


CIPD

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EMBEDDING ENVIRONMENTAL SUSTAINABILITY IN YOUR ORGANISATION

A guide for HR
professionals

Guide
July 2021

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The CIPD is the professional body for HR and people development. The registered charity champions better work and working lives and has been setting the benchmark for excellence in people and organisation development for more than 100 years. It has more than 150,000 members across the world, provides thought leadership through independent research on the world of work, and offers professional training and accreditation for those working in HR and learning and development.

Guide

Embedding environmental sustainability in your organisation: a guide for HR professionals

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1 Introduction: why act now on environmental sustainability?

Climate change is a serious global issue that poses many risks to environmental and human systems. We can already see the impact of climate change, such as sea level rise, ocean acidification and extreme weather events,¹ and this will become more severe and widespread as global temperatures rise. How great the impact will be depends upon our success in reducing greenhouse gas emissions such as carbon dioxide, methane and nitrous oxide.

Cutting greenhouse gas emissions is a growing priority for governments worldwide as the urgency of the situation becomes clearer. The Paris Agreement, a legally binding international treaty on climate change, aims to limit global warming increases to below 2° Celsius and preferably 1.5° Celsius from pre-industrial levels. This was adopted by 196 state parties at COP 21 in Paris on 12 December 2015 and entered into force on 4 November 2016. Since then, 125 countries across the world have committed to achieving net zero,² by 2050 at the latest.

In November 2020 UK Chancellor Rishi Sunak set out large private companies in line with the [Task Force on Climate-related Financial Disclosure](#) (TCFD) recommendations.

Why does this matter for organisations?

Human activity is cited as the main cause of climate change,³ but organisations also contribute significantly, with businesses contributing 17% of the greenhouse gas emissions in the UK in 2019.⁴ Organisations emit greenhouse gases through their energy and resource use, transport and travel, waste management and supply chain.

While averting a humanitarian and planetary crisis is reason enough to act with urgency, there is also a business case for doing so. The cost of solar and other renewable energy sources has gone down, so organisations can save money and reduce energy uncertainty. Consumers want to support organisations that are actively building a better world. Employees want to work at organisations that align with their values. Climate action enables organisations to show that their brands are meaningful and relevant to today's customers and employees.

To tackle the climate crisis, organisations must implement the changes necessary to reduce their impact on the environment, and also consider and plan for the impact of climate change on the organisation, their stakeholders, clients and suppliers.

Climate change could have a negative impact on organisations in the following ways:

- potential liability for emitting greenhouse gases
- physical risks from extreme weather events globally
- water scarcity
- transition to new technologies, markets and regulation
- increased health impacts and inequalities.

Climate change could also benefit organisations:

- improvements in energy efficiency can lead to reduced costs
- innovation can inspire new products and services that are less carbon-intensive or that enable carbon reduction elsewhere
- enhancing supply chain resilience, for example by reducing reliance on price-volatile fossil fuels and moving to renewable energy.

Climate change is transforming how consumers, employees and shareholders evaluate organisations and interact with them. Organisations need to measure their exposure to climate-related risks and subsequently manage them, and incorporate climate change in their strategic plans.

Evaluating the risks of climate change to your organisation

A longer-term, strategic perspective on the risks and opportunities of climate change is rarely undertaken, even as part of a PESTLE analysis (external political, economic, social, technological, legal, environmental factors).

The following steps may help companies to get to grips with climate change:

- Understand the risks climate change presents to the organisation, and the opportunities that may lie in becoming part of the solution.
- Assess the scale of necessary emission reductions and the levers that are key to achieving them.
- Calculate how much emission reduction and adaptation efforts will cost.
- Position the risks and opportunities of climate change within the governance structure to ensure a strategic measurable approach.

HR professionals can help organisations to build back greener

HR practitioners are in a unique position due to their connections across their organisations, through their roles and the requirement to engage with all levels, disciplines and sectors. Every employee will have contact with aspects of HR throughout their employment through to the point at which they leave.

HR practitioners have the potential to play a significant leadership role in implementing all aspects of environmental sustainability through their policies and procedures.

This guide looks at the practical steps an HR professional can take to apply environmental sustainability in their organisation, regardless of its size, turnover, location, industry, or whether it is in the public, private or third sector.

We look at:

- recruitment and selection
- performance management
- learning and development
- leadership and engagement.

2 Getting started: evaluate what the organisation is doing or has planned

Addressing climate change and environmental sustainability is often seen as the domain of facilities management, the energy manager or procurement. However, HR can play a significant role in influencing an organisation to achieve the climate emergency targets set by national governments and international bodies.

To help implement this agenda, we suggest HR evaluates what action the organisation is currently taking or has planned. Ask the following four questions:

- **What environmental sustainability steps does your organisation already have in place?**

Look at what policies, procedures, values, awards and accreditation. Most organisations will have an environmental sustainability policy statement. This should explain clearly the organisation's position, and be signed off by someone in a senior management role. It should be reviewed regularly and available to all employees and stakeholders. There may also be an environmental strategy to support the policy, setting out the organisation's plans.

The organisation may have awards and accreditations, such as an environmental management system, which can be used as reference points in your HR practices. There may be named responsibilities assigned to certain roles. It is possible that some of these can be shared, with further responsibilities allocated to, for example, all those in supervisory roles. Are there actions that are everyone's responsibility?

- **What does the organisation do well? How could environmental sustainability be integrated?**

All organisations will have their strengths, which you may already have discovered through a SWOT analysis (strengths, weaknesses, opportunities and threats) or through the discover phase of the 4D process of an appreciative inquiry analysis. Strengths may vary according to department or function. For example, the finance department may be good at innovative procurement and collaborating with other similar organisations to achieve savings, while production may have a great health and safety record. The organisation may have people with strong data analysis skills. Think about how these strengths can be used when integrating environmental sustainability.

- **Where are the gaps that could be filled by HR?**

Just as inclusivity has become an expected part of the culture of organisations, so should environmental sustainability. Every action and decision taken in an organisation has an environmental impact. Through synthesising their existing connections and contacts, HR can encourage and enable a lens of sustainability for those taking those actions and making decisions. HR can also help embed environmental practices in its specialist areas, such as recruitment and performance management, as we outline in the following sections of this guide.

- **Which other parts of the organisation could HR work with to achieve its environmental sustainability strategy and plans?**

Facilities management traditionally drives the environmental agenda, with an emphasis on technology and energy use. Finance and procurement might also apply criteria for purchases. The organisation may even have a dedicated sustainability team.

If part of your organisation is working on environmental sustainability, it would welcome collaborative working to help it to achieve its aims and objectives. If no one in the organisation is working on this issue, HR can play a leading role in bringing everyone together to contribute in a collective and systematic manner.

In the following sections we suggest particular actions HR can take to embed environmental sustainability in the following specialist areas: recruitment and selection; performance and reward; learning and development; and leadership and engagement.

3 Recruitment and selection

There are several ways HR professionals can include environmental sustainability in the tools and techniques they use.

Incorporate sustainability practices into job design

Job descriptions could include role-specific tasks or responsibilities relating to an aspect of environmental sustainability. For example, this might include all managers having responsibility for regularly measuring and reporting on the resource use in their area and taking actions to increase efficiency and reduce consumption and waste. This requirement could be linked to departments' financial performance and a requirement to demonstrate cost-effectiveness.

Refer to knowledge requirements in relation to environmental sustainability in your person specifications

If job descriptions are to include environmental sustainability tasks or responsibilities, person specifications could similarly include a requirement to demonstrate knowledge relating to that responsibility. For example, the organisation may consider it desirable that all managers should have achieved a named climate literacy standard or equivalent.

Provide flexible work opportunities for employees

The opportunity to work flexibly or remotely is not only a potentially attractive benefit to employees, but can also be beneficial in the following environmental terms:

- Less total commuting means reduced emissions from vehicles.
- Travelling outside rush hour means shorter journey times and lower vehicle emissions.
- Remote workers use fewer resources, such as paper and catered food.
- Reduced energy use in the organisation's premises – the energy used at home has been calculated to be less than that used in offices in terms of heating and equipment, and the additional reduction in travel emissions adds up to an overall reduction.
- Individuals benefit from the cost savings of reduced travel.

Use green credentials as an attraction tool

A number of studies⁵ have shown that job-seekers are attracted to organisations with sustainable practices along with social practices more generally, such as community involvement and ethical governance. Sustainable credentials help to make organisations especially attractive options, and that attraction is a source of competitive advantage.

Why job-seekers are attracted to sustainability

- **Sustainability is a source of employee pride:** Sustainability actions often raise a company's reputation and status, leading many job-seekers to feel they would be proud to work for an organisation admired for its sustainability achievements. Reinforce that anticipated sense of pride by creating and celebrating a reputation for sustainability. You can demonstrate employee pride through testimonials and by showing how you celebrate sustainability achievements.
- **Sustainability implies the company cares about its employees:** To some job-seekers, sustainability initiatives suggest that the company genuinely cares about the wellbeing of society more generally, and therefore must treat its employees well. Reinforce the belief that the company cares about society and the planet and link this to your people practices. Be transparent about viewing sustainability as a source of competitive advantage through reduced energy costs, employee retention, brand management, and so on. People can react negatively unless they see motives beyond profit-seeking, so link your sustainable practices to social and environmental values as well.
- **Sustainability helps job-seekers connect specific organisational values to their own personal values:** Job-seekers want an employer whose values are a good fit with their own. More than three decades of research shows that the match a person feels with an organisation is a major driver of job choice decisions. Linking your sustainability initiatives to specific organisational values will demonstrate their authenticity.

HR should consider the following:

- **Include details of specific environmental sustainability roles and responsibilities:** Along with your organisation's green achievements, accreditations and values, a further potential attraction to job-seekers is to include details of the specific sustainability roles and responsibilities there are in your jobs.
- **Ensure your recruitment and selection methods are environmentally friendly:** Consider whether the methods you use reflect the values and culture of your organisation. Using IT to reduce paperwork and travel are perhaps the most obvious environmentally preferable practices. Many recruitment activities are now frequently conducted electronically, such as advertising vacancies, receiving and distributing applications/CVs, reference checks, letters of offer and employment contracts. The need for in-person interviews is changing as technology allows for improved remote communication, reducing the need to travel. High-quality discussions can be conducted without the environmental (and financial) costs of travel. Many induction processes are online, web-based or otherwise electronically managed.

4 Performance management and reward

Performance management is the process of ensuring that a set of activities and outputs meets an organisation's goals in an effective and efficient manner. It can focus on the performance of an organisation, a department, an employee or the processes in place to manage particular tasks.

Performance management covers activities that:

- Establish objectives through which individuals and teams can see their part in the organisation's mission and environmental strategy. It is necessary to outline the role of each individual in the organisation in terms of functions and responsibilities to ensure that performance management is successful.
- Improve sustainability performance among employees, teams and, ultimately, organisations.
- Hold people to account for their performance by linking it to reward and career progression.

Incorporate environmental sustainability into the competency framework

If the organisation has implemented a competency framework, it may already have included competencies relating to environmental sustainability. If not, consider introducing some into the competency framework. If the organisation does not have a framework in place, HR could still think about introducing sustainability competences into new and existing job descriptions.

Examples of knowledge requirements relating to environmental sustainability

For all employees, you could include a knowledge requirement relating to environmental sustainability, for example:

- **Completion of the organisation's Carbon Literate programme, or equivalent, and understanding of:**
 - 1 how climate here and elsewhere is likely to change
 - 2 how changes in the climate are likely to affect us in our country and in other parts of the world
 - 3 the carbon costs of our work activities and how our actions impact on the amount of greenhouse gases produced
 - 4 what can be done to reduce the environmental impact of work activities
 - 5 where to go for more information and support.
- **Competencies that define skills could be generic or role-specific.**

A generic example could be that all procurement decisions made consider the environmental impact of the action using the organisation's impact assessment template.
- **For sustainability-literate leaders you could add more specific knowledge. For example, leaders understand:**
 - 1 emerging environmental and social trends, the changing role of business in society and how peer organisations are responding
 - 2 the risks and opportunities these trends create for the organisation
 - 3 how to conduct environmental and social cost accounting, and use tools for scenario planning, back-casting and materiality analyses.

Refer to environmental sustainability objectives and targets in the appraisal or performance development process

Developing competencies for all employees and those in leadership roles can inform other processes within the sphere of performance management. Many organisations will have some sort of appraisal or performance development process that could refer to competencies, either generic or specific to a role or function. Performance objectives should be agreed for individuals, departments and the organisation. These could be expressed as targets to be achieved, one-off tasks to be completed by specified dates or ongoing standards to be met.

If your organisation has an environmental sustainability strategy and plan, this should express the direction the organisation wants to go, as well as setting specific objectives. For example, a net zero aim or a carbon neutral⁶ aim by a certain date would need to be translated into objectives that explain how this will be achieved.

These organisational objectives need to be cascaded down through the organisation to all employees in order to be achieved.

For example, an organisational objective could be:

- Reduce energy use by 50% this year against the previous year.

An individual objective relating to this could be:

- Monitor energy use monthly and report figures quarterly to the management team.
- Install LED lighting by the end of March and monitor the change in energy use.

The individual concerned should participate in determining the best way to work towards achieving that 50% reduction in their part of the organisation and agree to their objectives.

Support your organisation's environmental sustainability values and actions through the reward, pay and benefits strategy

Effective reward packages are aligned with the needs of the organisation and staff expectations for rewards. They should reflect the organisation's values, purpose and performance. People are attracted, retained and engaged by a variety of financial and non-financial rewards, which can change over time depending on their personal circumstances.

Be aware when designing rewards relating to environmental sustainability actions that whatever the reward is, it should align with the organisation's espoused environmental values. For example, it would be inappropriate for a reward for improved performance to be a bigger car if the organisation is claiming to try to reduce its emissions from travel.

Collaborative behaviour may be extremely important in your organisation, where different functions need to work together to achieve sustainability actions. Recognising where this is the case can be encouraged by team-based reward and backed up by individual reward and/or recognition.

Carefully consider the role of financial as well as non-financial and intangible rewards (recognition, praise and awards), as each brings their own issues that need to be managed well if they are to meet the desire for attracting, retaining and engaging people.

There are many factors to consider with your workplace pension scheme. In relation to sustainability, you should think about these factors:

- Is the pension free of investments in carbon-intensive sectors? Ensure your pension is not supporting industries that are significant contributors to climate change.

- How do you enable employees to better align their pension savings with their beliefs and increase positive social impact through their investment choices in workplace pension plans?

Having a scheme that supports the organisation's corporate social responsibility and environmental sustainability values and strategy ensures that there is alignment as well as enabling transparency about the provider and fund and where money is invested.

5 Learning and development

The learning and development function in organisations aims to improve group and individual performance by increasing and enhancing skills and knowledge. Learning and development forms part of an organisation's talent management strategy and is designed to align group and individual goals and performance with the organisation's overall vision and goals. Learning and development encompasses the following:

- onboarding and induction
- professional development
- leadership development
- upskilling, reskilling and training to meet skills gaps.

To embed environmental sustainability into learning and development, we suggest the following steps.

Include information about the organisation's environmental sustainability performance and employee requirements in the induction process

Induction is the process through which employees adjust or acclimatise to their new jobs and working environment. Every organisation, large or small, should have a well-considered induction plan that provides a new employee with a positive experience of the organisation. As part of this, 'orientation' can be used for a specific event that new starters attend, and 'socialisation' can describe the way in which new employees build working relationships within their new teams. Some people use the term 'onboarding' to cover the entire process, from an individual's first contact with the organisation before they formally join, through to understanding the organisation's ways of working and getting up to speed in their role.

The impressions made when someone starts work for an organisation have a lasting impact on how they view their employer, so a welcoming and effective experience is key to making this first impression a positive one. At all points in the onboarding process there can be reference to the sustainability aspects of the organisation, such as their values, ambitions, culture and accreditations. Induction should cover relevant sustainability competencies and responsibilities and provide information specific to the role.

Train all employees in environmental issues relevant to their role

Training for all employees could include some aspect of generic knowledge about the causes and impact of climate change and the relevance to the organisation and how it is responding. This would ensure that environmental sustainability is embedded into all job roles of an organisation.

This could include aspects such as:

- carbon foot printing
- reducing resource use, waste and travel
- policies for expenses and procurement.

Role-specific training could include support for managers and supervisors in understanding the strategic and operational implications that environmental sustainability has for them, their team and department. This will enable managers to contribute to the improved environmental sustainability of the organisation. It could also cover specific skills such as:

- sustainability auditing and reporting
- applying a circular economy approach.⁷

Integrate environmental sustainability into the content of learning and development programmes

Just as equality, inclusion and diversity should be an integral element of all programmes, so should environmental sustainability. All topics covered in the organisation's learning and development programmes should recognise where there is an environmental issue and where changes in the environment present risks or opportunities to the organisation. Case studies could be used in training, ensuring that they incorporate sustainability issues such as the environmental impact of behavioural choices. Through this integration, the culture of the organisation becomes normalised.

Embrace environmentally friendly learning and development methods in the organisation

The delivery of learning and development needs to keep up with changes across organisations, the expectations of employees and consideration of the skills needed for the future. Technological developments that have an impact on learning methods include:

- custom-made e-learning
- learning management systems
- electronic performance support systems
- cloud-based file- and presentation-sharing applications
- virtual meetings.

There are opportunities to use more blended approaches and technology, which reduce the need to travel, such as live online delivery and social and collaborative learning through communities of practice. An example of this would be the formation of green teams to work on specific environmental issues, such as innovative ways to reduce greenhouse gas emissions or task and finish groups to develop strategic responses to environmental legislation.

6 Leadership and engagement

Leadership can be defined as the capacity to influence people to achieve a common goal, such as fulfilling the sustainability strategy for the organisation. In this context, leadership could be attached to a role and is often exercised by those in charge, but additionally all employees may be expected to demonstrate leadership qualities.

HR practitioners, with their key visibility in the organisation, can be significant sustainability role models, leading the way in achieving the organisation's environmental strategy and signalling to all employees the importance of the issue of tackling climate change.

Demonstrate senior leadership's commitment to environmental sustainability

The commitment of the senior leaders in your organisation to environmental sustainability is vital to tackling the climate emergency, recognising the role that businesses have and the influence of leaders to the organisation and its employees.

HR professionals should be part of that senior team and can play a key role in developing the knowledge, skills and capability of the whole team to enable it to put together a comprehensive sustainability strategy and implement it across the organisation.

People are currently looking more for evidence of ethical leadership at the top and throughout the organisation. They are seeking 'ethical alignment' with leaders who demonstrate ethical behaviour and decision-making that aligns with their own values and with those of the organisation. The perceptions employees have of their leaders' ethical behaviour suggest that leaders' moral character makes a difference to employee outcomes such as job satisfaction.

Leaders should take accountability for the organisation's environmental performance

It should be transparent to all where the accountability for the organisation's environmental performance lies. If the performance management system is working correctly, it should be clear not only who within the organisation has responsibility to carry out tasks, but also who has the authority to make decisions – and ultimately who is accountable. Leaders will reliably deliver on their commitments, showing others they can be trusted to do what they say they will do.

HR can ensure that accountability is built into job descriptions, strategy, business plans and projects so that achievements can be celebrated and acknowledged appropriately.

Include environmental aspects in the organisational values

The organisation's values should drive action. Not only can HR facilitate the development of organisational values, but it can also ensure that these are embedded in all of their policies, procedures and practices.

Ikea has environmental sustainability as one of its eight values:

Caring for people and planet

We want to be a force for positive change. We have the possibility to make a significant and lasting impact – today and for the generations to come.

Use environmental sustainability as a workforce engagement method

An employee engagement strategy in relation to environmental sustainability might focus on:

- **Motivation:** how workers guide their efforts to achieve sustainability goals, including intrinsic motivation (enjoying doing this work for its own sake) and extrinsic motivation (working to get a reward).
- **Organisational identification:** the alignment between how someone sees themselves and how they see their organisation. This is consistent with the alignment of personal and organisational values.
- **Organisational commitment:** feeling attached to the organisation and dedicated to their work. This would be the result of sustainability actions and their achievement – seeing success against objectives.

Working towards environmental sustainability objectives and translating these into tasks and activities can be the catalyst for workforce engagement. This process of engagement can be built around the [MacLeod \(2009\)](#) review of the four key 'enablers' of employee engagement.

The four key enablers of employee engagement

- **leadership** that gives a ‘strong strategic narrative about the organisation’ and demonstrates the desire to tackle the climate crisis
- **line managers** who motivate, empower and support their employees to achieve their roles and responsibilities in achieving the organisation’s sustainability aims
- **employee voice** throughout the organisation, to involve employees in decision-making around what tasks and behaviours should be prioritised to achieve net zero
- **organisational integrity** that stated values are reflected in the actual organisational culture; what we say is what we do.

Practically, this can be evident in:

- ongoing standards for each employee, team and the organisation as a whole to meet
- a matrix of sustainability projects, or task and finish groups, in which people can participate
- projects to engage with the wider community as part of corporate sustainability.

Purposeful leadership is linked to employees’ job satisfaction, whether they find meaning in their work, their willingness to ‘go the extra mile’, their intention to quit and lower levels of cynicism towards the organisation.

Build environmental sustainability into organisation culture and put it into action

If the values of the organisation include environmental sustainability, the culture of the organisation is formed when these values are put into action. For HR practitioners, this means the integration of environmental sustainability throughout all of their policies, procedures and practices, and then clearly articulating this to all stakeholders.

7 Endnotes

- 1 American Meteorological Society. (2021) *Explaining extreme weather events of 2019 from a climate perspective. Special Supplement to the Bulletin of the American Meteorological Society. Vol 102, No 1. January.* Available at: www.ametsoc.org/ams/assets/File/publications/EEEin2019_final_update021121.pdf
- 2 Net zero refers to achieving a balance between the amount of greenhouse gas emissions produced and the amount removed from the atmosphere. There are two different routes to achieving net zero, which work in tandem: reducing existing emissions and actively removing greenhouse gases.
- 3 European Commission. *Causes of climate change.* Available at: https://ec.europa.eu/clima/change/causes_en
- 4 Department for Business, Energy & Industrial Strategy. (2021) *Final UK greenhouse gas emissions national statistics: 1990 to 2019.* Available at: www.gov.uk/government/statistics/final-uk-greenhouse-gas-emissions-national-statistics-1990-to-2019
- 5 Shrivastava, M. and Tamvada, J.P. (2019) Which green matters for whom? Greening and firm performance across age and size distribution of firms. *Small Business Economics.* Vol 52. pp951–68. Available at: <https://doi.org/10.1007/s11187-017-9942-y>; PWC. (2014) *The future of work – journey to 2022.* Available at: www.pwcblogs.com/files/future-of-work-report-1.pdf

- 6 Carbon neutral means eliminating carbon dioxide emissions altogether.
- 7 A circular economy is a systemic approach to economic development designed to benefit businesses, society and the environment. It is regenerative by design and aims to gradually decouple growth from the consumption of finite resources.



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