

# THE ROAD TO SUSTAINABILITY

What Companies Are Doing, and Why



**“We focus on sustainability not because we’re environmentalists, but because we are capitalists and fiduciaries to our clients,”**

writes Larry Fink, CEO of BlackRock, in his 2022 Letter to CEOs. Environmental scientists of every discipline have spent decades laying the foundation for investing in sustainability. But it is the testimony of global financial leaders such as Fink that has created a tectonic shift in the attention and resources that are now being committed to the issue.

Stakeholders are acknowledging that the long-term economic interests of global capital align with meeting sustainability goals. According to Morningstar, sustainable funds attracted a record \$69.2 billion in 2021, growing 35% over the prior record set in 2020. CEOs in every industry sector are looking to their executives and to their vendors for collaboration and creativity in rising to the challenge.

To help global mobility and relocation professionals better understand and plan for the increased commitment to sustainable business practices, we surveyed 900 CHROs and senior Human Resources leaders at multinational firms — representing a wide variety of industries, world regions, and company size — about how they plan to achieve their organization’s sustainability goals.

Nearly all participants<sup>1</sup> possess a sustainability strategy approved by top leadership. The majority of respondents<sup>2</sup> said their leadership had committed sufficient resources and funding to support the organization's efforts. Of those that did not currently have a strategy in place, two-thirds (69.6%) are working on the concept—with only 8.7% not sure of the company's plans.

Key planning considerations for global mobility and relocation professionals include:

- **Pressure Is on Service Providers.** Corporations are leveraging their supplier networks to devise and deliver on sustainability goals, with fifty-six percent (56%) encouraging or requiring suppliers and business partners to meet specific sustainability criteria. For the largest companies—those with more than 50,000 employees—utilizing the buyer-supplier relationship is the most common tactic, being reported by 61% of respondents.

- **Mobility is Here to Stay.** Reducing employee relocations was cited as the lowest priority in

meeting sustainability goals. **A full 64% of respondents are not considering reductions as part of their strategy.**

- **Having a Public Policy Strategy Is Key.** Adopting public policy positions is the second most utilized strategy for managing corporate sustainability goals. Just over half of companies reporting (51%) are adopting public policy positions in pursuit of their sustainability goals. Of those choosing this tactic, it is cited as the top priority on sustainability.

- **Digitalization Is a Top Priority.** CHROs and HR executives report that organizations are betting big on the promise of digitalization to deliver on sustainability goals. Respondents rank digitalization more frequently than any other tactic cited (56%), and the issue is tied as the number one priority among all initiatives.

Global mobility and relocation professionals can position themselves as game changers for helping their customers meet their sustainability goals.



<sup>1</sup>90.5% possess a sustainability strategy



<sup>2</sup>88.9% committed to support sustainability effort

Reducing employee relocations was cited as the lowest priority in meeting sustainability goals with



of participants not considering reductions as part of their strategy

# Managing the Buyer-Supplier Relationship



# 56%

of organizations are looking to partners and suppliers to document specific sustainability criteria.

Business leaders are looking to suppliers and business partners as one of their primary tactics to meet their sustainability goals, according to respondents. **Fifty-six percent (56%) of organizations are looking to partners and suppliers to document specific sustainability criteria that will redound to their credit.**

Respondents rated this strategy of collaborating with the supplier network as the third-highest priority on average, following only digitalization and adopting public policy positions.

For the largest companies—those with more than 50,000 employees—utilizing the buyer-supplier relationship is the most common tactic, being reported by 61 percent of respondents.

The power of the buyer-supplier relationship comes from leveraging market forces in the competitive bid process to motivate sustainability initiatives. Far from abdicating responsibility to suppliers, it opens the door to innovation and initiative as suppliers seek new sustainability practices to create competitive advantages.

As appealing as this approach clearly is for buyers of mobility and relocation services, it puts bottom-line pressure on service providers to develop, monitor, and accurately report out on their initiatives. Ultimately corporations are accountable to boards, stockholders, and other stakeholders to assess and monitor these sustainability performance indicators. It falls to these stakeholders to demand the transparency required to hold companies accountable to their sustainability goals.

# Meeting Expectations

Pressure comes both from customers and employees alike as companies seek to gain a competitive advantage in the market and compete for attracting and retaining talent in what has become a highly competitive labor market. Amazon announced goals to become carbon-neutral after

employees stepped up pressure for the company to curtail relationships with businesses and industries that were significant contributors to global warming. Cryptocurrency CEO Brian Armstrong took a different tack in 2020, telling employees that the company would not take on activism that distracted from its core mission and suggesting employees who wanted to work for an activism-focused company should consider going elsewhere. Within a week of his message, sixty Coinbase employees (5% of employees) accepted an exit package Armstrong offered to anyone who didn't agree with the position.

Among survey respondents, fifty-five percent (55%) reported supporting employee activism related to sustainability as a tactic they are employing or considering. Interestingly, concern with employee perception was highest with mid-size companies (62%) and lowest among the organizations with the largest number of staff (44%). Among all respondents, this tactic ranked at five out of twelve available options.

## Groups driving organization's level of concern with sustainability (order of importance)

1

**Executive leadership and/or the Board**

2

**Clients and customers**

2

**Employees and staff**

3

**Outside pressure**  
(such as from non-profits, non-governmental organizations or governments)

# Digitalization

Digitalizing business processes is a modern management strategy that seemingly promises to overcome virtually every business challenge. Fraught with risk and reward alike, digitalization is rapidly transforming the mobility industry as big data, artificial intelligence (AI), and the internet of things (IoT) are being adopted throughout the supply chain, in part due to the challenges of the pandemic.

**Among survey respondents, fifty-six percent (56%) cited digitalization as a key tactic being adopted to meet sustainability goals and ranking it as the third top priority amongst a dozen common initiatives.** The chief impact of digitalization that addresses environmental concerns comes directly from increasing the efficiency of large systems.



# 56%

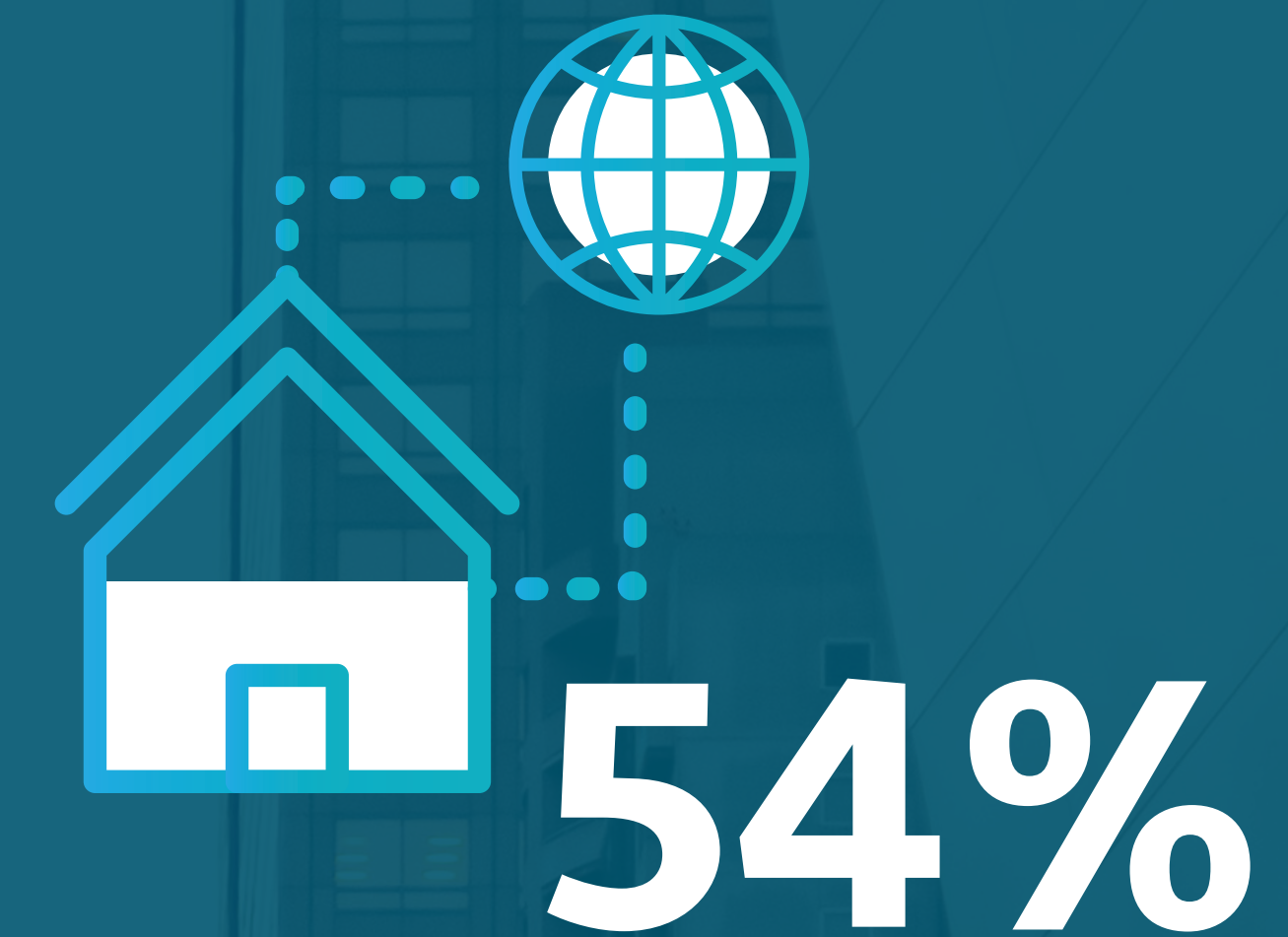
of respondents cited digitalization as a key tactic being adopted to meet sustainability goals.

In the mobility sector, this touches every facet of the supply chain in how big data can quantify the expenditure of resources, allowing seemingly minor adjustments to add up to big changes. How freight is prepared and shipped and how environmental systems are optimized to deliver comfort and efficiency are just the most obvious opportunities for the mobility sector. As digital technologies connect every light bulb and exhaust system to the internet and energy and natural resources are tracked from their origin to their end-use, data begins to drive decisions and systemic efficiencies are realized.

Tremendous media attention has been dedicated to the potential of the broad adoption of remote work policies to create a greener way of working in the future. With twenty-eight percent of greenhouse gasses originating in the transportation sector, the proposition appeals to common sense. **Promoting remote work and telecommuting ranks as the fourth-highest priority of importance among respondents, and fully fifty-four percent (54%) of companies are actively considering policies and practices to encourage it.**

Much is yet to be determined as to the actual environmental impact of remote work, and—as described below in this same survey—how enduring these policies are going to be is also in doubt as just thirty-eight percent (38%) of respondents indicate they are reducing their office space. Doubts have also surfaced about a reduction in corporate carbon footprints being offset by an increase in employees' carbon footprints. How much carbon is saved vs. shifted is now an open debate as homes may prove more resistant to widespread adoption of efficiencies in newer environmentally friendly technologies.

# Promoting Remote Work and Telecommuting



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# Adopting Public Policy Positions

**Just over half of companies reporting<sup>3</sup> are adopting public policy positions in pursuit of their sustainability goals.**

Of those choosing this tactic, it is cited as the top priority on sustainability. Larger companies are more likely to have adopted public policy decisions, with fifty-seven percent (57%) of companies with more than 5,000 employees taking a policy stance compared to just fifty-one percent (51%) of the smaller organizations. It is possible that larger international companies are more accustomed to dealing with public policy as they are subject to federal regulations intended to protect workers, customers, and the common good. Larger organizations are also better equipped to establish productive alliances with other organizations in the market and influence policies that impact their industry.



# 51%

**of companies reporting  
are adopting public policy  
positions in pursuit of their  
sustainability goals.**

Larger organizations are also subject to more public attention and media scrutiny, making public acts such as official policy positions a performative tactic that relates directly to the bottom line. Sustainability is an attractive area of public policy because of its public appeal, allowing carefully drawn positions to proactively align corporate interest to the public interest instead of taking a defensive approach to policies that are implemented without corporate participation.



**Just thirty-eight percent (38%) of organizations are considering reducing or consolidating office space as means of reducing carbon footprint.** Even as many in the workforce are advocating for remote work opportunities and some prominent companies are embracing the trend, a clear majority are not prepared to yield the traditional workplace in full. The potential reduction in the number of daily commuters on roads has been highlighted for its potential of reducing carbon emissions and air pollution, with transportation cited as the leading contributor to greenhouse gas emissions in the United States in 2019.

The environmental case for energy consumption of a home-based workforce is far less clear, though it is likely more substantial in cities with long commutes and electrical infrastructure invested in relatively clean electrical energy sources.

## Reducing Office Space



# 38%

of organizations are considering reducing/consolidating office space to reduce carbon footprint

# Regional Variations

Corporations in the Asia Pacific region stand apart from their western peers in several key areas. First, they are more likely to rate sustainability as important compared to other Human Resources priorities by fifty-nine percent (59%) to an average of fifty-four percent (54%) for all other regions.

**Asia Pacific respondents are less likely to accept a reduction in employee relocation, with just twenty-seven percent (27%) considering it** compared to thirty-six percent (36%) on average around the world and as high as forty-two percent (42%) of European respondents. Asian respondents were also more deferential to organizational leadership with just thirty-eight percent (38%) citing the education of senior management and the board as compared to forty-five percent (45%) on average and as high as fifty-six percent (56%) of Europeans favoring this approach.



# 27%

of Asia Pacific respondents will consider a reduction in employee relocation.

European respondents are notably less likely to advocate taking public policy positions that promote sustainability as a means of achieving their goals, rating as their fifth-ranked priority contrasted with the global inclination to rank it as the top priority and just forty-eight percent (48%).

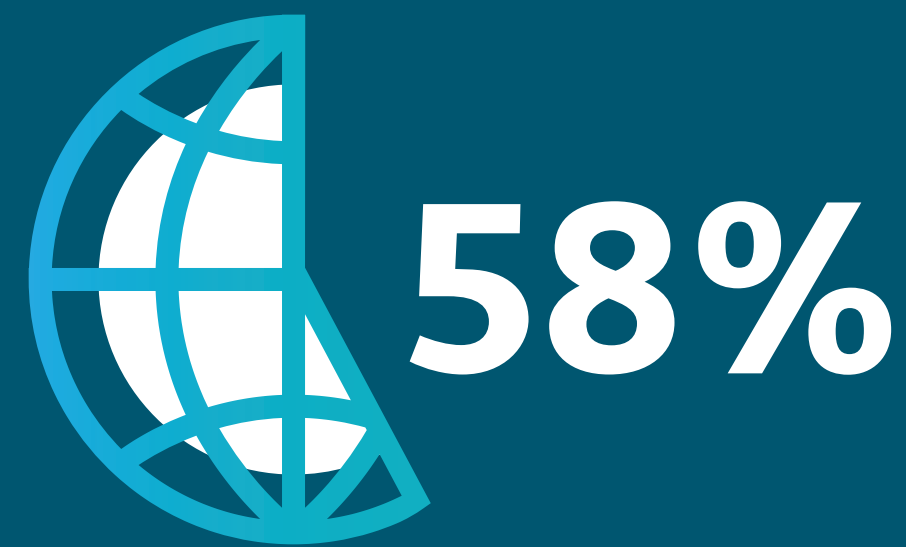
South American respondents were most likely to leverage market forces for their sustainability goals, with sixty-two percent (62%) adopting this strategy. Respondents from South America were also more likely than their peers to support employee activism with sixty-one percent (61%) adopting this tactic compared to just fifty percent (50%) of European respondents.

North American respondents were the most likely to look to remote work arrangements to replace employee relocations with sixty-two percent (62%) citing the tactic compared to just eighty-seven percent (87%) of Asian Pacific respondents who would first turn to increased hiring in locations where there was already an established presence.

## Tactics used to replace employee relocations and still meet talent goals

### Increased remote hiring

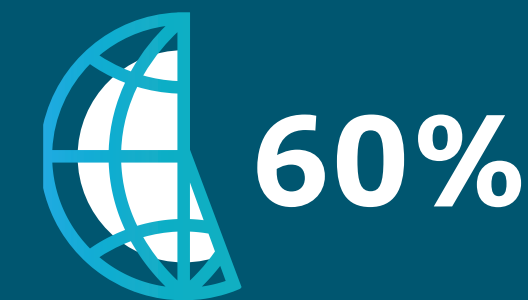
Overall



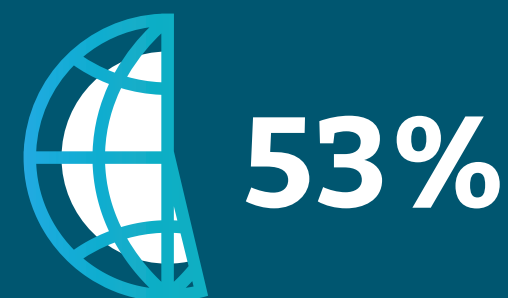
North America



South America



Europe

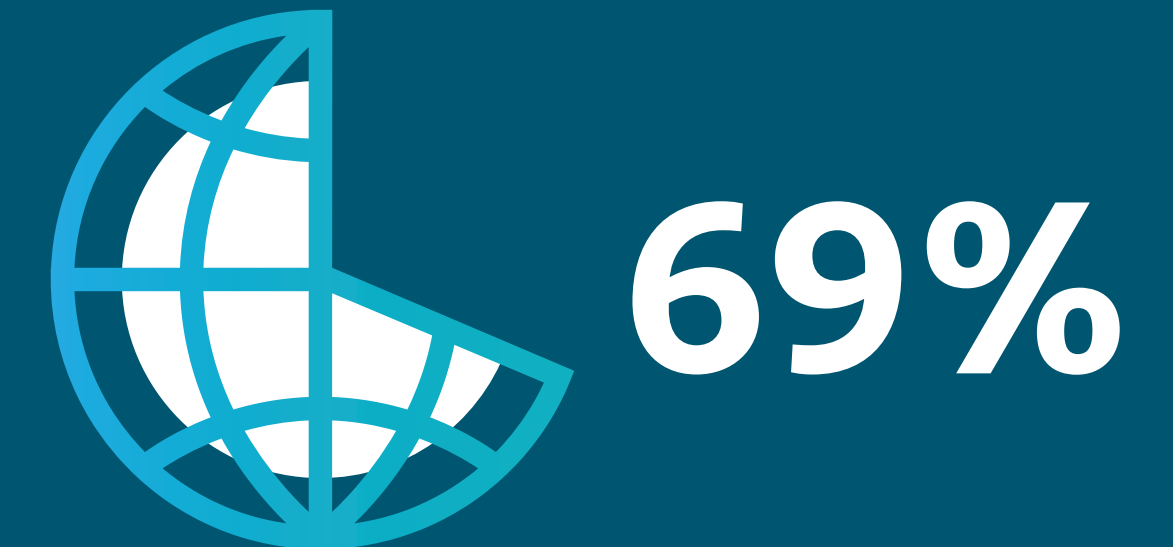


Asia Pacific

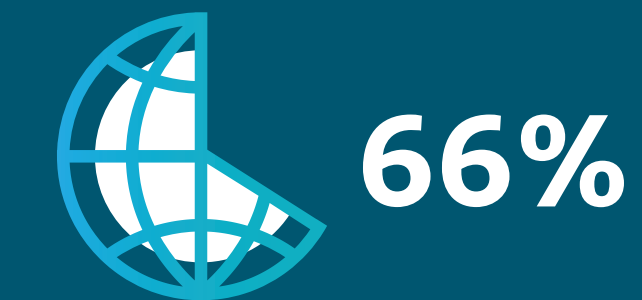


### Increased hiring in locations where we have a physical presence established

Overall



North America



South America



Europe



Asia Pacific



# Conclusion



More and more organizations view sustainability as playing a significant role in their mission statements. Not only do such initiatives have the potential to make their companies attractive to talent and encourage such individuals to think long-term and build a career with the organization, but they also enhance the organization's public image.

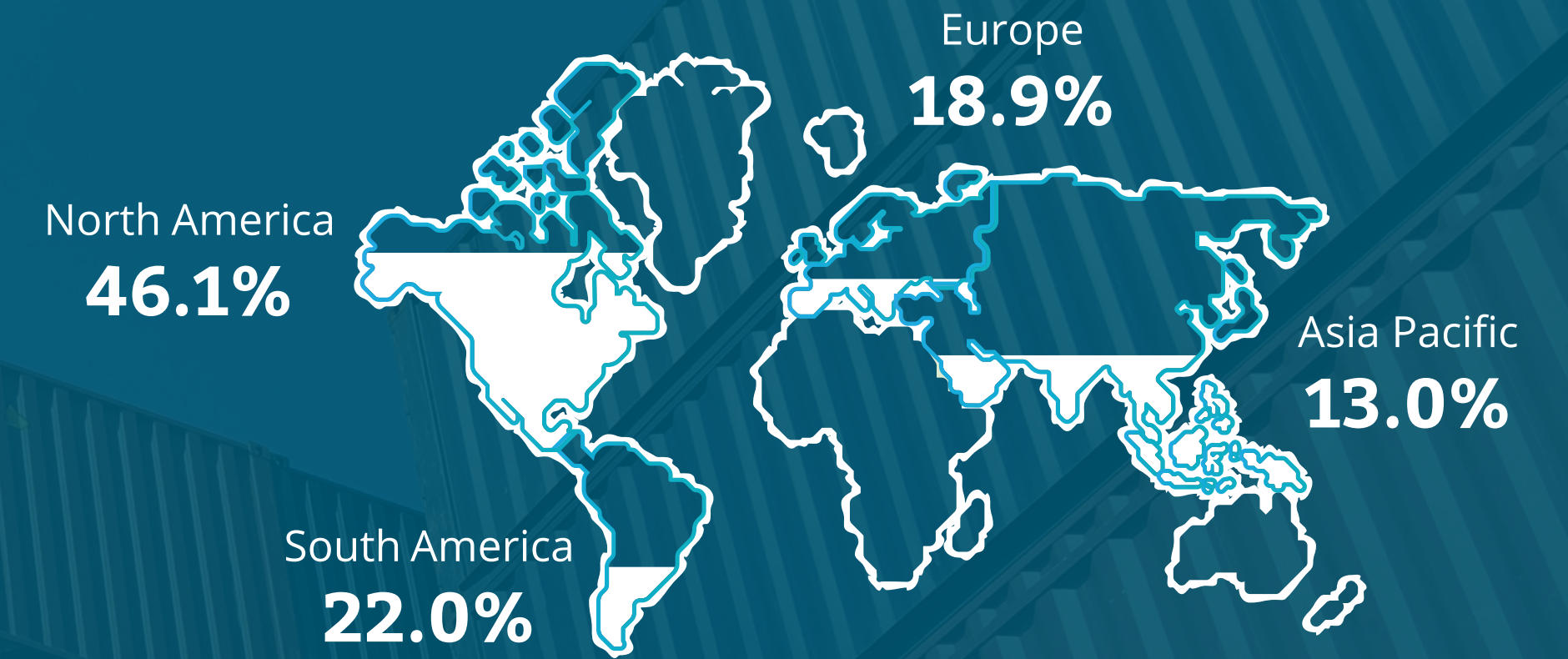
With sustainability efforts, strategies, and measurable goals in place, the organization requires a set of practical and cost-

effective tactics to reach those goals. Most organizations blend both internal policy changes and external activities that require the cooperation and commitment of leadership, the workforce, clients, directors, and the community.

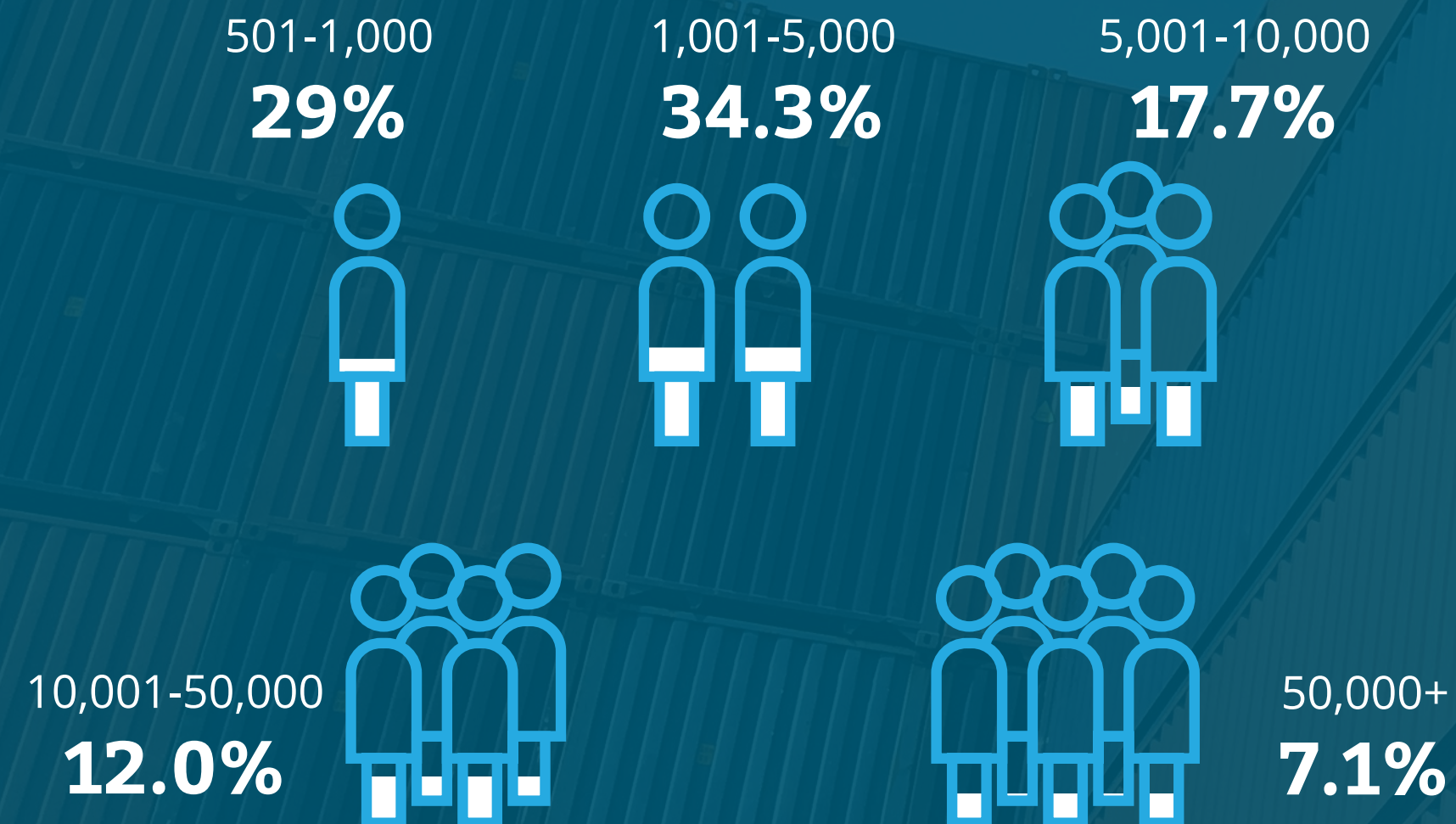
Human Resources is a significant player in sustainability efforts—supporting leadership, encouraging employees, and providing the right policies and practices that match the company's objectives.

# Methodology & Demographics

To better understand and gain insight into how senior Human Resources leaders have focused on sustainability in their workforce, Worldwide ERC conducted a quantitative research project. The survey data within comes from a global panel of 877 senior Human Resources leaders, whose companies are located in the following world regions:



Along with their geographic diversity, senior Human Resources leaders serve companies of varying sizes, indicated by the following employee headcounts:



Not only do these respondents hail from diverse regions across the globe, they represent a variety of estimated revenue worldwide:

