



UNEP **Finance Initiative**
Innovative financing for sustainability



if you ask us

**Making
Environmental
Employee
Engagement
Happen: Results
of a Global
Survey**

UNITED NATIONS ENVIRONMENT PROGRAMME



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About the Project

This project was undertaken as part of the 2011 work programme of the North American Task Force of the United Nations Environment Programme. This briefing is a follow up study to the *If You Ask Us... Making Environmental Employee Engagement Happen* report which had a North American focus.

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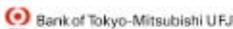
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Foreword

Sustainability is increasingly becoming an integral part of the business landscape. A genuine trend has come to take shape for integrating sustainability into business decision-making through concrete actions, such as the development of corporate environmental policies and the implementation of environmental management systems. Yet, without the necessary buy-in from employees, these efforts cannot on their own guarantee sound environmental performance. Ultimately, employee support is a key driver of sustainability within the business. Employees are responsible for an organisation's processes and operations and are, therefore, crucial players in greening such processes and in transforming corporate culture to integrate sustainability.

Making Environmental Employee Engagement Happen: Results of a Global Survey presents the outcomes of a survey circulated amongst all signatories of the United Nations Environment Programme Finance Initiative (UNEP FI). The briefing is a follow up study to a previous report: *If You Ask Us... Making Environmental Employee Engagement Happen* by the UNEP FI's North American Task Force, which explored the state of environmental employee engagement in North America. As with all UNEP FI research, this document has stemmed from the interest of its members in shining a light on issues that speak to them. In this case, the research explores the gains that can be realised through an engaged workforce around environmental issues. Building on the answers of the survey, this briefing aims to help advance the financial industry's understanding of the field of employee engagement as it relates to sustainability by providing an overview of engagement activities undertaken by member banks, asset managers and insurers from around the world.

We hope that this will become a useful document for practitioners from which to draw best practices and other strategies that have been effective in engaging employees around environmental issues.



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Executive Summary

- Most financial institutions participating in this survey are promoting Environmental Employee Engagement (EEE) within their institutions. This suggests that EEE is now becoming an integral part of corporate sustainability strategies.
- Most EEE activities and approaches focus on internal environmental management. A strategic approach to EEE remains relatively unexplored.
- There are three main factors driving the development of EEE programmes and approaches across the financial institutions surveyed. They are:
 - Efforts aimed at improving the environmental performance of the organisation;
 - Implementation of corporate environmental policies;
 - Efforts to build corporate culture around sustainability.
- While the three main drivers are consistent across regions, there are also other important drivers of EEE particular to each region. For instance, efforts to attract and retain talent are particularly relevant in North America and Europe while efforts to reduce costs are particularly relevant in Asia-Pacific.
- The survey results reveal that financial institutions across different regions are using similar approaches to engage employees on environmental issues. These approaches include:
 - Awareness-raising activities;
 - Creation of dedicated teams;
 - Training;
 - Contests and challenges;
 - Providing of enabling conditions and effort recognition schemes.
- The majority of the surveyed financial institutions are also involving their employees during the development of EEE programmes and approaches. Common methods include: surveys; dedicated teams; dedicated platforms; and ideas contests.
- While the approaches used by financial institutions are similar across regions, there are some variations as to how programmes are managed and implemented as well as to the challenges organisations face during implementation.
- The majority of financial institutions surveyed are also involving their employees during the development of EEE programmes and approaches. Common methods include:
 - Surveys;
 - Dedicated teams;
 - Dedicated platforms and ideas contests.

- There remain challenges for more effective implementation of EEE initiatives. These include:
 - Reaching the employee base effectively;
 - Keeping the issue relevant over time amongst employees;
 - Lack of adequate resources.
- The high-level of uptake of EEE across the financial institutions surveyed suggests that the question is no longer whether or not EEE is important for realising the environmental objectives of the organisation, but how organisations are seeking to engage employees on environmental issues.

5 Success Factors

1

Effective EEE initiatives require backing and support from top management as this signals strong commitment within the organisation, which can contribute to higher levels of employee participation.

2

The effectiveness of EEE initiatives can be enhanced when there is a clear link between the proposed activity and the day-to-day job of the employee.

3

Employee involvement during the development of EEE approaches can create a sense of employee ownership over initiatives, raising levels of participation during their implementation.

4

Organising challenges and contests is a low-cost way to incentivise employee participation in EEE initiatives and can contribute to the improvement of an organisation's environmental performance.

5

Awareness-raising activities that outline what the organisation is doing to address different environmental issues, accompanied by activities aimed at empowering employees to contribute to those initiatives, can help the organisation carry out improvements in its environmental performance.

Introduction

What is Environmental Employee Engagement?

For the purpose of this study, EEE is defined as an employee's active participation in setting and accomplishing the environmental policies and objectives of the organisation he or she works in.

Usually, EEE ranges from top management to the general workforce and it may or may not include sub-contractors. This definition is consistent with that used by other studies.¹

When is EEE successful?

Success is defined as employees who are aware of the environmental objectives and targets of the organisation; who are motivated to participate in achieving such objectives; and who contribute to further innovation. Disengaged employees are said to be unaware of the organisation's efforts to develop environmental best practices and may, on occasion, actively resist change.

What is a strategic approach to EEE?

A strategic approach to EEE entails the creation of a platform to support the integration of sustainability within the corporate culture of the organisation. This includes the integration of sustainability criteria as part of the business strategy, as well as the development of goals, targets and performance metrics specific to EEE efforts.

Environmental policies and strategies are rapidly becoming a common feature of the corporate landscape, as firms, including financial institutions, have recognised that there are substantial gains to be realised from integrating sustainability into their business operations. Sound environmental strategies and policies, however, are not enough for effectively mainstreaming sustainability. A cultural shift is also required – one that is inclusive of everyone in the organisation and not only of those dedicated professionally to sustainability within these organisations.² In efforts to attain wider integration of stakeholders, EEE initiatives are gradually becoming part of these strategies and recent evidence suggests that they are also a driving factor in their success.³

The increased uptake of EEE initiatives as part of corporate environmental strategies in different industries has been captured in various studies. A survey amongst 200 of the largest corporations in the United States shows that 69% of respondents had EEE initiatives in place as part of their overall sustainability programmes.⁴ In the same manner, a survey of the attitudes towards sustainability of a pool of Chief Executive Officers (CEOs) suggests that over 31% of the CEOs surveyed consider employee engagement to be an important driver of their overall sustainability efforts.⁵ In addition, a separate survey of more than 200 executives across different industries shows that 32% of their firms are providing sustainability education programmes for their employees and that 30% have engagement programmes with initiatives that are more extensive than employee education and training on sustainability issues.⁶ There remains, however, a need for insights and cases that are specific to the financial services sector.

It was for this reason that the North American Task Force (NATF) of the United Nations Environment Programme Finance Initiative (UNEP FI) decided in 2010 to undertake a study on the state of employee engagement in North America.⁷ This briefing is a follow-up to that study and aims to examine the field of EEE amongst UNEP FI signatories around the globe. In order to do so, a survey was circulated amongst all signatories of UNEP FI and a Project Team was formed from representatives of seven financial institutions to analyse the results of the survey. A total of 73 responses were received from financial institutions in Africa, Asia-Pacific, Europe, Latin America and North America.

This briefing presents the results of the survey and takes stock of the different employee engagement initiatives across UNEP FI Signatories. It identifies the drivers of EEE and the challenges hampering further implementation, as well as aspects related to the management of these activities. Through the use of case studies, it highlights global and regional best practices in the field. This briefing also benchmarks the findings of the survey against recent academic and practitioner literature on EEE and incorporates the main outcomes from an expert workshop of the North American Task Force of UNEP FI held in Toronto, Canada in March 2011, where discussions were centred around the challenges different firms face for effectively engaging their employees on sustainability-related issues.

1 For example, World Business Council for Sustainable Development, *People Matter: Engage*, 7.

2 National Environmental Education Foundation, *The Engaged Organization: Corporate Employee Environmental Education Survey and Case Study Findings*, vii.

3 Bertels, Papania, and Papania, *Embedding Sustainability in Organizational Culture: A systematic Review of the Body of Knowledge*, 19–23.

4 McGraw-Hill Construction, *2009 Greening of Corporate America: The Pathway to Sustainability- From Strategy to Action*, 28.

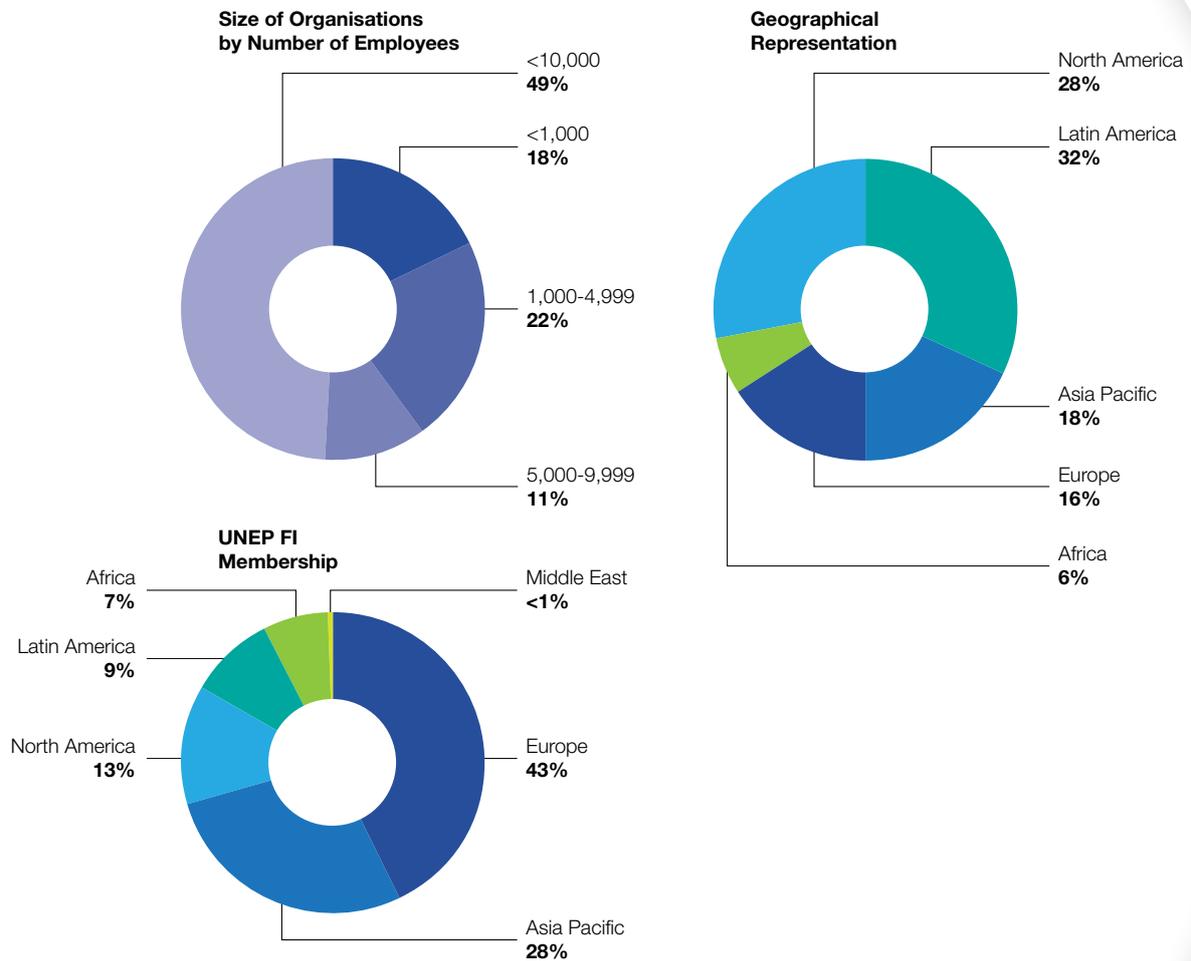
5 Lacy et al., *A New Era of Sustainability: CEO reflections on progress to date, challenges ahead and the impact of the journey toward a sustainable economy.*, 20.

6 Economist Intelligence Unit, *Managing for sustainability*, 3.

7 UNEP Finance Initiative, *If You Ask Us... Making Environmental Employee Engagement Happen*.

Survey Findings

The graphics below show some noteworthy characteristics of the financial institutions surveyed:

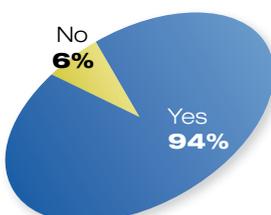


This section of the briefing examines the results of the survey as they relate to the following factors:

- Uptake of EEE in Financial Institutions
- Drivers of EEE
- Common Approaches
- Managing of EEE
- Measuring Success
- Main Challenges and Needs

The Uptake of EEE in Financial Institutions

Does your institution actively promote employee engagement on environmental issues?



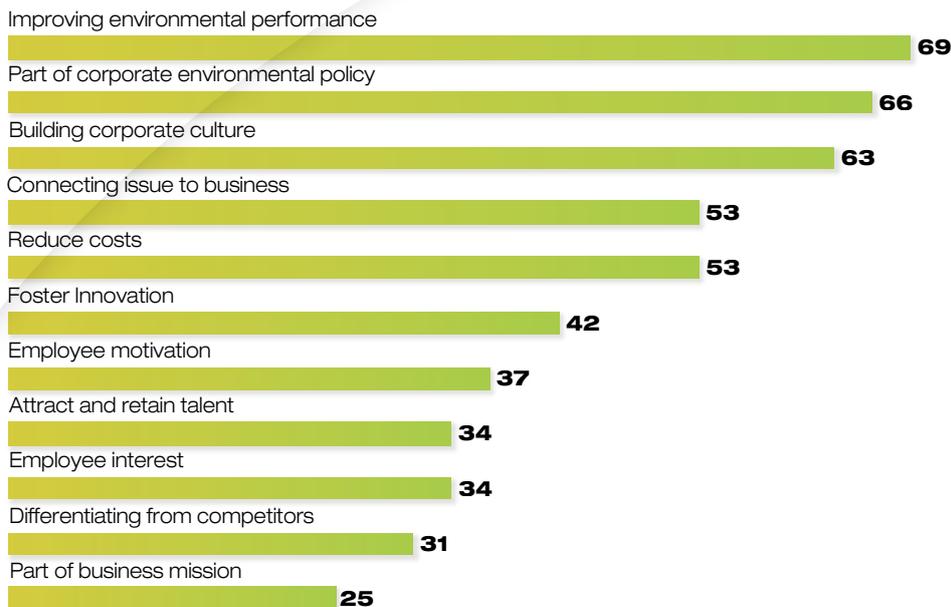
The results reveal that the majority of respondents have started to actively promote environmental employee engagement within their institutions. This suggests that the surveyed financial institutions have recognised that effective EEE initiatives can contribute to the overall realisation of the environmental objectives of the organisation.

“We believe that it is highly important that all employees within a company understand the environmental impact of their actions. Better understanding would allow banks to integrate environmental approaches more easily into their activities and operations”

Corporate Social Responsibility Manager, Banco Galicia

Drivers of Environmental Employee Engagement

Why does your institution actively promote employee engagement on environmental issues?*



*Respondents were able to select more than one answer.

At a Glance: Why does your institution actively promote employee engagement on environmental issues?

Africa, Asia Pacific, Europe and Latin America

- EEE driven by efforts to improve the environmental performance of the organisation

North America

- EEE driven by the implementation of corporate environmental policies

Three main factors are driving the development and adoption of EEE initiatives across the financial institutions surveyed. The collective efforts aimed at improving the environmental performance of the organisation are the most important factor behind firms' resolve to engage employees on sustainability-related issues. Waste reduction and energy efficiency remain the top priorities for businesses that are embracing sustainability initiatives,⁸ and the results of this briefing suggest that employee participation and engagement are believed to be critical for making such improvements. The second most important driver of EEE is the implementation of corporate environmental policies, as these usually seek to engage employees in environmental initiatives. Last, several financial institutions are also undertaking EEE as part of their efforts to build corporate culture around sustainability. Qualitative responses to the survey suggest that building corporate culture around sustainability issues can ensure a high-level of environmental awareness amongst the employee base across the organisation which can contribute to improved implementation of environmental policies.

While the three main drivers are consistent across regions, regional comparisons reveal differing importance given to other drivers of EEE. For instance, efforts to attract and retain talent are important drivers of EEE for European and North American financial institutions, as it is argued that environmental and sustainability credentials increasingly influence job-seeker decisions.⁹ The human resources (HR) element as a driver of EEE and other sustainability activities has been captured in various reports.¹⁰ Some financial institutions in Europe and North America are starting to address this trend by incorporating sustainability-related information in recruitment packages with the objective of attracting environmentally-conscious candidates.¹¹

8 Haanaes et al., *Sustainability: The "Embracers" Seize Advantage*, 8.

9 Ibid., 17.

10 McGraw-Hill Construction, *2009 Greening of Corporate America: The Pathway to Sustainability- From Strategy to Action*, 20; World Business Council for Sustainable Development, *People Matter: Engage*, 5; Abacus Data, *Canadians and Corporate and Community Social Responsibility*, 2; Bhattacharya, Sen, and Korschun, "Using corporate social responsibility to win the war for talent," 37.

11 Gross, *Corporate Social Responsibility and Employee Engagement: Making the Connection*, 8; UNEP Finance Initiative, *If You Ask Us... Making Environmental Employee Engagement Happen*.

An HR perspective, however, is absent from other regions, particularly from Latin America where it is considered one of the least important drivers of EEE. Qualitative responses to the survey suggest that this might be due to lower levels of environmental awareness amongst the general public in some countries of the region. This finding seems to contradict the results of a PricewaterhouseCoopers (PwC) report, which suggests that job seekers in Latin America are influenced by whether or not a potential employer has a climate change policy in place.¹² Interestingly, efforts to connect sustainability issues to core business practices in order to create an internal business case for environmental issues were considered amongst the most important drivers of EEE for Latin American financial institutions.

In Asia-Pacific, the vast majority of participants cite efforts to reduce costs as one of the main factors behind their EEE activities. Further recent anecdotal evidence shows that effective EEE initiatives can contribute to the identification and realisation of cost-cutting opportunities that entail a more efficient use of resources.¹³ Several studies also link effective employee engagement around sustainability issues to lower costs incurred as a result of lower employee absenteeism and turnover,¹⁴ as well as to increased long-term employee productivity.¹⁵

Box 1- State Street: employee engagement through community outreach

State Street's overarching Environmental Sustainability strategy seeks to engage employees on environmental issues that pertain not only to the company but also to the communities in which employees live and work. In order to improve its environmental performance the firm has set local Eco-Advisory Councils in its main offices. Comprised of volunteers, these councils make decisions about the environmental activities to be undertaken at their office with guidance and input provided by headquarters. Examples of activities organised by the councils include film screenings, speaker series and Sustainability Weeks all aimed at raising employee awareness on issues like greenhouse gas emissions, waste and recycling, and water conservation.

The office of Environmental Sustainability, as part of State Street's Global Outreach employee volunteer programme, also allows employees to source and coordinate projects that are meaningful to them but which also contribute to improving the environment of the community in which they reside. Employees are given two pay days per year to pursue these projects. Examples of recent projects include employee participation in a clean-up of a sensitive mangrove area in Lim Chu Kang Singapore as well as employees helping to develop and implement school recycling programmes in London and Edinburgh in the United Kingdom. Through these activities engaged employees can contribute to both 'greening' their company as well as their community.

12 Pricewaterhouse Coopers, *Managing Tomorrow's People: Millennials at work, perspectives from a new generation*, 9.

13 World Business Council for Sustainable Development, *People Matter: Engage*, 5.

14 Bhattacharya, Sen, and Korschun, "Using corporate social responsibility to win the war for talent," 42; Strandberg Consulting, *The role of human resource management in Corporate Social Responsibility: Issue brief and roadmap*, 8–9.

15 Deloitte, *Crossing the Green Divide: Ways to channel your team's passion for greening into actions for your bottom line*, 2; Strandberg Consulting, *The role of human resource management in Corporate Social Responsibility: Issue brief and roadmap*, 8; Haanaes et al., *Sustainability: The "Embracers" Seize Advantage*, 20.

Common Approaches

Financial institutions employ various common approaches to engage employees in environmental initiatives. These include:

■ Raising Awareness

Organisations provide formal and informal education to raise awareness as to what the most pressing environmental issues are for the organisation and about the initiatives the organisation undertakes to address them. One of the more common awareness-raising activities is direct communication with employees via company intranets and newsletters. Another method increasingly used by financial institutions is organising environmental workshops and environmental-themed events such as Earth Day, Earth Hour, World Water Day and World Environment Day. As an example, as part of its efforts to raise awareness about particular environmental issues, Union Bank organises give-aways such as reusable drinkware and tote bags aligned with particular initiatives as these also facilitate raising employee awareness of specific environmental issues. The Royal Bank of Canada delivers presentations to employees which include an overview of the environmental policies, issues, objectives and commitments of the bank and emphasise opportunities for employee involvement.

■ Creation of dedicated teams

Organisations are creating formal and informal teams (or allowing informal and grassroots teams to organise activities) to drive environmental organisational change, as well as employee engagement initiatives. These teams perform the tasks of ‘environmental ambassadors’ or ‘environmental champions’ helping develop new ideas, and driving activities within the organisation. For instance, the Bank of Montreal has a team of employee volunteers, referred to as ‘environmental ambassadors’, which provide support to the Environmental Sustainability Office when rolling out initiatives across the company. In a similar manner, Banque Marocaine du Commerce Extérieur (BMCE) created ten dedicated teams with the responsibility of implementing pilot programmes to reduce the environmental impact of the organisation.

■ Training

Increasingly, financial institutions offer training courses for their employees on how to deal with particular environmental issues that pertain to the organisation, as well as on the implementation of their environmental policies and management systems. In more nuanced cases, organisations provide training that outlines the implications of a particular environmental problem for a specific job role within the organisation. Training activities can also contribute to increase employee loyalty, morale and pride in the organisation.¹⁶ As an example of training courses developed by financial institutions, the Canadian insurance company, The Co-operators, produced for its employees, an e-Course about the fundamentals of sustainability entitled ‘Sustainability 101’ with customised examples on how sustainability impacts the insurance industry. Tokio Marine also provides an e-learning training course for its employees that provides an overview of different environmental issues as they relate to the organisation and what employees can do as part of their daily jobs to address them.

■ Contests and Challenges

Financial institutions organise environmental contests both between individuals, as well as amongst business units or branches. A number of these firms have obtained above-expected improvements in their environmental performance by introducing a competitive edge into their environmental engagement with employees. Contests and challenges are considered low-cost activities that can help incentivise employee participation in EEE approaches and assist with long-term success. For example, Mutualista Pichincha organises a social responsibility marathon with different contests aimed at reducing the environmental

¹⁶ National Environmental Education Foundation, *The Business Case for Environmental and Sustainability Employee Education*, 10.

impact of the organisation by reducing resource consumption and increasing recycling rates. Scotiabank also has an annual contest, EcoTales, where individuals and groups may submit entries on how they are making their organisation a greener place to work. The contest is promoted on the bank's green intranet site and environmentally friendly prizes are awarded to winning submissions.

■ **Providing Enabling Conditions**

A common response found in the survey was that firms are focusing efforts on providing the necessary infrastructure to make it simpler for employees to make environmentally friendly choices in the workplace. Examples of this include the introduction of recycling bins around offices, firm-backed ride sharing schemes and the incentivising of the use of public transportation to commute to work. As an example, Calvert Investments pays for employees to use public transportation at 100% and pays up to \$500 for a bike for those employees who wish to cycle to work.

■ **Recognising Efforts**

Financial institutions are also putting in place employee recognition programmes focused on sustainability-related issues. Ensuring that employees feel that their behavioural changes are meaningful, can contribute to the longevity of EEE initiatives. Usually, employees receive recognition of their efforts in the firm's newsletter or Intranet. As an example of this, State Street introduced the 'Environmental Sustainability Champion' Award to recognise outstanding commitment and achievement in sustainability pursuits as part of its volunteer recognition scheme. The winner receives a grant of \$5,000 to contribute to a non-profit organisation of their choice.

Despite commonalities in approaches as seen by some of the illustrations above, there are several regional variations in what is considered to be the best practice in the management of EEE approaches, as well as in the challenges faced during their implementation.

Box 2- Standard Chartered Bank: coordinating EEE across different markets

In order to effectively coordinate EEE activities across markets, Standard Chartered has designated country environment coordinators who are responsible for organising local initiatives, which range from coordinating awareness raising activities, such as World Environment Day, to specific actions aimed at improving the environmental performance of the organisation. Coordinators run the initiatives on a voluntary basis and are encouraged by senior management and supported by the Group Sustainability team, who provide toolkits and guidance on activities and monitor progress. The sustainability team reports quarterly to the bank's senior management highlighting the work happening on the ground.

To help monitor activities and report on change, the environmental coordinators are surveyed by the bank twice a year. The survey assesses the activities initiated by each coordinator and the number of participants. Through this regular survey, the bank is able to record changes and improvements in employee engagement. It is also an opportunity for coordinators to share ideas. A summary of results of the survey are placed on the bank's intranet, where coordinators can learn from each other's experience. This cost effective approach enables the bank not only to measure the success of its initiatives, but share best practice internally.

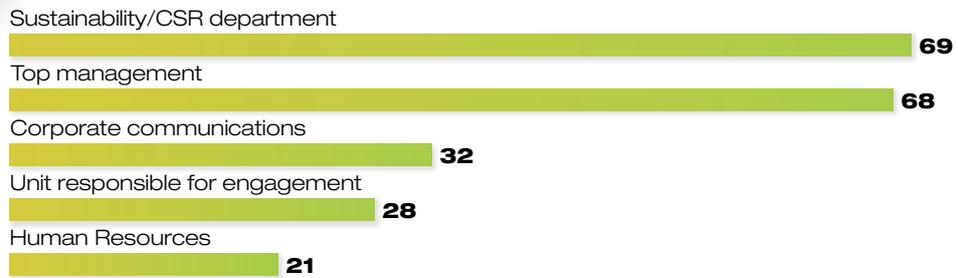
Managing EEE

The following section examines three findings of the survey related to the development and management of EEE activities:

- Responsibility over EEE Initiatives
- Targeting EEE
- Employee Involvement in the Development of EEE Approaches

Responsibility over EEE Initiatives

Who in your opinion should be responsible for employee engagement on environmental issues?*



*Respondents were able to select more than one answer.

At a Glance: Who in your opinion should be responsible for employee engagement on environmental issues?

Africa, Asia Pacific and North America

- EEE activities are most effective when managed by CSR/Sustainability departments, as opposed to EEE most effective

Europe and Latin America

- EEE activities are most effective when top management has responsibility over them

According to respondents, the responsibility over EEE initiatives should be shared between CSR/Sustainability departments and top management. Sustainability and CSR departments are key to the uptake of EEE. These departments have responsibility over the overall environmental policies of the organisation and therefore tend to be the better-informed and most responsive by virtue of their mandates on the needs of the organisation. Respondents also suggest that the role of CSR/Sustainability departments is important in informing top management on what the sustainability priorities of the organisation are, so that management can then articulate credible messages to the employee base.

Top management is perceived to be capable of aligning sustainability-related efforts with the overall strategy of the firm.¹⁷ Their involvement is seen as instrumental in ensuring the success of EEE initiatives and approaches, as it signals strong commitment from leadership, thereby making initiatives likelier to resonate amongst the wider employee base. Several qualitative responses reinforced the notion of the need for top management support. The influence of top management support has also been extensively analysed in third-party research. A recent study shows that firms whose top management actively

participates in the advancement of sustainability within the organisation are more likely to have an effective EEE programme than those firms in which sustainability directors are the main drivers of sustainability-related initiatives.¹⁸ In the same manner, a study conducted amongst European firms also illustrates the importance of management support, by showing that employee participation in environmental initiatives increased from 34% to 58% upon their involvement.¹⁹

17 Deloitte, *Crossing the Green Divide: Ways to channel your team's passion for greening into actions for your bottom line*, 4.

18 Brighter Planet, *Employee Engagement Survey: An Analysis of the Extent and Nature of Employee Sustainability Programs*, 28.

19 Ramus and Steger, "The Roles of Supervisory Support Behaviors and Environmental Policy in Employee 'Ecoinitiatives' at Leading-Edge European Companies" in Rakowski, *Employees engage creatively in environmental initiatives in supportive organizations*.

Participation of corporate communications teams is also seen as relevant by various financial institutions. The corporate communications department is seen as better equipped for effectively communicating the different EEE initiatives amongst the employee base. A recent Deloitte study argues that the success of strategies is often contingent upon how effectively such strategies are communicated to employees.²⁰ Additionally, qualitative responses to the survey suggest that partnerships between corporate communications and CSR/ Sustainability departments can be crucial in the effective rolling-out of initiatives, creating momentum by constantly communicating environmental-related messages and results. Additionally, a small group of organisations report that corporate communications can provide employee feedback channels.

“What we need is targeted meaningful communication that stands out above the ‘green bandwagon’ and positively influences the behaviour of employees and sees them acting as environmental ambassadors.”

Sustainability Manager, NedBank

Participation of HR in EEE initiatives is seen as important in North American and Latin American financial institutions. It is argued that HR managers have the tools to increase employee engagement in the firm’s overall CSR strategy.²¹ This notion was also captured in qualitative responses suggesting that these departments are considered necessary for any initiatives that are aimed at the employee base, having more long-standing experience in general employee engagement and more resources available for undertaking EEE initiatives.

An interesting finding related to the management of general sustainability initiatives within firms shows that those companies with longer experience in sustainability issues had assigned managers to sustainability roles while also relying on line leaders and non-leadership employees to drive initiatives within the firm.²² Evidence gathered from the survey shows that this is already unfolding across a small number of financial institutions that have designated non-leadership employees as the ‘environmental ambassadors’ within their organisations.

Box 3- BNZ: embedding EEE across the organisation

In 2010 the Bank of New Zealand created the Sustainable Development Team, which was tasked with developing the organisation’s sustainability strategy, with the full support of top management. In order to integrate some of the employees’ key environmental concerns into the final strategy, a consultation was held across the entire business and fed into a high level umbrella framework. This framework serves as a ‘lens’ for the wider organisation to understand the sustainable development context of the work employees do every day.

The Sustainable Development Team was created under a model of ‘internal consultancy’. This approach was chosen to address the issue of sustainability being perceived as something ‘different’ or ‘additional’ that the sustainability teams do, often resulting in a lack of organisational engagement and significant challenges in mainstreaming these programmes. This model enables the team to have complete access and interaction with the bank’s many business units. Projects are undertaken in collaborative partnership with different areas of the business allowing the Team to work on numerous projects at the same time, as additional project team members are provided by the business units being partnered with. This approach ensures that projects are embedded within the organisation and that buy-in is achieved from inception. It also allows employees to understand how sustainability applies to their areas of work, and empowers them to seek additional opportunities for themselves, with the sustainable development team providing consultative support where required.

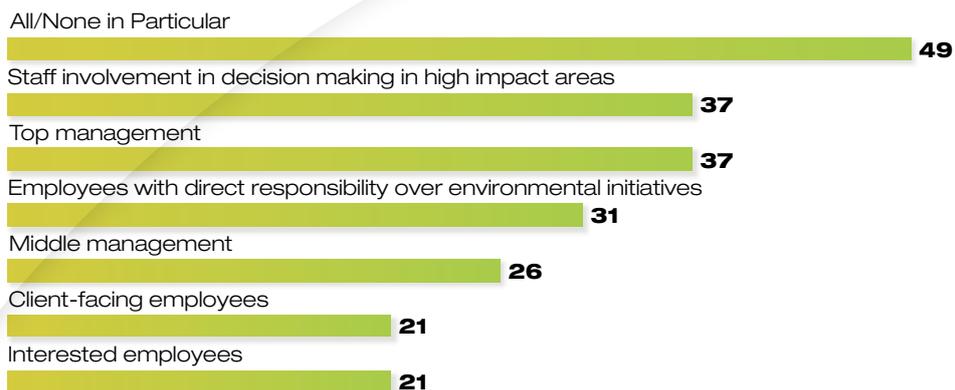
²⁰ Deloitte, *Crossing the Green Divide: Ways to channel your team’s passion for greening into actions for your bottom line*, 5.

²¹ Strandberg Consulting, *The role of human resource management in Corporate Social Responsibility: Issue brief and roadmap*, 2.

²² Haanaes et al., *Sustainability: The “Embracers” Seize Advantage*, 19.

Targeting EEE

Which employees should be targeted as a priority?*



*Respondents were able to select more than one answer.

At a Glance: Which employees should be targeted as a priority?

Africa and Asia Pacific

- Engagement with top management is key for better environmental results

Europe

- Decision-makers in high environmental impact areas can improve the environmental performance of the organisation

Latin America and North America

- All employees should be engaged in environmental initiatives in order to create change

The majority of respondents consider that everyone within the organisation should be targeted when implementing EEE activities. While most qualitative responses in this sense suggest that engaging all employees is crucial for ensuring the success of initiatives, responses from various Latin American financial institutions stress that targeting all employees facilitates the integration of an environmental dimension into the organisation's corporate culture. A recent study by the National Environmental Education Foundation supports this notion by suggesting that a corporate cultural shift to integrate sustainability must involve all employees and not only those working on sustainability-related issues.²³ Corporate cultural shifts, as evidenced by a recent Accenture report, are further enhanced when a maximum number of employees feel that their actions are effective.²⁴

Ensuring participation of employees involved in decision-making areas with high environmental impacts is also seen as important by several financial institutions. The rationale is that it can act as a cost-effective mechanism to improve environmental performance when resources are limited.

Close to 30% of the respondents also consider that efforts should be directed towards engaging executives on environment-related issues. Top management is crucial as it provides the resources and the integration into the overall strategy

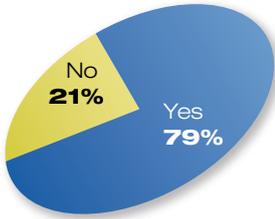
of the organisation. As suggested by various respondents, it is unlikely that EEE initiatives are successful if they lack the support of top management. Interestingly, several qualitative responses suggest that while top management participation is crucial, targeting efforts should also be directed towards middle management, as they can replicate the message across the organisation and also influence participation of the general employee base.

²³ National Environmental Education Foundation, *The Business Case for Environmental and Sustainability Employee Education*, 2.

²⁴ Craig and DeSimone, *What Executives Really Need to Know about Employee Engagement*, 23.

Employee Involvement in the Development of EEE Approaches

Were employees involved in developing your institution's engagement strategies?



Over three quarters of financial institutions surveyed stated that they involve employees in the development of their engagement strategies. Organisations tend to find that this approach instills a sense of ownership over initiatives thereby increasing employee motivation and the likelihood of these policies being successful. A number of studies suggest that employees are likelier to actively participate in the implementation of initiatives if they were involved in the development of such initiatives.²⁵

“Our organization believes that by engaging employees in the planning process there will be a better understanding of the environmental initiatives and result in a strong buy-in. Many employees are implementing environmental practices in their personal lives and are proud to work for an organization that does the same in its business practices.”

Director, Sustainability & Corporate Citizenship, The Co-operators Group Ltd.

Box 4- How are financial institutions involving their employees in the development of EEE approaches and programmes?

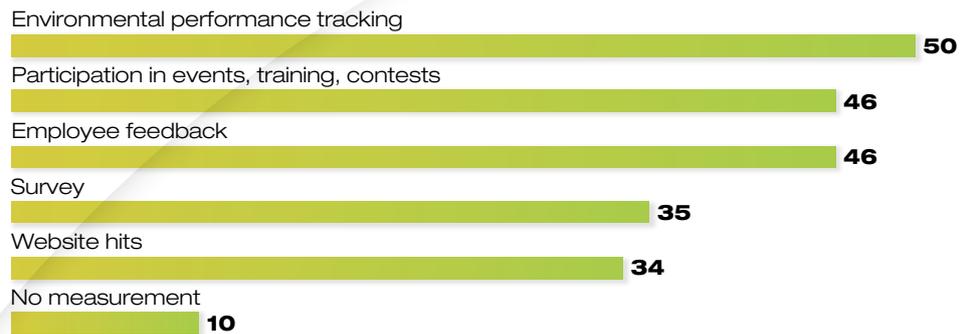
Organisations are using different methods for involving employees during the development of their EEE approaches or initiatives. A few of the most common methods are:

- Surveys: various financial institutions are using surveys to identify what the different environmental concerns of employees are so as to then tailor initiatives in accordance with employee preferences. On occasions organisations offer employees the possibility to choose from a pre-determined set of potential initiatives.
- Dedicated teams: organisations have seen the rise of formal and informal teams that are specifically dedicated to sustainability and are tasked with identifying employee concerns as they relate to key environmental issues for the organisation. More nuanced approaches entailed the creation of employee focus groups from which sustainability professionals can receive feedback on their proposed activities.
- Dedicated platforms: A few financial institutions have created platforms where employees can provide ideas and suggestions for future activities, as well as for environmental issues that the organisation could address. Examples of this include issue specific mailboxes, as well as dedicated intranet sites.
- Ideas contests: Some organisations have developed internal contests for generating ideas about future environmental-orientated activities and implementing the winning ideas.

²⁵ Strandberg Consulting, *The role of human resource management in Corporate Social Responsibility: Issue brief and roadmap*, 18.

Measuring Success²⁶

How have you measured success?*



*Respondents were able to select more than one answer.

At a Glance: How have you measured success?

Africa and Europe

- Measuring success through direct employee feedback

Asia Pacific

- Success is measured by tracking the environmental performance of the organisation

Latin America

- Success is measured through the number of employees participating in events, training courses and contests

North America

- Success is measured indirectly through website hits

Financial institutions are using a number of direct and indirect mechanisms to measure the success of their EEE initiatives. The main mechanism used by respondents entails tracking the environmental performance of the organisation against a set resource consumption baseline. By tracking the performance against this baseline, organisations can quantify employee participation in EEE initiatives. For instance, Scotiabank was able to successfully track the participation of its employees by measuring the results of a paper reduction use campaign. Organisations are also registering employee participation at events, workshops and contests and using logs as a mechanism to measure EEE. These two mechanisms have provided organisations with quantifiable results that determine the number of employees that have been engaged.

Employee feedback is also used as a proxy for measuring the success of initiatives. Various financial institutions have created dedicated mailboxes to facilitate and encourage employee feedback. Interestingly, a common mechanism for measuring the success of initiatives amongst North American financial institutions is the use of website hit counters on the sustainability-related resources on their websites and intranet sites. It is considered that this low-cost approach allows for measuring employee interest in environmental-related initiatives, by using web traffic specifically as a proxy.

Increasingly, surveys are being used to measure the success of EEE approaches and initiatives. A few organisations are experimenting with surveys that aim to measure employee behavioural change after the implementation of sustainability-related initiatives. In this approach, a survey is undertaken before and after implementation of an EEE initiative to measure its direct impact in terms of behavioural change. With this approach organisations are able to measure changes in employee behaviour and attitude, as well as the overall level of awareness of different environmental issues and of the actions that the organisation is taking to address them. This change, it is argued, can be directly attributed to a specific EEE approach or initiative and will ultimately lead to improvements in environmental performance. Such an approach to measuring the success of EEE initiatives usually complements more traditional approaches such as tracking the environmental performance of the firm through the use of resource use and waste baselines. In addition, a small number of organisations use surveys during the implementation of EEE initiatives to assess their effectiveness and identify potential changes that could enhance their impact.

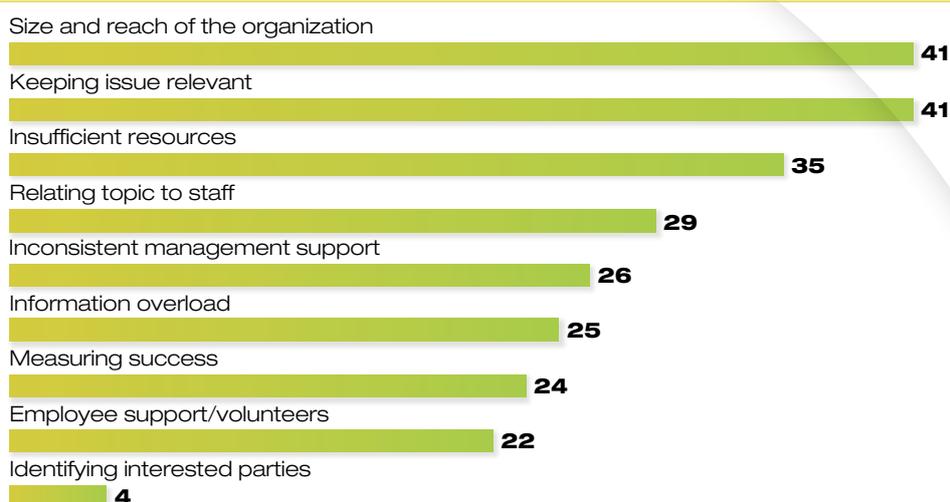
“The business case for environmental issues is important to help drive these initiatives forward, as well as good reporting to track progress in a meaningful way for all employees within the company, so that they can see the benefits of their local actions.”

Environmental Project Manager, AXA

²⁶ We wish to thank Global Action Plan for their contribution for completing this section.

Main Challenges and Needs

Which were the main challenges and barriers you faced in implementing the strategies?*



*Respondents were able to select more than one answer.

At a Glance: Which were the main challenges and barriers you faced in implementing the strategies?

Africa

- Main challenge is to keep the issue relevant over time

Asia Pacific

- Difficulty in reaching the entire employee base effectively and efficiently due to the size and reach of their organisations

Europe

- Inconsistent top management support has prevented effective implementation of EEE activities

Latin America

- Inability to convey the relevance of the topic to employees

North America

- Insufficient resources have prevented initiatives from being carried out systematically

The survey shows that the main challenge faced by financial institutions during the implementation of their EEE initiatives was the inability to reach the employee base effectively due to the large size and reach of their organisations. This is particularly problematic for organisations with international operations in which there are different understandings of what the main environmental issues to be addressed should be or where priorities are determined by regional contexts. Some respondents noted that large organisations can encounter difficulties when trying to get the message across as, on occasion, employees of certain business lines or in certain countries lack access to engagement platforms, such as corporate intranet services. Moreover, company size tends to have a bearing over the mechanisms and channels that the organisation chooses for their EEE initiatives, with smaller organisations being able to rely on more 'personal' means for communicating their initiatives and programmes.²⁷

Keeping the issue relevant amongst the employee base over time is also challenging for organisations surveyed especially for those in Latin America and Asia-Pacific. It is also an important factor hampering the implementation of EEE initiatives. It is difficult to maintain interest in initiatives in a context of competing priorities, information overload and where sustainability criteria are not part of the employee's performance management system. Similarly, organisations are facing challenges when trying to convey the topics to employees, especially with those that are not already concerned about environmental issues. Responses suggest that this problem can be amplified when employees perceive that there is little connection between the different environmental issues and core business practices or when initiatives require significant behavioural change.

The third challenge encountered by financial institutions during the implementation of their EEE initiatives is the lack of adequate resources (people, time, and budget) that are assigned to them. Other studies have also

found that a lack of adequate resources is amongst the main challenges for effective EEE.²⁸ Responses to the survey reveal that inadequate resources have prevented organisations from articulating a comprehensive strategy and from carrying out initiatives in a systematic manner. The low level of resources assigned to these activities also suggests that they are still considered as a relatively low priority.

27 Brighter Planet, *Employee Engagement Survey: An Analysis of the Extent and Nature of Employee Sustainability Programs*, 21.

28 National Environmental Education Foundation, *The Engaged Organization: Corporate Employee Environmental Education Survey and Case Study Findings*, 11.

Interestingly, the ability to measure the success of initiatives is not considered amongst the main challenges of implementing EEE, even though the issue has received substantial attention in the literature. As with other sustainability initiatives, the lack of well-developed key performance indicators, as well as the difficulty of measuring and monetising EEE initiatives, has hampered their deployment as it can be hard to create a business case behind them due to the intangible nature of many of its benefits. Nonetheless, the need for a sound measurement system was seen as critical by a small group of financial institutions. It is argued that effective metrics could contribute to the identification of sound EEE approaches and enhance the learning process. In addition, EEE initiatives are likelier to gain momentum if results are communicated regularly to the employee base.

“The most important factor is the development of corporate culture. The most critical part that affects the implementation of environmental policies is execution. If there is no environmental culture and employees don’t have environmental awareness, even good policies will be distorted when executed and it will be difficult to raise employees’ real participation”

Green Finance Focal Point, China Merchants Bank

Conclusions and Observations

The results of this briefing have shown that the uptake of EEE initiatives across the financial institutions surveyed is high and that the majority of organisations have started to actively promote EEE within their institutions. The bulk of EEE initiatives focus on raising environmental awareness and on involving employees on internal environmental management with the objective of improving the environmental performance of the organisation. These results are consistent with those of existing studies on EEE in the finance sector²⁹ and are also reflective of the findings of a recent report that suggests that issues related to resource efficiency remain as the main driver of sustainability initiatives in the private sector.³⁰ Only a small number of organisations appear to have explored a more strategic approach to EEE with the aim of creating a platform supporting the integration of sustainability in corporate culture.

Taking things further:

- EEE can go beyond internal sustainability disclosure and raising employees' environmental awareness, EEE should be about creating a platform for ultimately embedding sustainability in corporate culture;
- As EEE initiatives start being conducted in a more systematic manner, it will be necessary to ensure their design includes the setting of specific targets and the creation of sound metrics. This would allow for effectively tracking performance and can be useful for the future improvement of design;
- As EEE becomes part of medium- and long-term corporate sustainability strategies, on-going employee participation could be secured by including sustainability criteria within performance management systems.

The results also reveal that while different factors may be driving their EEE efforts across regions, financial institutions are using fairly similar approaches for engaging their employees around sustainability issues. Whether looking to improve the environmental performance of the organisation, to attract and retain top talent, or to build corporate culture around sustainability issues, financial institutions are usually undertaking a host of different activities. These include: formal and informal education, communications through intranet services, the creation of teams, and training.

The survey also allowed for the identification of factors that can contribute to the success of EEE initiatives. Top management support is crucial during the implementation of EEE activities as their involvement raises the priority of such activities amongst the employee base. Connecting environmental issues to core business and job roles is also relevant for enhancing employee participation in initiatives and preventing that interest in initiatives to be lost over time. Along similar lines, involving employees during the development of EEE initiatives can create a sense of ownership over the respective initiatives and increase participation during their implementation. Last, effective communication with employees is crucial for understanding what their concerns are regarding the organisation's EEE strategy and how this can be enhanced.

The results also show that there remain various challenges hampering the effective implementation of EEE initiatives. The ability to keep the issue relevant in a context in which employees are constantly faced with competing priorities, has proven difficult for various financial institutions. In the same manner, large

organisations with international operations are still finding difficulties in identifying mechanisms for communicating effectively to the employee base. Another significant challenge to the effective implementation of EEE initiatives is posed by the lack of adequate resources assigned to them. Inadequate resources prevent efforts from being carried out systematically, which can contribute to employees losing interest in such initiatives. Despite these challenges, the high level of uptake would suggest that the question now has moved from whether or not financial institutions see EEE as important for realising their environmental objectives, to how organisations are seeking to engage their employees on environmental issues.

29 Strandberg Consulting, *International Scan of Sustainability Practices of Insurance and Non-Insurance Companies*, 6,17.

30 Haanaes et al., *Sustainability: The "Embracers" Seize Advantage*, 8.

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Survey Respondents

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