasis	eBecs, Silverline
PwC	Netrovert, Olivehorse
Tech Mahindra	Altavec, Perigord
Wipro	Aggne, Rizing, Edgile
WSP	Calibre, John Wood Group's Environment & Infrastructure business, Climate Finance Advisors, EarthCon, Golder, LT Environmental

- With the gradual increase in demand for EGS-specific services, service providers are investing in M&As to broaden their service horizon.
- They have made acquisitions specifically to expand geographic footprints, gain access to talent, strengthen technology capabilities, and enhance consulting and advisory services and niche offerings such as carbon strategy, decarbonization expertise, climate modeling, energy transition, and engineering service among others.

Note: Service providers assessed as part of this study.

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Horizons results: Sustainability services, 2024

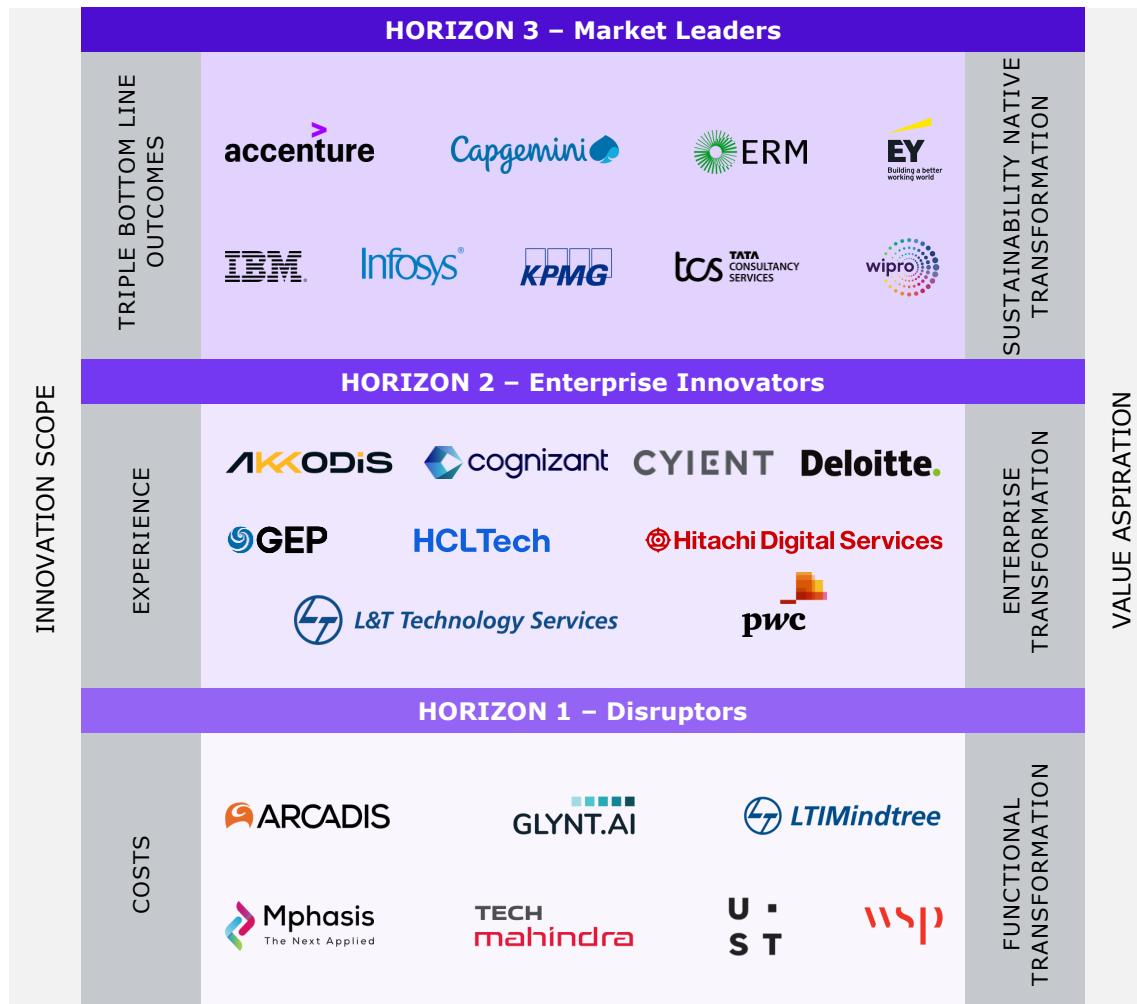
HFS Horizons: Summary of providers assessed in this report

Providers	HFS point of view
Accenture	Developing the future of sustainable business transformation through technology and innovation
Akkodis	Low-carbon trajectory, emission reduction, and integrating the circular economy principles with AI-driven solutions to enhance sustainability outcomes
Arcadis	Committed to contributing to sustainable development and creating a positive impact
Capgemini	Offers a comprehensive portfolio of sustainability services to drive client value with a focus on technology and innovation
Cognizant	Technology-driven sustainability practice with Cognizant Ocean offering a differentiated narrative
Cyient	Prioritizing the energy, mining, and utilities industry with its expertise across CCUS, hydrogen, ammonia, and alternate fuels
Deloitte	Driving a sustainable future through innovation, impact, and a technology-focused ecosystem
ERM	Driving the ESG and sustainability agenda with a client-centric approach and industry thought leadership
EY	Driving enterprise-wide sustainability transformation, emphasizing the importance of technology to manage data and drive performance in sustainability
GEP	Building sustainability expertise in procurement and the supply chain
GLYNT.AI	Enabling clients to achieve sustainability goals with core focus on data
HCLTech	Leveraging engineering capabilities to build and integrate sustainable practices

Note: All service providers are listed alphabetically

Providers	HFS point of view
Hitachi Digital Services	Leveraging technology expertise and a data-driven approach to drive sustainability goals
IBM	Integrating advanced technology and industry expertise to achieve sustainability goals
Infosys	Consulting-led, enterprise-wide technology solutions to scale sustainability initiatives
KPMG	Servicing the new CSO function with a focus on change management and culture
LTIMindtree	Striving to build sustainability stewardship through holistic value creation for stakeholders
LTTS	Engineering for sustainability with emerging technologies and disruptive innovation
Mphasis	Fostering inclusivity and community engagement
PwC	Building trust with outcome-based case studies and holistic and integrated solutions
TCS	Working on the holistic sustainability aspect with core value creation in mind
Tech Mahindra	Driving a sustainability agenda with a sector-aligned strategy
UST	Uses its digital transformation expertise with a focus on the triple bottom line to solve sustainability-related issues
Wipro	Helping organizations achieve net-zero and ESG goals with its domain expertise and IT experience
WSP	Aiming to build environmental leadership with an acquisition-focused strategy

HFS Horizons for sustainability services



Horizon 3 – Sustainability-native transformation providers demonstrate:

- Horizon 2+
- Sustainability influence through partnerships, networks, key clients; moving toward sustainability embedded in all services
- Focused on driving new business model development and drives CxO and functional level initiatives
- Strategy through execution at scale with sophisticated capabilities across all value-creation levers
- Creating governance for all people, process, technology services, and solutions
- Provides state-of-the-art framework and solutions set to establish the enterprise as an innovator using scalable platforms and technology
- Create a foundational catalyst of transformation for other services such as risk and cyber
- Consistently co-innovating or co-inventing with enterprises
- Referenceable and satisfied clients by impacting the triple bottom line (people, profit, planet)

Horizon 2 – Enterprise transformation providers demonstrate:

- Horizon 1+
- Distinct sustainability services; links between sustainability and all services
- Strategic clients and ecosystem partners with outcome-driven relationships
- ESG transformation and outcome value works toward business harmonization
- Provide next-gen framework and solution set to drive competitive differentiation for the improved end-to-end process
- Focused on agile delivery with an incomplete governance framework and drives CSO-focused issues and initiatives
- Referenceable and satisfied clients for the ability to enhance experience

Horizon 1 – Functional transformation providers demonstrate:

- Addressing internal sustainability objectives, acknowledging bigger influence is with clients
- ESG transformation and outcome value is limited to cost reduction and risk mitigation
- Primarily focused basic compliance with fewer governance structures and drives CFO-focused issues and initiatives
- Provide initial framework and solution set for new application support and scalable infrastructure
- Emerging sustainability narrative
- Emerging ecosystem of partners
- Addressing client-specific challenges vs. industry-oriented challenges
- Referenceable and satisfied clients for the ability to execute

Note: All service providers within a Horizon are listed alphabetically.

Source: HFS Research, 2024

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Horizons profiles: Sustainability services, 2024

EY: Driving enterprise-wide sustainability transformation, emphasizing the importance of technology to manage data and drive performance in sustainability

HORIZON 3 – Market Leader	Strengths	Development opportunities
 Building a better world	<ul style="list-style-type: none"> Value proposition: EY has a forward-looking strategy that outlines its plans to expand its sustainability services, deepen its technology partnerships, and respond to future global challenges (e.g., biodiversity loss, water scarcity). Growth proof points: The firm walks the talk with solutions and frameworks on regulatory reporting, role of AI in risk management, and resource stewardship used internally and for clients. Key differentiators: EY has been driving the sustainability agenda with AI and automation, ensuring responsible computing through green IT. It has created a strong technology ecosystem, improving the time to market. Its technology partnerships and AI-driven sustainability solutions set it apart from the other Big Four firms and specialized ESG consultancies. Outcomes: EY's commitment to driving sustainability for its clients and the global community is delivered through decarbonization, net-zero transformation, and enhanced ESG reporting and compliance. This enables it to advance the circular economy and resource stewardship, impact social outcomes with EY Ripples, strengthen sustainability in the supply chain, and improve investor confidence and market value. Customer kudos: Clients have acknowledged EY's in-depth technical knowledge of emerging reporting standards. They also appreciate its flexibility to adjust the course of projects focused on client problems. Partner kudos: Partners appreciate the in-depth knowledge EY brings to the table. The firm has strong client relationships and is collaborative in the partner ecosystem. 	<ul style="list-style-type: none"> Room for growth: Despite the strong positioning scaling of EY Ripples locally, flexibility in pricing models, proactive strategic recommendations, increased risk-taking to drive market leadership, comprehensive client training, and faster time-to-market, EY could enhance its offerings and market positioning. Customer critiques: Clients want flexibility in pricing, stronger recommendations, and the best course of action. Partner critiques: Partners want EY to adopt a risk-taking approach to seize business opportunities together.
HORIZON 2 – Enterprise Innovator		
HORIZON 1 – Disruptor		

Key offerings	Relevant M&As (2020–2024)	Core focus technologies
<ul style="list-style-type: none"> Sustainability skills-led services: Climate risk, nature and biodiversity, EHS, sustainability tax, financing and incentives, sustainability infrastructure Regulatory and reporting: Sustainability reporting and performance management, sustainability GRC, sustainability assurance Strategy and transformation: Sustainability strategy, decarbonization and net-zero transformation, sustainable supply chain and operations, green IT and responsible compute, sector solutions 	<ul style="list-style-type: none"> 2024: denskatt aimed to expand services and capabilities in Europe 2023: VVA Group to expand its footprint in European policy-making 2023: EBS Advisory to enhance its M&A sustainability and ESG advisory across Africa 2023: Incentive Partners ApS to build capabilities in advanced economic and statistic tools 2023: Attalea Partners to expand advisory capabilities for private equity firms and investee companies 2022: AFARA to expand advisory capabilities in Canada 2021: Cova Advisory to enhance tax and sustainability offerings in Africa 	<ul style="list-style-type: none"> AI Automation Advanced analytics IoT Blockchain Digital twins

Partnerships and industry consortiums	Key clients	Global operations and resources	Flagship internal IP
<ul style="list-style-type: none"> Technology: IBM, Microsoft, SAP, ServiceNow, Wolters Kluwer, Enablon WEF, SMI, UNFCCC, Climate Week, UNCC, UNGA, LEAF Coalition, RE100 Sustainability Accounting Standards Board, GRI, EFRAG, TCFD, ISSB, UNFCC 	<p>Number of clients: 11,000+ clients</p> <p>Key clients:</p> <ul style="list-style-type: none"> Leading aerospace and defense company Multinational pharmaceutical Global media and technology company European banking financial institution Multinational food, beverage, and snacks manufacturer Australian transportation and logistics company 	<p>Headcount: 4,000+ dedicated sustainability experts</p> <p>Delivery and innovation centers:</p> <ul style="list-style-type: none"> Global delivery centers – 10 locations, 21 cities 50+ wavespace™ innovation centers across major cities Americas (45% revenues), EMEA (40%), APAC (15%) 	<ul style="list-style-type: none"> xESG Data + Reporting Navigator ESG Suite Green IT Dashboard Sustainability Ledger EY Net Zero Transformation Platform (NZT) EY Climate Analytics Platform EY SAP S4 Sustainability Accelerator

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Acronym definitions

Acronym definitions

SDG	Sustainability development goals	UNGC	United Nations Global Compact	SIAB	Sustainable Infrastructure Advisory Board
CSRD	Corporate sustainability reporting directive	CII	Confederation of Indian Industry	DRCA	Disaster Recovery Contractors Association
SBTi	Science Based Targets initiative	PCAF	Partnership for Carbon Accounting Financials	GHG	Greenhouse gas
GRI	Global Reporting initiatives	WEF	World Economic Forum	EHS	Environment, health, and safety
ISSB	International Sustainability Standards Board	BSR	Business for Social Responsibility	CO₂e	Carbon dioxide equivalent
TCFD	Task Force on Climate-Related Financial Disclosures	WBCSD	World Business Council for Sustainable Development	AI	Artificial intelligence
TNFD	Taskforce on Nature-related Financial Disclosures	SMI	Sustainable Mining Initiative	IOT	Internet of Things
SEC	U.S. Securities and Exchange Commission	BCTI	Business Commission to Tackle Inequality	AR	Augmented reality
IFRS	International Financial Reporting Standards	CDP	Carbon Disclosure Project	VR	Virtual reality
ISSA	International Standard on Sustainability Assurance	CCRI	Coalition for Climate Resilient Investment	ML	Machine learning
EFRAG	European Financial Reporting Advisory Group	GRESB	Global Real Estate Sustainability Benchmark	IIOT	Industrial Internet of Things
		ACLCA	American Center for Life Cycle Assessment	GenAI	Generative AI

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Nandini is our associate practice leader driving our research around engineering services and Industry 4.0 in the manufacturing sector.

She has more than fifteen years of experience in research and consulting with a focus on automotive, industrial manufacturing, and technology sectors. She has authored and co-authored multiple thought leaderships, managed consulting deliverables, and market research studies on key topics across industries. Prior to starting her HFS journey, she worked with KPMG in research and consulting in various roles and capacities. Her areas of expertise are topics related to telematics and Industry 4.0. Nandini is an emerging technologies enthusiast and is keen to see how these technologies will continue to be the building blocks of Industry 4.0.

Nandini graduated in commerce and has completed an executive general management program at the Indian Institute of Management, Bangalore. She is based out of Bangalore and enjoys traveling and exploring new cultures.



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Mayank is an associate practice leader with an industry focus on healthcare and life sciences and a horizontal focus on IoT, Industry 4.0, and sustainability. He is a certified Sustainability and Climate Risk (SCR) professional from the Global Association of Risk Professionals (GARP). He has nearly a decade of experience in research, pre-sales, and software development, has contributed to business strategy and pre-sales at Altimetrik, and has worked on M&A analytics. At HCLTech. He supported R&D for a major medical device client.

He holds a certificate in strategic management from IIM Kashipur. He has a masters in business administration from Birla Institute of Technology and Science College, Pilani (BITS, Pilani University) and a bachelors in engineering in electrical and electronics. He is presently pursuing a post graduate diploma in public health management.

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Josh is the practice leader for sustainability. As an "activist analyst," he focuses on making an objective and emotive case for sustainability. He founded 'Critical Mass for Sustainability' through research, consulting, and convening partnerships, aiming to move us toward the positive tipping points that the global context needs. A critical mass pulls policy, consumer behavior, and business into alignment with the 17 UN Sustainable Development Goals.

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