

# Sustainability Matters for HR

The Green Expectations of Your People





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Increasingly, consumers expect organizations to operate responsibly and demonstrate that they are purposeful about sustainability. Employees have the same expectations of their employers and it's a central theme found in the new [evolving employer-employee social contract](#). Employers who fall short of meeting those expectations could lose vital talent and revenue.

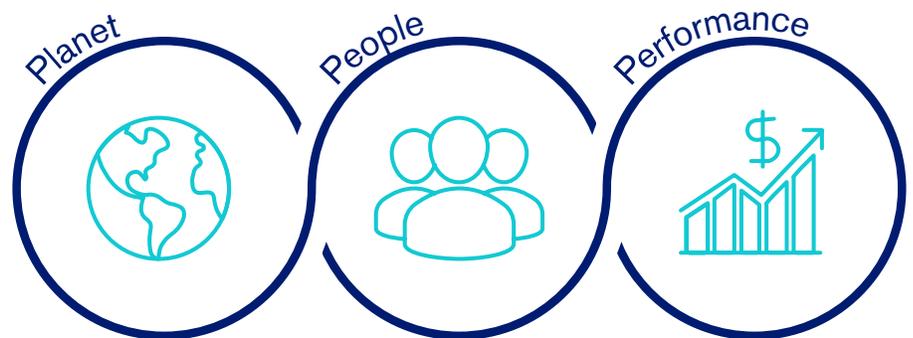
Net-zero carbon emission pledges and green initiatives are becoming part of the employee value proposition. Incorporating sustainability into your HR strategy and organizational culture that engages employees and supports their sustainability goals can attract talent necessary to propel the organization and foster a more productive and committed workforce.



## Consider the Triple Bottom Line

The [triple bottom line](#) — **planet, people and performance** — is a framework that measures how well an organization is meeting its sustainability goals. It integrates an organization's social and environmental impacts along with its financial performance and can be helpful to organizations in most industries.

The triple bottom line also accounts for an organization's sustainability impact on its workforce and vice versa. An engaged and socially conscious workforce is more likely to hold organizations accountable for their choices as well as the local and global impact of those choices. Some organizations are involving employees in their sustainability programs and have experienced improved retention, job satisfaction and loyalty. By bringing employees along on the journey, both the organization and its employees benefit.





# Net Zero Can Increase Net Profits

Organizations with net-zero targets seek to actively reduce their carbon footprint in a measurable way. They aim to achieve net zero by reducing emissions to zero or buying offsets to compensate for their level of emissions.

Researchers at Oxford University and Arabesque Partners found 88 percent of sustainability studies reviewed show solid environmental, social and governance (ESG) practices result in better operational performance, according to a 2015 literature [review](#). Similarly, 80 percent showed stock performance is positively associated with good sustainability practices.

The World Wildlife Fund [reports](#) 60 percent of Fortune 500 companies have set a climate or energy-related commitment, including 17 percent with a goal to balance their emissions. As of March 2021, the Energy and Climate Intelligence Unit, a UK-based nonprofit, [reports](#) one-fifth of the world's 2,000 largest public companies have committed to a net-zero target. Segal Marco Advisors' Maureen O'Brien notes [workers need a seat at the table](#) as companies tackle the environmental transition.

While many public companies report greenhouse gas emissions in annual sustainability reports and other voluntary disclosures to investors, the format and details vary widely. As investors seek more climate and environmental information from organizations, the U.S. Securities and Exchange Commission (SEC) is proposing required uniformity in disclosure and reporting. In March, the SEC [proposed](#) disclosure rules requiring public companies to report their greenhouse gas emissions and how climate change might affect their business. If adopted, the disclosures would follow a phased implementation approach beginning with fiscal year 2023 (filed in 2024).

Nearly two-thirds of U.S. employers (62 percent) have corporate social responsibility or green initiatives in place, according to WorldatWork's 2021 Total Rewards Inventory Programs and Practices. While 76 percent of large employers with 10,000 or more workers offer these programs, the programs are also common among midsize and smaller employers. Sixty-two percent of organizations with between 1,000 and 9,999 employees offer these programs and 54 percent of organizations with between 100 and 999 employees have them in place.

Organizations' sustainability programs include everything from eco-friendly manufacturing and recycling programs to waste audits and energy-efficient practices. The programs focus on a range of outcomes, including:

- Saving resources
- Committing to clean energy
- Creating responsible supply chains
- Promoting green building

A 2020 [McKinsey Global Survey](#) on sustainability found 40 percent of organizations expect their programs to generate modest or significant value by 2025, including revenue gains, cost savings and other benefits.

## What Is Net Zero?

"Net zero" refers to the balance between the amount of greenhouse gas produced and the amount removed from the atmosphere.

To avoid the worst climate impacts, the [International Panel on Climate Change](#) projects global greenhouse gas emissions will need to drop by half by 2030 and [reach net zero](#) around mid-century.

# People Want to Work for Green Organizations

Many workers place a high level of importance on working for an organization that shares their core values and provides opportunities to make a difference at work and in their community. A sustainability strategy with engagement at its core can have a strong impact on an organization's ability to attract, retain and inspire talent.

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If an organization doesn't have a strong sustainability culture, that's a dealbreaker for a quarter of job seekers ages 18 to 49.”

Nearly 70 percent of employees are more likely to take a job with an organization that has a strong focus on sustainability, according to a 2021 Gallup [poll](#). If an organization doesn't have a strong sustainability culture, that's a dealbreaker for a quarter of job seekers ages 18 to 49.

Integrating a deeper sense of purpose and responsibility into their work experience is top of mind for many workers. Deloitte's 2021 millennial and Gen Z [survey](#) found climate change and protecting the environment are key issues for workers. Nearly half of millennials (44 percent) and members of Gen Z (49 percent) say they've made choices over the type of work they are prepared to do or organizations they would work for based on their personal ethics.

## Creating a Sustainability Strategy

Successful sustainability strategies align the organization or enterprise's business goals with its people strategy and the impact on individuals. Sustainability is woven across all three pieces of this organization lifecycle "PIE" illustrated below.



To engage workers in an organization's net-zero, carbon-emission goals, we recommend following the comprehensive approach shown in the sidebar.

## Develop an organizational vision and strategy

Organizations that are just getting started on their sustainability journey are well-advised to first craft their sustainability vision and design strategies to achieve that vision. This initial step is critical to building consensus and momentum around the initiative. A well-founded vision forms the foundation for the program. Establishing priorities, defining investments, articulating the business case and including measurable targets are key steps in the process.

Organizations that are further along on their pursuit of sustainability may already have a vision and strategy in place. For these organizations, a regular review provides an opportunity to adjust program initiatives. This could be in response to external or internal environmental and cultural shifts that reveal a new area of focus or changes to organizational or employee priorities.

## Align organizational vision and strategy with people strategies

A people strategy that supports the workforce's sustainability goals and enables employees to contribute to the organization's net-zero emissions and other sustainability targets can pay dividends in both the short and long-term. A majority of employees (71 percent) would like their employer to provide opportunities for them to help make a positive impact on the organization's social and environmental commitments, according to a 2016 Cone Communications [study of millennial engagement](#).

Defining roles and responsibilities dedicated to advancing sustainability is essential to supporting an effective program. Whether responsibility lies with one part of the organization or is shared across multiple departments, determining roles and expectations for participation creates clarity.

Once the organizational structure is defined, review current HR programs, policies and initiatives to evaluate their appropriateness and align with sustainability goals. Small changes to policies and practices can significantly affect an organization's carbon footprint. A 2017 Vanderbilt University [study](#) found offering benefits to employees to help them reduce their carbon footprint can improve employee satisfaction.



Develop an Organizational Vision and Strategy



Align Organizational Vision and Strategy with People Strategies



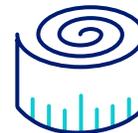
Align People Strategies with Individual Goals



Communicate Priorities



Engage Employees at Work, at Home and in the Community



Create Measurable Standards to Report Progress

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Employees who work for organizations that offer benefits to support positive environmental behaviors report higher levels of job satisfaction.”

### Align people strategies with individual goals

Some 70 percent of workers are interested in their organization providing support and resources for them to make positive social and environmental changes at home, according to the 2016 Cone Communications study noted above. Therefore, it's important to design the organization's people strategy to support individuals' desires to contribute to sustainability.

The World Resources Institute identifies 10 [strategies](#) to reduce greenhouse gas emissions. Among them are individual contributions, such as using environmentally friendly transportation, promoting energy efficiency and reducing food waste. Employers can support these strategies with a range of benefits and programs, including commuter benefits that encourage the use of public transit and cycle-to-work programs, incentives to reduce home energy use and programs to reduce food waste.

Employees who work for organizations that offer benefits to support positive environmental behaviors report higher levels of job satisfaction, according to a 2017 Vanderbilt University [study](#). The study assessed the value of energy benefits, such as financial incentives for using public transit and discounts for home energy improvements. The researchers concluded that workers who are concerned about social and environmental issues may be good organizational citizens. Offering or promoting these types of benefits can help with attraction and retention.

A range of people and individual programs can demonstrate the organization's commitment to sustainability and help employees reduce their own carbon footprint. The box on the next page gives several examples.





## Sustainability Marketplace

### Workplace policies

- Work from home full or part time
- Flexible schedules
- Green initiatives related to travel, water/energy use, printing, waste management and recycling
- Promoting healthy buildings through ventilation, LEED standards and facilities (e.g., green paint and recycled materials)
- E-communications to reduce paper waste

### Transportation and commuter benefits

- Incentives for buying a hybrid, natural gas or electric vehicle
- Car-sharing program subsidies
- Public transit subsidies
- Reimbursement or discounts for bicycle purchase
- Access to electric-vehicle and e-bike charging stations
- Reward programs for walking, biking, carpooling or using public transport
- Tools for employees to count their personal emissions from commuting

### Home energy benefits

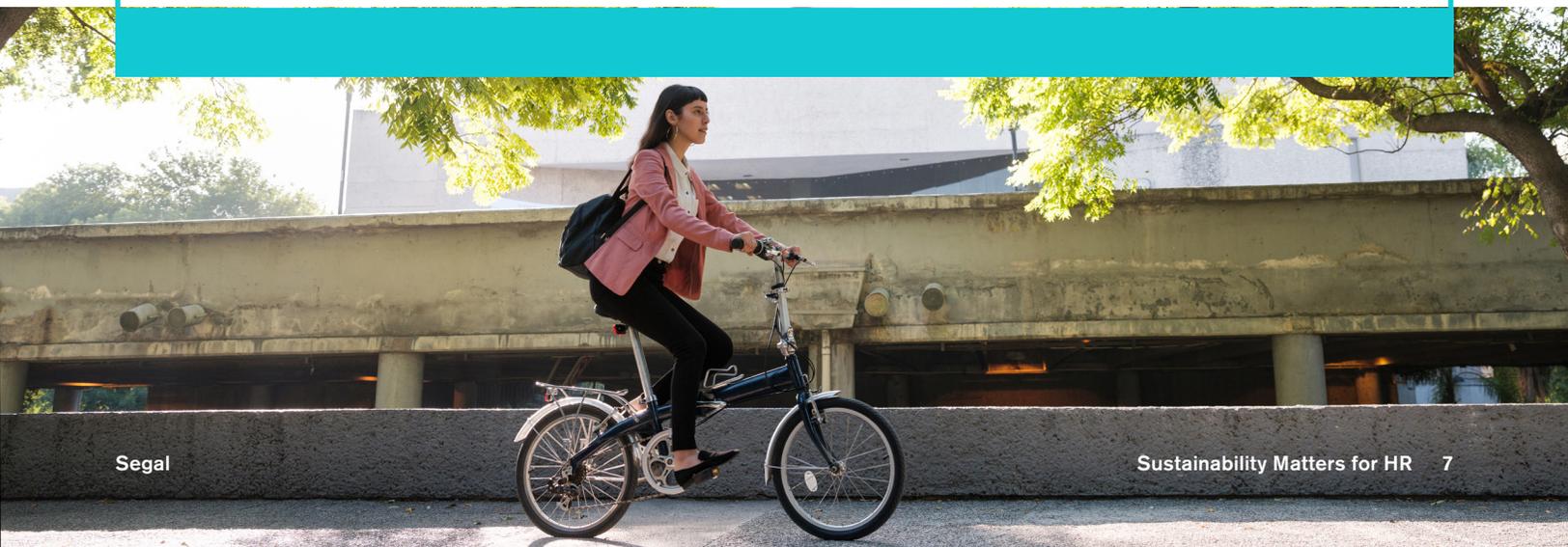
- Discounts or subsidies for alternative energy installation or upgrades (e.g., solar panels)
- Partnering with a local utility to provide home energy audits
- Incentives for purchasing energy-efficient appliances, installing smart thermostats and home insulation

### Health and well-being initiatives

- Subsidized memberships for local farm cooperatives
- Hosting workshops and activities on reducing food waste and learning to garden
- Gift certificates to local nurseries or garden centers
- Health plan-sponsored nutrition education programs focusing on plant-based diets and healthy lifestyles
- Availability of organic food in cafeterias, vending machines and at meetings
- Green spaces at work (e.g., rooftops and walking paths)
- Encouraging use of stairs instead of elevators when possible
- Wellness savings accounts
- Telemedicine and telehealth programs

### Other benefits and ideas

- Paid time off to volunteer for charities that focus on sustainability
- Organization-sponsored volunteer events to support the environment and local community
- Charitable matching-gift programs that include environmental organizations
- Supporting sustainable waste management with composting supplies and programs
- Educating employees on how to measure and minimize their own emissions
- Green investment options for retirement plans
- ESG disclosures in proxy statements
- ESG metrics in executive compensation



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Once the enterprise’s vision and strategy are developed, aligned with its people strategy and reflected in programs impacting individuals, organizations often follow the steps discussed below to turn vision into action.

### Communicate priorities

Consistent and frequent communication about the organization’s sustainability vision and goals, along with how they impact its workforce and every individual, is vital to success. Even organizations with the best intentions can struggle to effectively communicate why sustainability is good for the planet, people and performance. This can lead to a lack of understanding and ultimately hijack the initiative before it really begins.

Communicating about sustainability can also benefit recruitment and retention. Nearly four out of five millennials — the largest generation in the workforce — consider an organization’s social and environmental commitments when deciding where to work, according to the CONE Communications [study](#). Incorporating sustainability into the hiring process could include sharing information about initiatives on an organization’s careers and about us webpages and in blogs and on social media.

### Engage employees at work, at home and in the community

Organizations use a variety of methods for engaging their people in sustainability efforts. For instance, surveying employees or conducting focus groups can raise awareness and promote accountability with programs and initiatives. Establishing an employee-run green team or sustainability committee can empower the workforce and support a sustainable work culture.

Offering assessment tools and resources to educate employees about how to measure and reduce their own carbon footprint can support sustainability practices outside the workplace. Community initiatives could include supporting volunteering for community cleanup events, hosting donation drives, planting trees and organizing car-free days. Regular training and awareness sessions on sustainability and environmental issues can bring staff together to share ideas and best practices at home and in the community.

## Create measurable standards and report progress

While specific metrics will vary depending on the industry and organization, environmental metrics should be used to show progress and rally ongoing support of sustainability efforts. Examples of metrics used by some organizations include electricity usage, fuel consumption, air quality, water use and carbon emissions. Online calculators, such as [carbonfootprint.com](http://carbonfootprint.com) and [carbonfund.org](http://carbonfund.org), can help organizations and individuals estimate their carbon footprint.

Metrics could also include supply chain management and employee engagement with the organization's sustainability initiatives. Sharing information on steps the organization is taking and regularly reporting progress toward achieving its goals can motivate and keep issues top of mind for employees.



## Questions? Contact Us.

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**Organizational effectiveness** — We'll work with you to create a high-performing organization, which may include creating a culture of excellence. We'll help you design meaningful recognition and rewards programs and employee value propositions as well as DEI and ESG strategies.



**Compensation and career strategies** — We'll work with you on the strategy, design and governance of your compensation program. We can help you build a career architecture, a transparent structure for your people. Get in touch to discuss how to align individual performance and career opportunities with organizational goals. We can also work with you to shape your organization's unique nonfinancial and financial rewards of work.



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