Professional services matrix (PSM)

A strategic framework for evaluating and guiding the climate and nature impacts of professional services portfolios

1. Introduction

Professional services companies, such as consulting and marketing firms, have an important influence on greenhouse gas emissions via their choice of clients and the projects they undertake. For example, a marketing agency that helps promote renewable energy solutions is driving positive climate action. Conversely, a consulting firm advising a fossil fuel company on expanding its operations indirectly contributes to increased emissions. By selecting certain clients and projects, they can either advance or thwart the global effort to reduce emissions.[1]

Guidance from the Race to Zero Peer Review Group has emphasised the importance of leveraging business influence to help halve emissions by 2030 and ultimately achieve net zero. These companies need to reduce their value chain emissions (scope 1–3) as a fundamental step in aligning with the 1.5°C ambition.[2] However, for professional services companies, the most material impact on climate and nature comes from the projects they execute and the clients they choose. It is increasingly vital for these companies to steer their portfolios towards more sustainable practices to remain relevant and competitive in the long term.

To support professional services providers in aligning their project portfolios with the 1.5°C ambition, the Exponential Roadmap Initiative (ERI) has developed the Professional Services Matrix (PSM). This tool complements the Net zero for professional service providers principles by Race to Zero.[3]

The PSM guides companies in assessing their project portfolios across two key dimensions: the alignment of their clients with the 1.5°C ambition and the potential climate impacts of the projects themselves. This assessment lays the groundwork for integrating climate and nature into business strategies, which is part of the third pillar – provide and scale solutions – represented in the 1.5°C Business Playbook. The matrix is designed for application by strategic decision-makers within professional services companies, including business leaders and sustainability managers.

---
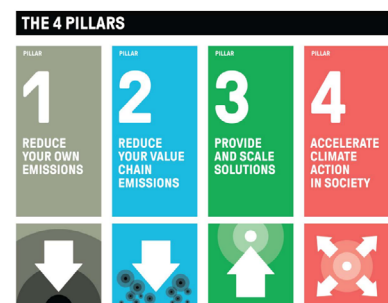
[1] See the appendix for more examples of the potential positive and negative impacts on greenhouse gas emissions that professional services companies can have. Their contribution to societal climate action is also essential and addressed in pillar 4 of the 1.5°C Business Playbook framework.

[2] The 1.5°C ambition means doing our utmost to limit global warming to as close to 1.5°C as possible; for companies, this means reducing own emissions and value chain emissions, scaling climate solutions and contributing to societal climate action. See 1.5°C Business Playbook.

[3] The matrix complements the other frameworks for professional services transparency, such as Client Disclosure Reporting (CDR).

1.1 Purpose and benefits

The framework is a strategic tool designed to help professional services companies assess their project portfolio and its future alignment with the 1.5°C ambition. By assessing current and future projects, the framework supports informed decision-making, customer selection and project prioritisation. It empowers firms to identify and pursue opportunities that contribute directly to the 1.5°C ambition. Section 3 provides a more in-depth description of how the matrix can be applied.

1.2 Key considerations during development

The following requirements have been considered when developing the framework:

- **Simplicity:** Focus on action and limit to only necessary detail.
- **Robustness:** Ensure the matrix is reliable and practical for application.
- **Action-oriented:** Promote concrete actions and measurable results.
- **Market-wide applicability and scalability:** Support all sectors within the professional services market.
- **Science-based:** Align definitions with the latest scientific understanding of climate change.
- **Alignment with existing frameworks:** Integrate with relevant frameworks like Race to Zero criteria and the Climate Solutions Framework (CSF).

2. The Professional Services Matrix (PSM)

The matrix consists of two dimensions:

- How customers of the professional services organisation align with the 1.5°C ambition, qualified according to four levels of criteria.
- How projects performed by the organisation align with the 1.5°C ambition, qualified according to four levels of criteria.

The organisation's project portfolio will be mapped according to these two dimensions, with the size of each circle proportional to the revenue of the projects. To maximise contribution to the 1.5°C ambition, companies need to shift their portfolio upwards and to the right in the matrix over time.
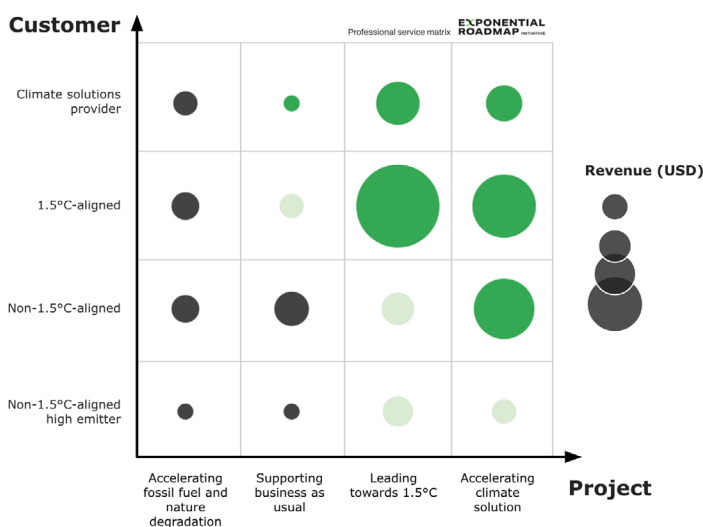

Fig 1. Example mapping of project portfolio. Data point (circle) size represents project revenue. The dark green data points indicate a portfolio stronger aligned with the 1.5°C ambition (ideal state). The light green data points indicate a portfolio somewhat aligned with the 1.5°C ambition (can be improved). The grey data points indicate a portfolio with minimal or negative alignment with the 1.5°C ambition (potential divestment candidates).

2.1 Customer categorisation

For categorisation (C) of customers/clients, the following criteria are applied. We begin with category 4, climate solution providers, who are the greatest drivers of change, and move down to category 1, non-1.5°C-aligned high emitters.

Climate solution provider (C4)

Customers can be qualified as climate solution providers by applying the Climate solutions framework.

To fulfil the criteria of the Climate solutions framework as a climate solutions company, the company must:

1. Have public interim and net zero climate targets covering all emissions (scopes 1, 2 and 3), have a transition plan and disclose progress annually.[1]
2. Derive >90% of their revenue from sales of climate solutions (see **Box 1**).
3. Work broadly to transform its sector.

In 2024, the number of companies and products that meet the definition of a true climate solution is relatively low. It will grow over time, but we recognise that for most large professional services companies only a small percentage of their current portfolio of clients may meet this definition.

Box 1: Criteria for qualifying products and services as climate solutions
There are two ways that products and services can qualify as a climate solution:

(1) Referring to the Climate solutions framework, a product or service must:
  A. Have a carbon footprint that is at least 50% lower than the relevant market-weighted average footprint of the current products/services being replaced.
      OR
  B. Fulfil a credible intensity threshold per functional unit for a net zero world, as set out in a robust taxonomy or other science-based paper.

In addition to meeting one of the two core criteria, climate solutions must:
  • Not contribute to extending the life of technologies that depend solely on fossil fuels.
  • Not do significant harm to the sustainable use and protection of water and marine resources.
  • Not do significant harm to pollution prevention and control regarding the use and presence of chemicals.
  • Not do significant harm to the protection and restoration of biodiversity and ecosystems.

(2) Qualification through well-grounded frameworks (eg the subset of EU taxonomy for climate change mitigation).

---

[1] For climate solution companies, the transition plan will describe how the business will be scaled in a sustainable way. For small and medium-sized enterprises (SMEs) this requirement will be satisfied if they are committed through the SME Climate Hub.

1.5°C-aligned organisation (C3)

For companies to be recognised as aligned with the 1.5°C ambition, they must fulfil the starting line criteria derived from the Race to Zero criteria:

Fig 1. Example mapping of project portfolio.

Principles	1. Interim climate target	2. Long-term target	3. Report on progress: GHG accounting	4. Report on progress: decarbonisation measures in value chain
Criteria	The company has publicly disclosed 1.5°C-aligned interim climate targets, in line with: 1. A target year for the coming 5–10 years. 2. Halving emissions of scope 1, 2 & 3. **Automatic qualifier:** The company has a 1.5°C-aligned target approved by SBTi, Exponential Roadmap Initiative, SME Climate Hub or a similar recognised organisation accredited by Race to Zero.	The company has publicly disclosed a net zero target by 2050 at the latest. The target must include: 1. Net zero year. 2. Level of reduction. 3. Commitment to counterbalance the residual emissions.	The company publicly discloses their GHG emissions, scope 1,2 & 3.	The company has publicly published actions and plans to achieve set targets. **Automatic qualifier:** The company has a public transition plan.

It is recognised that public sector customers (regions, municipalities, city departments, etc) may not have the same publicly disclosed information corresponding to these criteria. Qualification should be based on similar well-grounded principles of available information customers are disclosing, or national/subnational information explicitly mentioning the costumers.

Non-1.5°C-aligned organisation (C2)

Customers that do not fulfil criteria C4, C3 and C1 are considered non-1.5°C-aligned.

Non-1.5°C-aligned high emitter (C1)

These customers are non-1.5°C aligned (they do not meet the criteria outlined in C3) and are high emitters. High-emitting industrial sectors include fossil fuel companies (eg oil, gas, and coal companies).

2.2 Project categorisation

The framework provides general definitions for each project category. As there is great variation in the kinds of projects undertaken in the professional services sector, additional guidance will be required, and over time some will be implemented in the implementation guidelines.

Project accelerating climate solutions (P4)

For projects to be recognised as supporting climate solutions, they must provide services for projects that **directly enable or accelerate climate solutions**. Services might include business development, innovation, design, development, testing, marketing, advertising, sales, implementation, management, contracting, patents, legal service, shareholder agreement and project recruitment. Products and services can qualify as a climate solution by (1) applying the Climate solutions framework (see **Box 1** on page 3) or (2) by qualification through well-grounded frameworks (eg the subset of the EU taxonomy for climate change mitigation).

Project leading business towards 1.5°C alignment (P3)
These projects contribute to reducing greenhouse gas emissions or to transitioning to a low-carbon economy, for example, services that provide the design, implementation, engineering, strategy setting or optimisation for the decarbonisation of an organisation or a society. The project description should articulate its alignment with the 1.5°C ambition, emphasising the mission and the substantial positive impacts of its outcomes in supporting climate mitigation. It should also provide evidence or awareness that the project's potential positive climate impacts significantly outweigh its negative impacts.

Project supporting business as usual (P2)
Supporting projects that don't specifically intend to have any impact on emissions or on the transformation of an organisation but support the customers' mainstream business.

Project accelerating fossil fuel use and nature degradation (P1)
Any project that is likely to directly accelerate greenhouse gas emissions, the use of fossil fuels or the unsustainable use of natural resources. Examples include fossil extraction, activities leading to deforestation and unsustainable fishing.

2.3 Visual implementation of the matrix
The fundamental matrix presents three key data:
- Y-axis: Customer categories.
- X-axis: Project categories.
- Size of data points: The project revenue (or combination of projects or sector).
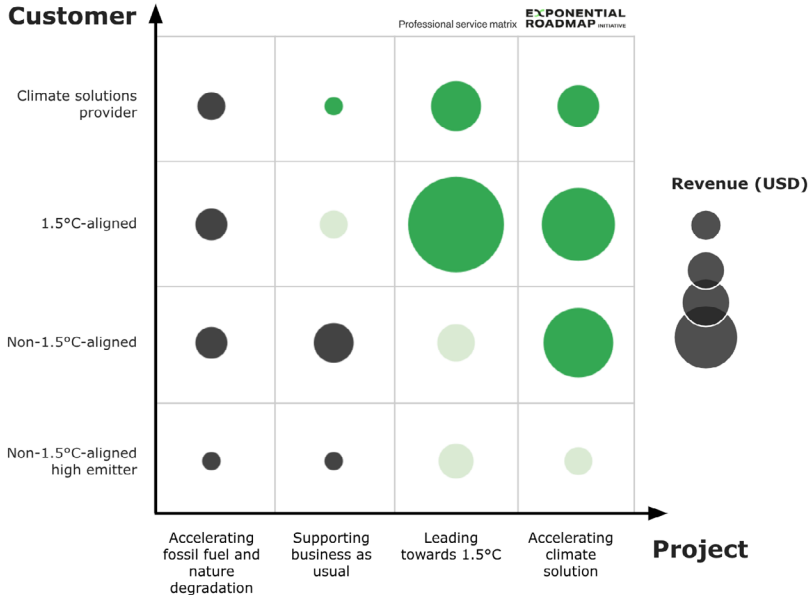

Fig 2. Fundamental visualisation of the matrix.

To present more data points, the background can be coloured to represent the portfolio's alignment with the 1.5°C ambition. The colours of data points can be used, for example, to represent customers' sectors or the project division/department within a company or region where the projects are carried out.[1]

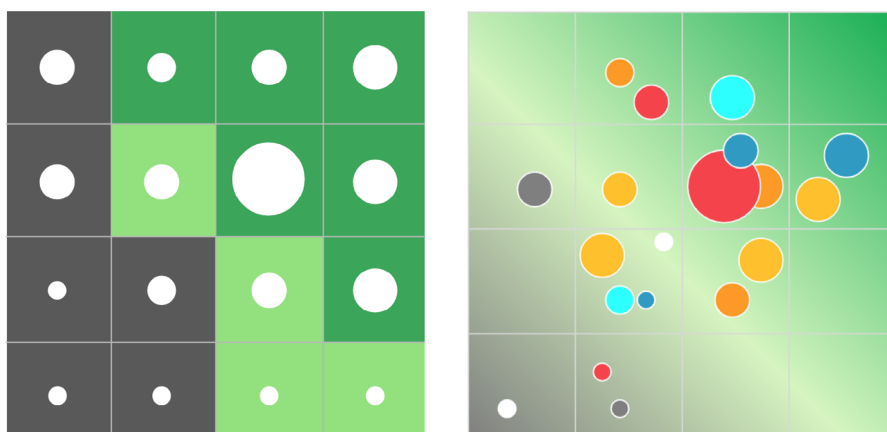[1] For example applying the Customer Disclosure Framework for categorising projects.

Fig 3. Examples of visual implementation of the Professional services matrix.

3. Implementation of the PSM

3.1 The PSM as an assessment tool

The PSM as an assessment tool can provide professional services companies with insights about how to:

- **Assess the project portfolio:** Evaluate your current business portfolio and its alignment or misalignment with the 1.5°C ambition.
- **Monitor progress:** Continuously assess the progress towards achieving the transition goals.
- **Enhance transparency:** Link the framework to management systems (eg,internal scorecards, strategy, and remuneration) and consider external communication.

3.2 The PSM as a strategic tool

The PSM can support professional services companies' strategic and tactical decision-making by:

- **Setting strategic targets:** Define short- and long-term targets and key performance indicators (KPIs) to shift the portfolio upwards and to the right in the matrix over time.
- **Identifying expansion and divestment areas and ways to prioritise projects accordingly:**
    1. **Expansion areas**
        » Prioritise projects that accelerate climate solution companies' businesses.
        » Prioritise projects that accelerate climate solutions for 1.5°C-aligned companies.
    2. **Divestment areas (no-gos for new projects)**
        » Terminate projects supporting "business as usual" for high-emitting companies not aligned with the 1.5°C ambition.
        » Phase out projects supporting "business as usual" for non-1.5°C-aligned companies.
        » Implement a "no new projects" policy for clients and sectors that do not align with the 1.5°C ambition, and set clear end-dates for existing projects that are not aligned.

- **Making informed decisions on customer and project selection** to align with the 1.5°C ambition:
    - » Prioritise customers who are themselves climate solutions companies or demonstrably aligned with the 1.5°C ambition (shift the customer base upwards in the matrix).
    - » Ensure that projects directly contribute to achieving the 1.5°C ambition (shift portfolio to the right in the matrix).
- **Using the PSM for internal learning and awareness activities:** Incorporate the PSM into internal training and workshop sessions to build awareness and understanding among employees about climate-related goals and strategies.

3.3 Key resources needed to simplify and scale implementation of the PSM

To ensure the widespread adoption and effectiveness of the PSM, we have identified several key resources and capabilities that may need to be developed or enhanced to complement the PSM:

- **Implementation guide:** A guide should be developed over time to provide practical steps and detailed information for companies implementing the matrix. This could include lists of industrial economic activities classified as climate solutions or high emitters, along with examples of how the matrix can be visually applied.
- **Automated categorisation:** Implementing an automated system to categorise projects and clients based on their alignment with the 1.5°C ambition can streamline the assessment process and enable continuous follow-up.
- **Link to a comprehensive company and public sector databases:** By linking to publicly available databases that track the climate commitments and actions of companies and public sector entities, including high-emitters and climate solution companies qualification can be simplified and automated to facilitate more accurate assessments.
- **Link to a comprehensive list of climate solutions:** By linking to a publicly available database that tracks climate solutions, qualification can be simplified and automated to facilitate more accurate assessments
- **Visualised dashboards:** Creating intuitive dashboards that visualise project data and climate impact can enhance decision-making and communication.
- **Integration with existing CRM systems:** Integrating the PSM into existing CRM (Customer Relationship Management) systems can ensure seamless integration of climate assessment processes making it easier for firms to track and manage their portfolio's climate impact over time.

By developing these resources, the PSM can become an efficient and scalable tool, empowering a broader range of professional services firms to apply it.

Appendix – Professional services categories and their potential impacts on greenhouse gas emissions

Professional services encompass a wide range of industries that provide specialised expertise to clients. The table lists key professional services categories and provides examples of their potential impacts on greenhouse gas emissions.

Professional services	Examples	Potential positive impacts on greenhouse gas emissions	Potential negative impacts on greenhouse gas emissions
IT services	IT consulting, system integration, managed services and software development	• Technologies for accelerating climate solutions and optimising resource use • Energy efficiency solutions • Data centre optimisation • Technologies for service- or sharing-based business model transformation	• Acceleration of unsustainable consumption and business models applying AI. • Energy consumption for data centres • Digital resource consumption • E-waste
Environmental services	Environmental consulting, waste management, and sustainability reporting	• Climate consulting • Sustainability strategy • Environmental impact assessments • Pollution control	• Potential greenwashing • Overemphasis on certain environmental aspects
Engineering services	Civil, mechanical, electrical and environmental engineering services	• Design and implementation of climate solutions and sustainable infrastructure • Energy efficiency solutions • Renewable energy installations • Efficient and fossil-free transportation systems	• Contribution to resource extraction • Infrastructure development for fossil fuel sectors
Management consulting	Firms that offer strategic and operational consulting services	• Business strategies for business model transformation • Operational efficiency • Supply chain decarbonisation • Transformative strategies such as new business models	• Expansion of fossil fuel industry and unsustianable business models • Potential greenwashing • Focus on short-term gains over long-term sustainability
Financial services	Investment banking, asset management, auditing and accounting services	• Green finance • Sustainable investments • Climate risk assessment • Carbon pricing • Green bonds	• Support for fossil fuel projects • Potential greenwashing
Architectural services	Design, planning and project management for buildings and infrastructure	• Sustainable building design • Energy-efficient buildings • Green infrastructure • Sustainable urban developments • Circular construction adoption	• Resource consumption in construction • Potential for overemphasis on aesthetics over sustainability
Legal services	Law firms and legal consultants providing legal services such as corporate law, litigation and intellectual property	• Climate policy development • Environmental law • Policy development for sustainable business models	• Potential support for environmentally harmful projects
Marketing and advertising services	Advertising agencies, digital marketing firms and market research companies	• Promotion of sustainable products, services and lifestyles • Consumer awareness campaigns	• Accelerate unsustainable consumption • Fossil industry advertising • Potential greenwashing
Human resources services	Staffing firms, HR consulting and executive search services	• Talent development for sustainability roles • Diversity and inclusion in climate action • Requiring sustainability competence in new recruitments	• Promoting roles in industries that accelerate fossil fuel use and nature degradation

References

European Commission. (2021). ANNEX to the Commission Delegated Regulation (EU) supplementing Regulation (EU) 2020/852. https://ec.europa.eu/finance/docs/level-2-measures/taxonomy-regulation-delegated-act-2021-2800-annex-1_en.pdf

Falk, J. et al., (2022). The 1.5°C Business Playbook. https://exponentialroadmap.org/business-playbook/

Falk, J., Wigg, C., Axelsson, K. and Becker, M. (2024). Climate solutions framework (CSF) – defining climate solutions and climate solutions companies. Exponential Roadmap Initiative. https://exponentialroadmap.org/climate-solutions/

Futerra. (2024). Client Disclosure Reporting.

Race to Zero. (2022). Interpretation Guide: Race to Zero Expert Peer Review Group. https://climatechampions.unfccc.int/wp-content/uploads/2022/09/EPRG-interpretation-guide.pdf

Race to Zero. (2022). Net-zero for Professional Service Providers. https://climatechampions.unfccc.int/system/net-zero-for-professional-service-providers/

Race to Zero. (n.d.). Race to Zero Criteria. https://climatechampions.unfccc.int/system/criteria/

The SME Climate Hub. https://smeclimatehub.org/

Authors and contributors

Authors
Johan Falk, Exponential Roadmap Initiative
Claire Wigg, Exponential Roadmap Initiative
Hsu-Kai Weng, Exponential Roadmap Initiative

Contributors
Klara Berggren, AFRY
Sara Lindstrand, AFRY
Henrik Tegnér, AFRY
Evan Eskilson, Exponential Roadmap Initiative
Andrea Lindblom, Exponential Roadmap Initiative
Louise Rehbinder, Exponential Roadmap Initiative
Solitaire Townsend, Futerra
Tessa Ferry, Race to Zero

Suggested citation