



UNEP **Finance Initiative**
Innovative financing for sustainability



if you ask us...

Making
environmental
employee
engagement
happen

A report by the North American Task Force of UNEP Finance Initiative



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About the project

This project was undertaken as part of the 2010 work programme of the North American Task Force of the United Nations Environment Programme Finance Initiative. The report outlines the findings and key insights of a survey developed during 2010 on environmental employee engagement within the Task Force.

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North American Task Force



STATE STREET

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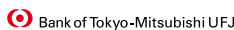
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A message from the NATF Co-Chairs

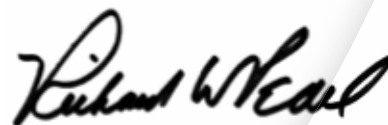
Environmental sustainability is rapidly becoming an integral part of everyday business. As this issue becomes mainstream, momentum is gaining in the implementation of concrete actions, such as corporate environmental policies and their underlying processes; sustainability related disclosure and 'green' financial products, which contribute to addressing these pressing environmental matters. But sound corporate environmental policies and strategies cannot in themselves guarantee sound environmental performance without the necessary buy-in from staff. Ultimately, employee support can be a key driver of sustainability within the business, as they are responsible for the organisation's processes and operations and are, therefore, crucial players in greening such processes and in transforming corporate culture. And research suggests that a more engaged workforce has a positive impact on levels of employee motivation, loyalty and overall job satisfaction.

The *Making Environmental Employee Engagement Happen* report stems from an interest among members of the North American Task Force (NATF) of the United Nations Environment Programme Finance Initiative (UNEP FI) to explore what gains can be realised through an engaged workforce around environmental issues. This is an area that has advanced rapidly in the past few years, but also one where the need for documentation and study is great. This report helps address this gap by providing an overview of engagement activities undertaken by member banks, asset managers and insurers from the region and shares practices that have been effective in engaging employees around environmental issues. We hope that the information in this report may further advance the understanding of the potential gains to be realised by adopting these practices and help identify ways in which these can be put into operation.

With this report, the second issue of the *If You Ask Us...* series, the NATF continues to pursue its mission to provide guidance and information to practitioners on how to integrate environmental considerations into all levels of financial institutions' operations.



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Director, Environmental Affairs
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1

Executive Summary

Companies, including those in the financial sector, have realised that there are benefits to be gained from engaging their employees on environmental issues. This study reveals that most members of UNEP FI's North American Task Force (NATF) are starting to promote environmental employee engagement within their institutions.

- Results show that active environmental employee engagement is a relatively recent phenomenon amongst financial institutions;
- Most environmental employee engagement approaches focus on internal environmental management, such as resource conservation initiatives;
- A strategic and business vision of environmental employee engagement remains relatively unexplored.

Four main factors are driving the creation of environmental employee engagement programmes.

- The implementation of corporate environmental policies;
- Efforts to build a corporate culture around sustainability issues;
- Development of human resource strategies aimed at attracting and retaining talent as well as efforts to boost employee morale and motivation;
- Efforts to improve organisations' environmental performance.

There is no single environmental employee engagement approach. The effectiveness of strategies is contingent upon organisational contexts.

- Environmental employee engagement approaches vary widely in their type, depth and scale across organisations. Common activities include: presentations, training, the creation of sustainability teams and the creation of mechanisms for employees to channel their concerns over the environment.

Challenges to implementing employee engagement initiatives more effectively include the following:

- Securing adequate resources;
- Inconsistent top management support;
- Reaching audiences that are not already concerned about environmental issues;
- Reaching the entire employee base effectively and efficiently;
- Maintaining employee interest in initiatives and issues over time.

2

Introduction

North American financial institutions continue to make progress in developing strong sustainability policies and programmes; however, there is still a need for guidance on how to best integrate sustainability across all levels of operations. UNEP FI's North American Task Force (NATF) has, over time, developed a series of reports that provide guidance for practitioners on the implementation of sustainability in the context of financial institutions. As part of this effort, the NATF decided to produce a report about the current state of Environmental Employee Engagement (henceforth EEE) amongst its members.

Employee engagement on environmental issues is a relatively recent phenomenon for financial institutions in North America. Whilst FIs have traditionally placed significant resources into developing environmental programmes and policies, there has been less emphasis on educating their employees about these programmes, or on developing tools and programmes for employees to use and participate in. Yet, there is an increasing body of research and evidence showing that employee involvement in corporate environmental and sustainability initiatives can be a key component of their success.¹ EEE has been shown to potentially help boost employee morale and motivation; improve a company's environmental performance; contribute to improved client service; and even enhance brand value.

Five things that work

1 Involving employees during the development of environmental employee engagement strategies can create a sense of ownership over initiatives and enhance employee participation.

2 Involving top management or securing their support during the implementation of initiatives can foster participation by employees that are not already concerned about environmental issues.

3 Incentivising employee participation in initiatives through contests and challenges can increase their effectiveness.

4 Delivering educational presentations about the company's environmental strategies and training about what employees can do, can contribute to improve the organisation's environmental performance. These trainings work best when they are tailored to specific roles.

5 Developing effective mechanisms for employees to channel their concerns about environmental issues can help identify innovative engagement initiatives.

¹ Bertels, Papania, and Papania, *Embedding Sustainability in Organizational Culture: A Systematic Review of the Body of Knowledge*, 19-23.

Recent studies suggest employee engagement initiatives are becoming an integral part of wider corporate environmental strategies and programmes across different industries.² For instance, a survey of more than 200 senior executives representing a wide array of industries and geographical locations revealed that executives are seeking to integrate a sustainability dimension into mainstream corporate functions. More specifically, 32% of these companies are currently implementing employee educational programmes on sustainability and 30% are engaging their employees on sustainability-related activities beyond education and training.³ Current research however, does not provide specific insights for the financial services sector.

What is environmental employee engagement (EEE)?

There is no agreed upon definition of what such employee engagement constitutes.⁴ For the purpose of this study, EEE is defined as an employee's *active* participation in realising the environmental policies and objectives of the organisation he/she works in.

For this reason, the NATF decided to specifically analyse the state of play of EEE in the North American financial sector. To this end, a project team comprised of representatives from seven member financial institutions was formed (listed on page 23). The project team developed a short survey of 11 open-ended questions⁵ that was then distributed to all NATF members for completion. A total of 20 responses were received (see list of respondents on page 22) and were further complemented with data from 6 semi-structured interviews with NATF senior environmental managers.

This report is based on the outcomes of the survey. The report takes stock of the activities that NATF members are currently undertaking in the field of EEE by providing an overview of the depth and challenges of different initiatives. It also identifies some examples of best practice in the field and provides some in-depth examples through case studies. The report also offers a comparison of survey results with those of other recent studies on EEE, in order to benchmark NATF member initiatives against those developed by other firms both within and outside the financial services industry.

Whilst the focus of the present report is on activities in North America, it is not exclusive to the region as some of the organisations surveyed operate internationally. The report does not intend to provide an exhaustive examination of EEE in the wider North American financial services industry nor across industries.

2 National Environmental Education Foundation, *The Engaged Organization: Corporate Employee Environmental Education Survey and Case Study Findings*; Economist Intelligence Unit, *Managing for sustainability*; Brighter Planet, *Employee Engagement Survey: An Analysis of the Extent and Nature of Employee Sustainability Programs*.

3 Economist Intelligence Unit, *Managing for sustainability*, 11.

4 Saks, "Antecedents and consequences of employee engagement"; Collier and Esteban, "Corporate social responsibility and employee commitment."

5 The Survey is included in page 20.

3 Survey Findings

This section examines the results from the survey with respect to the following issues:

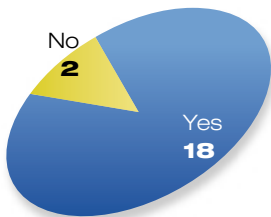
- The current state of EEE amongst NATF members;
- The drivers of EEE for NATF members;
- Common EEE approaches;
- Managing EEE;
- Measuring success; and
- Challenges & needs

3.1

The uptake of EEE in North American Financial Institutions

Does your institution actively promote employee engagement on environmental issues?

The results show that most NATF members have started to promote employee engagement within their institutions. A recent study examining levels of engagement across industries in the United States reveals that the financial sector is not amongst the industries that most frequently promote employee sustainability initiatives, suggesting that EEE is a relatively recent phenomenon amongst financial institutions.⁶



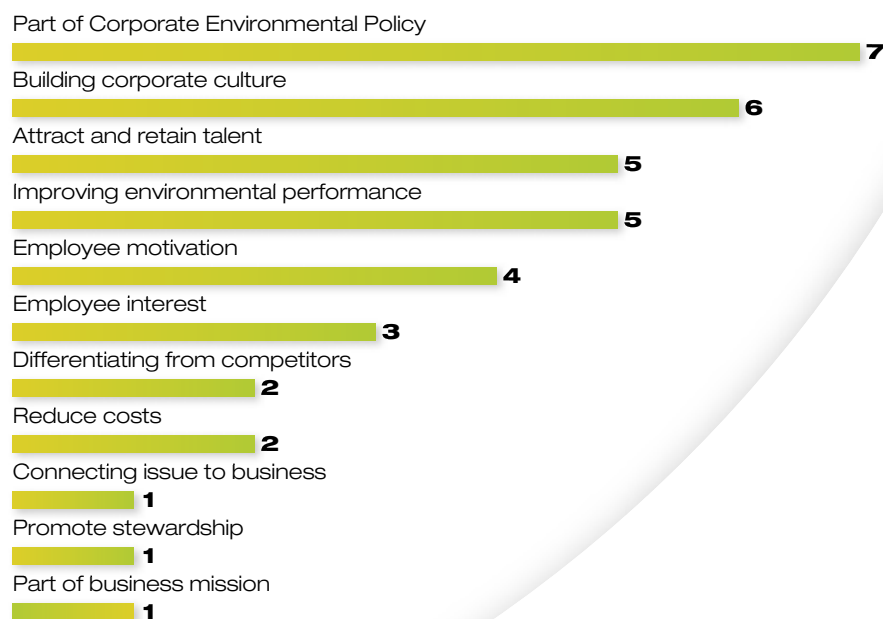
“Our firm has taken the approach that active employee engagement on environmental issues can help the firm overall - as related to cost structures, ingenuity, and overall corporate culture.”

Director & Portfolio Manager Environment, Social & Governance Investment Program, ClearBridge Advisors, Legg Mason

3.2

Drivers of EEE

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



⁶ Brighter Planet, *Employee Engagement Survey: An Analysis of the Extent and Nature of Employee Sustainability Programs*, 19.

The results suggest that NATF members are becoming increasingly aware about the need to engage their employees with respect to their corporate policies and processes for these to be effective. According to respondents, there are two main drivers of employee engagement initiatives. The first one is the implementation of corporate environmental policies and strategies. The second one is constituted by efforts aimed at building corporate culture around environmental and sustainability issues. Respondents also consider that improving their organisation's environmental performance is an important driver behind the development of EEE initiatives. These results are in line with the findings of a recent Deloitte report that posits that firms that have successfully educated their employees about sustainability have realised increases in productivity and employee engagement and have become a more socially responsible workplace.⁷

“Our Corporate Environmental Policy reinforces our commitment for our employees to ensure that our business activities are conducted in an environmentally prudent manner.”

Senior Manager, Environmental Risk Management, Canadian Imperial Bank of Commerce

The ability to attract and retain talent is also an important driver behind firms' resolve to engage employees on environmental issues. Amongst North American FIs, anecdotal evidence from case study interviews suggests that even if the environment is not a well-established criterion for hiring of new employees, institutions are starting to provide recruiters with more information about their environmental initiatives so as to differentiate their company and appeal to environmentally conscious candidates. This is consistent with results from a sustainability survey that revealed that over a third of companies are highlighting their sustainability initiatives during their recruitment processes.⁸ In the same manner, two recent studies conducted in the United States show that 46% of companies that share their sustainability efforts publicly do so for recruitment purposes⁹ and that 48% consider that sustainability initiatives allow their companies to attract more qualified employees.¹⁰ Efforts to differentiate from competitors are becoming increasingly relevant for attracting new recruits as exemplified by a recent survey in which 53% of student respondents claimed they would not consider working for companies that they perceive as being socially irresponsible.¹¹

Other important drivers of EEE initiatives are efforts directed at boosting employee morale and motivation, as well as employee interest or concern about environmental issues. These drivers have also been captured in other studies. For instance, a World Economic Forum study identifies efforts to enhance employee motivation as the second most important factor behind making a compelling business case for general CSR activities.¹²

7 Deloitte, *Crossing the Green Divide: Ways to channel your team's passion for greening into actions for your bottom line*, 2.

8 Brokaw, "Does Sustainability Change the Talent Equation?" 33.

9 Brighter Planet, *Employee Engagement Survey: An Analysis of the Extent and Nature of Employee Sustainability Programs*, 9.

10 McGraw-Hill Construction, *2009 Greening of Corporate America: The Pathway to Sustainability- From Strategy to Action*, 20.

11 Globescan, Sustainability Survey, 2003 in World Business Council for Sustainable Development, *Driving Success: Human resources and sustainable development*, 5.

12 World Economic Forum, *Responding to the Leadership Challenge: Findings of a CEO Survey on Global Corporate Citizenship*, 14.

Common Approaches

There is no single approach for environmental employee engagement. Approaches usually are developed according to specific organisational arrangements and company size. Therefore, these vary widely in their type, depth and scale. Whilst this characteristic hinders the ability to undertake meaningful cross-organisational comparisons, it is possible to identify some common elements and approaches, including:

- Presentations to raise awareness about what the relevant environmental issues are and about what the organisation is doing to address them;
- Organisational surveys to identify what employees' environmental concerns are;
- Creation of a dedicated team or task force responsible for environmental issues: these range from purely informal grassroots teams to sustainability steering committees with responsibilities over the firm's environmental strategy (see Boxes 1 and 3);
- Contests, challenges and recognition programmes to incentivise employees to take action to reduce resource consumption: companies have organised challenges to reduce energy and paper use as well as to increase the number of employees using public transportation to commute to work (See Box 2);
- Creation of mailboxes to which employees can direct their questions and suggestions regarding sustainability issues;
- Newsletters and intranet communications to keep employees informed about new and existing initiatives; and
- Training on the implications of sustainability to employees' business roles.

Box 1

TD: A Green Ambassador in every business unit - championing the environment across the organisation

TD has developed two parallel programmes in which employees from two different sections of the bank take over the responsibility for raising awareness about environmental issues, thereby enhancing the level of employee engagement across the organisation.

- TD has set up Green Coordinators in its retail operations. Green Coordinators are volunteers responsible for raising employee awareness about environmental issues within their branches. Green Coordinators are also the one-stop shop for information regarding the bank's environmental initiatives and, given that they are at the frontline of the bank's operations, they are able to reach out to the customer base and inform them about the bank's environmental credentials. To keep Green Coordinators engaged, the organisation has created a specific intranet via which employees can keep up-to-date with the latest environmental programmes.
- TD has set up Green Ambassadors within each of the business units and sub-units to champion environmental programmes and to identify mechanisms for involving employees in the realisation of the organisation's environmental strategy. Green Ambassadors also possess the ability to convene green working committees and to strategise and pursue the implementation of their own ideas. For example, the Green Ambassador in TD Wealth Management alongside the green working committee was responsible for removing all printed material from client meetings, which had traditionally included significant amounts of printed marketing material. The firm is currently assessing whether this can be replicated in other business units.

Box 2

Union Bank: Training for impact - reducing GHG emissions

As part of Union Bank’s efforts to reduce its carbon emissions, the organisation’s Environmental Stewardship Department has set about to deliver in-person and webinar-based energy efficiency training for all employees within the retail banking division. The Department provided training for all branch managers and then leveraged its existing resources by providing all newly trained managers with a “self-help” compact disk containing the presentation complete with an audio guide on how to train employees within their branches.

The training presents activities which lie within the remit of employees’ direct control and that could potentially reduce the levels of energy consumption within the organisation. In order to incentivise the adoption of these practices, Union Bank held a three-month contest between branches to see which branch was more effective in reducing its levels of energy consumption. To keep up the momentum of the initiative, the organisation offered prizes to the winners and the progress of the contest was communicated via the employee intranet. Preliminary results show that Union Bank was able to successfully engage its employees in its energy consumption reduction initiative and effectively reduce the GHG emissions of its retail operations.

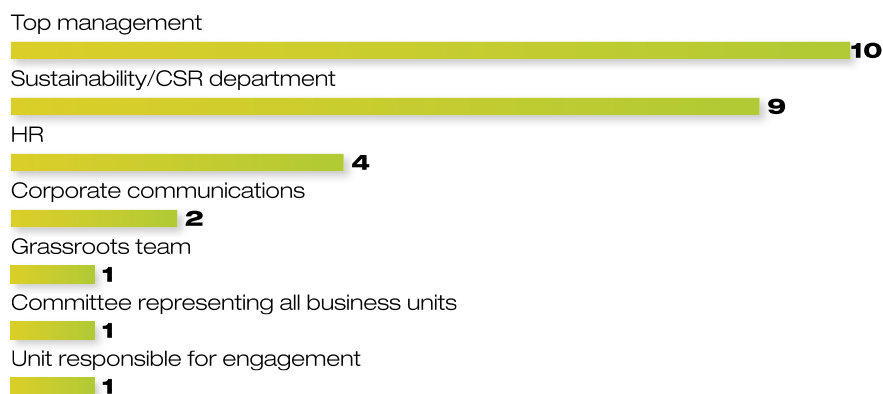
3.4

Managing EEE

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

- Responsibility for EEE initiatives;
- Targeting EEE; and
- Employee involvement in the development of EEE approaches.

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



Responsibility for EEE programmes is allocated to different departments or units in different firms, reflecting different company sizes and organisational arrangements as well as the scale and scope of the initiatives. This may also reflect a lack of consensus about where the ownership of broader sustainability initiatives should lie within companies.¹³ Respondents highlight the need to spread responsibility for EEE programmes between top management, CSR/Sustainability departments, HR and, in some cases, corporate communications. Respondents suggest that top management should have some degree of responsibility over EEE programmes, as this would ensure that these efforts receive the necessary attention. They also consider that CSR/Sustainability departments can be responsible for EEE as, on many occasions, these departments are responsible for developing the overall corporate environmental strategy. For respondents that included human resources (HR) departments, the rationale for their involvement is that they tend to be more experienced in employee engagement in

13 Brokaw, “Does Sustainability Change the Talent Equation?” 34.

general and therefore possess more knowledge and resources for moving initiatives forward.

A recent study provides evidence in support of the need for leadership from above, by showing that companies in which top management is directly involved in advancing sustainability within the firm, are the most effective in terms of spurring employee participation to achieve sustainability objectives, as well as more likely to possess a successful EEE programme than companies in which the sustainability director is the primary advocate of sustainability initiatives.¹⁴ In addition, further evidence can be found in a study conducted amongst European firms that revealed that management support increased the percentage of employee participation in environmental initiatives from 33.5% to 58.5%.¹⁵

“If there is to be greater employee engagement for environmental issues there will need to be top-management buy-in to help foster the cultural shift. If employees have a champion for change they will understand the importance of these initiatives.”

British Columbia Investment Management Corporation

“Management should be responsible for EEE if you really want to be taken seriously.”

Equities Analyst, Calvert Investments

Box 3

The Co-operators: Making environmental employee engagement part of corporate sustainability strategy

In 2007 The Co-operators created a Sustainability Steering Committee, made up of senior leaders from different business units and representatives from each organisation within the group of companies, in order to develop a formal sustainability policy and strategy. The CEO and President as well as members of her senior management team travelled across Canada to meet with 10 staff focus groups comprised of approximately 20 members ranking from entry-level employees to senior managers. During these meetings employees were provided with an opportunity to present ideas and provide input into the organisation’s sustainability policy and strategy. The meetings were also used to identify potential employee responses to specific activities proposed by the Committee. The proceedings of these meetings were made available to all employees in order to provide transparency to the process and to give employees a sense of ownership over the strategy, ultimately enhancing employee buy-in and participation during implementation.

Once the strategy was developed, presentations and workshops were delivered to the staff to advance the understanding of how the sustainability strategy and policy related to their specific areas of work. These presentations also provided employees with an opportunity to provide feedback on the firms’ strategy. In addition, the company engaged an independent party to develop an interactive e-learning course. The course describes what sustainability means to the company and the implications it has on employees’ jobs. Through these activities, the organisation was able to develop an effective engagement platform and offer guidance to employees on how to best contribute to the organisation’s sustainability strategy.

¹⁴ Brighter Planet, *Employee Engagement Survey: An Analysis of the Extent and Nature of Employee Sustainability Programs*, 28.

¹⁵ Ramus and Steger, “The Roles of Supervisory Support Behaviors and Environmental Policy in Employee “Ecoinitiatives” at Leading-Edge European Companies,” 620.

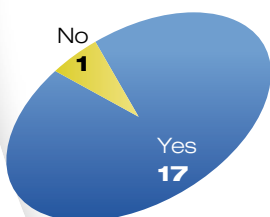
Which employees should be targeted as a priority?



Respondents consider that all employees should be targeted when implementing initiatives seeking to engage them on environmental issues. A few qualitative responses are more nuanced indicating that although all employees should be targeted, a certain degree of emphasis should be placed on particular groups. For example, top management engagement was believed to be key, as it is argued that without their support or active leadership success is unlikely. Additionally, a few respondents consider that initiatives should prioritise engagement with employees who are part of the decision-making process on environmental issues or with employees responsible for the organisation’s reputation.

Interestingly, two of the respondents suggest that employees that resist change should be targeted first. The rationale being that by engaging with these employees it is possible to better understand their concerns and create strategies or approaches that are better suited to win their support. A similar trend has been identified in two studies that suggest that one of the of the main challenges for moving sustainability initiatives forward within firms is overcoming outdated mental models about what sustainability constitutes and the scepticism of employees actively resisting change.¹⁶

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



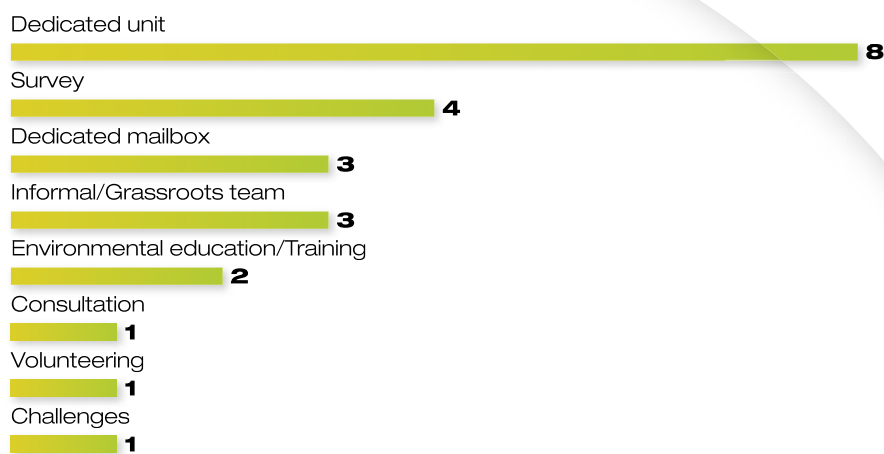
Results show that FIs are involving their employees in the development of their institution’s engagement strategies. Involvement in the development of strategies can provide employees with a sense of ownership over them as well as help companies identify employee-generated engagement ideas. The level of involvement, however, varies widely across organisations as seen below.

“Our strategy for gaining support is based on the idea that we want to maintain a quality communication plan that explains why sustainability initiatives are being implemented and what benefits those initiatives will bring to both the environment and CalPERS. We believe that our staff have been very receptive to change because we maintain effective and constructive communication channels.”

Portfolio Manager, CalPERS

¹⁶ Brokaw, “Does Sustainability Change the Talent Equation?” 34; Berns et al., *The Business of Sustainability: Imperatives, Advantages, and Actions*, 17.

How were employees engaged in the development of your institution's engagement strategies?



Examples of company strategies to facilitate employee involvement in the development of EEE range from the creation of dedicated mailboxes to which employees can direct their questions and concerns, to more complex EEE mechanisms involving the creation of dedicated employee teams (See Box 4).

Box 4

Scotiabank: Engaging employees from the start - reducing paper consumption

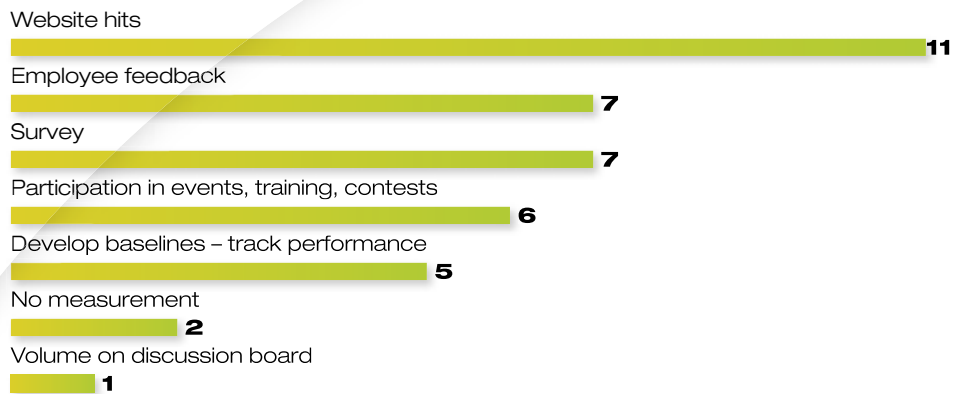
Scotiabank has established different channels for employees to express their interests and concerns about environmental issues. This has allowed the organisation to successfully develop an EEE programme that contributed to a significant reduction of paper consumption within the firm. Here is how it happened:

- Scotiabank hired a third-party firm to administer a survey on general Corporate Social Responsibility issues where employees were invited to provide feedback on what they thought the priorities for the organisation's CSR strategy ought to be.
- Conducted an internal employee survey on environmental issues in which employees were offered the possibility to rank four different environmental programmes and were asked if they would participate in the implementation of such initiatives.
- The organisation developed an EEE programme that built onto the results of the survey. The programme aimed to reduce paper consumption and, for this end, Scotiabank set a countrywide paper reduction target. The organisation used its intranet service to communicate progress and to provide employees with information, tools and contests intended to assist and provide them with incentives for reducing paper use.
- This programme contributed to more than double the 5% reduction goal.
- A number of factors are perceived to have contributed to the programme's success:
 - The programme was implemented in conjunction with the introduction of new printing and copying technology, which facilitated overall reduction efforts.
 - It had the support of a very popular executive within the company.
 - It was chosen in accordance to what the organisation's employees had expressed as their preference in the survey, and therefore expanded on a genuine employee concern for improving the environmental performance of the bank.

3.5

Measuring Success

How have you measured success?



NATF members have developed different mechanisms for measuring the success of their employee engagement strategies. Most financial institutions surveyed measure success through the use of proxies or other indirect mechanisms. For instance, organisations use website hit counters on environment and sustainability related resources on their websites and employee intranet services to measure the impact of their employee engagement initiatives. Other approaches for measuring success consist in registering employee participation in sustainability/environmental events, training and environmental contests.

When is EEE successful?
Successful EEE approaches are expected to contribute to employees actively participating in environmentally oriented activities within their institution, helping drive targets and contributing to further innovations. When approaches are unsuccessful, employees are said to be unaware of the organisation’s efforts to develop environmental best practice and may, on occasions, actively resist change.

Surveys are also a common tool for gauging employees’ perception about an organisation’s employee engagement initiatives and can also be used to identify concrete activities that they may be willing to support. A more complex and indirect mechanism for measuring success of EEE initiatives is to develop resource consumption baselines (electricity, paper, water etc) and track performance, thereby allowing FIs to quantify employee participation in initiatives.

3.6

Challenges & Needs

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



The challenge most commonly encountered during the implementation of EEE initiatives is the lack of adequate resources (time, staff and money) assigned to them. This finding is consistent with results from other studies addressing EEE.¹⁷ It is also consistent with the finding that these initiatives tend to be still at early stages of development and considered as a relatively low priority.

Large organisations (+10,000) also face the problem of effectively reaching their entire employee base. This problem tends to be exacerbated when employees are dispersed geographically and when they have different levels of understanding about what the environmental issues to be addressed are. Furthermore, responses suggest that these problems can be further intensified when there are cultural differences between the place where initiatives are crafted and the places where they are to be implemented. Anecdotal evidence from case study interviews reveals that some organisations are taking concrete steps to address these issues. For example, the Royal Bank of Canada has engaged with executives from its Caribbean operations in order to understand and address their concerns and have given them the responsibility of delivering environmental communications to their employees. Similarly, Citigroup has translated its sustainability survey into Spanish so as to increase the participation of its employees based in Latin America.

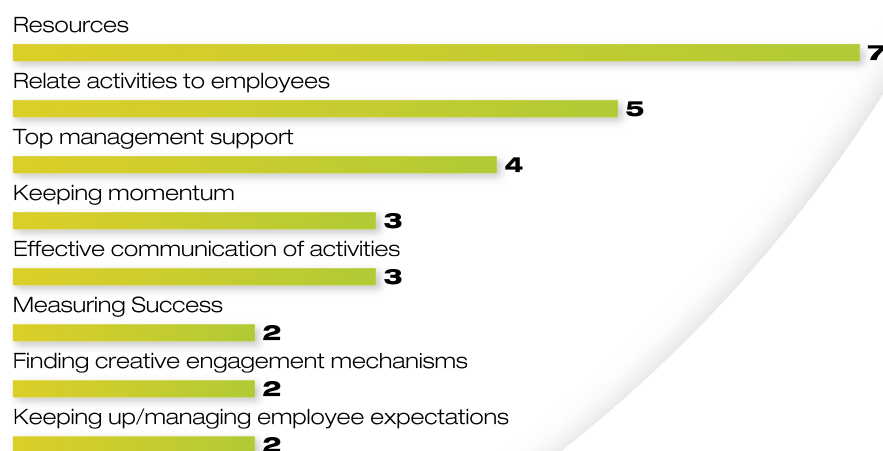
Maintaining employee interest and/or addressing lack of interest from employees that are not already concerned about environmental issues are also important factors hampering the implementation of EEE initiatives. Engaging with these employees can be even harder when initiatives require significant behavioural or routine change. These results are consistent with studies revealing that one of the main challenges facing EEE initiatives is the identification of ways to engage with a wider employee base and not only with like-minded employees.¹⁸ The difficulty of resonating beyond interested employees can be amplified if management support or involvement in initiatives is inconsistent, as initiatives that lack this support tend to be seen as a low priority by many employees.

Another interesting result emerges from the fact that only one respondent considers establishing effective ways of measuring the success of EEE initiatives and programmes as a challenge during their implementation. Results from other studies, however, suggest that this is a widespread concern for companies as highlighted by a survey of more than 1,300 professionals in the field of corporate environmental education in the United States, which found that one of the most frequently cited challenges is the development of effective metrics for measuring impact that go beyond simple anecdotal evidence.¹⁹

“It is difficult to affect change with voluntary committees; you need incentives and motivators to drive staff participation.”

Senior Manager, Environmental Initiatives, Royal Bank of Canada

Overall, what do you consider to be the key needs going forward?



17 National Environmental Education Foundation, *The Engaged Organization: Corporate Employee Environmental Education Survey and Case Study Findings*, 11.
 18 Ibid., 42.
 19 National Environmental Education Foundation, *The Business Case for Environmental and Sustainability Employee Education*, 12; National Environmental Education Foundation, *The Engaged Organization: Corporate Employee Environmental Education Survey and Case Study Findings*, 42.

Securing adequate human and financial resources and management support are two of the key needs going forward identified by respondents, based on the challenges they have faced in engaging employees around environmental issues.

Respondents also consider that relating EEE activities to employees' business roles can assist in increasing the effectiveness of such initiatives. Similarly, maintaining the focus on environmental issues and managing employee expectations about what exactly can be achieved are important objectives. This is because engaged employees can lose interest in initiatives if these fail to fulfill their expectations, whilst less engaged employees can lose interest in initiatives if an appropriate strategy for communicating results and maintaining momentum is not in place.

Although mentioned by only one organisation (currently re-evaluating their approach), creating an environmental category within staff performance plans may be critical for developing effective engagement strategies. This mechanism allocates a specific amount of time for staff to dedicate to engagement programmes and would eliminate the difficulties encountered when relying exclusively on voluntary efforts. It comes as no surprise that companies that have developed successful engagement programmes in the United States integrated them not only into their firm's mission and objectives but also into their performance evaluation mechanisms.²⁰

Another need going forward brought up by only one organisation, but which has received more attention elsewhere,²¹ is the need to establish concrete definitions of what sustainability means to the organisation in order to strive for a common objective, and, where appropriate, standardise practices across regions.

“Our key needs are to offer additional resources to our green teams to help them grow and thrive. Our key challenges will be to continue to identify low-cost, innovative ways to engage with our employees on green issues.”

Vice President, Corporate Sustainability, Citi

“A challenge is to provide definitions of sustainability in the context of the local office, as it will mean something different to someone in China, versus say, the United Kingdom. Employees need a roadmap of what sustainability means and more importantly, what they can do to participate.”

Vice President, Environmental Sustainability, State Street Corporation

20 National Environmental Education Foundation, *The Engaged Organization: Corporate Employee Environmental Education Survey and Case Study Findings*, 34, 42.

21 Canadian Business for Social Responsibility and Network for Business Sustainability, *Embedding sustainability in organizational culture Framework and Best Practices*, 5; Deloitte, *Crossing the Green Divide: Ways to channel your team's passion for greening into actions for your bottom line*, 4; Bonini, Gomer, and Jones, “How Companies Manage Sustainability: McKinsey Global Survey Results,” 2.

4

Conclusions

This study has shown that financial institutions surveyed are taking active steps to develop environmental employee engagement programmes. Most programmes are at an early stage, which implies that environmental employee engagement is a recent phenomenon for FIs. Moreover, the findings from this report are in line with a recent study amongst financial institutions revealing that most EEE programmes are often developed as time-limited awareness-raising initiatives.²² Although reflecting a consistent broad trend regarding the state of EEE in other industries, the results suggest that there are less long-standing EEE experiences in the financial sector.

The results show that most approaches focus on employee participation in the organisation's environmental management through resource conservation activities around the workplace. Different studies on EEE present similar results in terms of the current state of initiatives.²³ A strategic or business vision of EEE remains relatively unexplored.

The results from this study also show that there are various factors that can contribute to the success of EEE initiatives. Top management support and/or leadership are crucial factors for the success of these programmes. Through the involvement of top management, EEE initiatives can obtain the necessary attention from employees. Similarly, involving the employee base during the design of

Box 5

A roadmap going forward

The analysis of the survey responses, case study interviews and literature also leads to the following observations on how to further advance the terrain of EEE in the finance sector:

- EEE initiatives should not be confused with internal disclosure exercises. Whilst the latter can assist with recruiting and retaining talent, EEE is not only about making information available to employees, but about actively engaging with employees for the purpose of transforming corporate culture;
- Direct interaction with employees is key to understand what their perspectives are on EEE in general and on their institution's strategy in particular;
- It is important that goals and targets be set during the development process of programmes or strategies; these allow for performance tracking and managing employee expectations;
- As EEE initiatives transition from being time-limited, awareness-raising activities to medium and long-term strategies, the inclusion of environmental criteria within employees' performance criteria is one strategy that could enhance on-going employee participation.

Given the still nascent practice of EEE, more time and experience will be needed to yield proper best practice guidance to practitioners. In the meantime, obtaining information on the current practice of a wider sample could prove helpful for advancing the understanding of EEE.

²² Strandberg Consulting, *International Scan of Sustainability Practices of Insurance and Non-Insurance Companies*, 17.

²³ Brighter Planet, *Employee Engagement Survey: An Analysis of the Extent and Nature of Employee Sustainability Programs*, 16; National Environmental Education Foundation, *The Engaged Organization: Corporate Employee Environmental Education Survey and Case Study Findings*, 9; Strandberg Consulting, *International Scan of Sustainability Practices of Insurance and Non-Insurance Companies*, 6,17.

EEE initiatives help develop a sense of ownership over environmental-related activities. Achieving broad buy-in amongst the employee base by fostering on-going participation can also lead to the success of an initiative.

The main challenges encountered during the implementation of EEE initiatives are the following:

- Lack of adequate resources;
- Inconsistent top management support;
- Reaching employees that are not already interested in environmental issues;
- Reaching the entire employee base effectively and efficiently;
- Maintaining the relevance of environmental issues, in order to keep the momentum of environmental employee engagement programmes amongst the workforce.

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Survey

UNEP Finance Initiative

North American Task Force

Employee Engagement on Environmental Issues Review of Best Practice

Definition: EEE is employee's active participation in realizing the environmental policies and objectives of the organization.

An 'engaged employee actively participates in environmentally oriented activities within the institution, driving targets and contributing to further innovations.

An 'unengaged employee' is unaware of the organization's efforts to develop environmental best practice and will on occasions actively resist change.

Issue Outline: Employee engagement is a critical objective on an organization's 'path to sustainability'. Identifying and sharing successful strategies and best practices in achieving such engagement will help to enhance sustainability performance amongst UNEP-FI members and across the industry.

Review Objectives: To clarify the business case for active employee engagement on environmental issues, and to identify strategies that have yielded positive results (i.e. not to make inventory of 'things that are being done') in terms of embedding of 'environmental awareness' in the corporate culture. The review should ultimately provide practical guidance on how to manage employee engagement, namely on:

- Who in the organization should be responsible for employee engagement on environmental issues
- Which employees should be targeted as a priority
- Around which issues employees should be mobilized (operational issues, business issues, or just general awareness)
- Which means are effective (awareness-raising events, training, volunteer programs, reward and recognition schemes, etc.)

Review Questions to be answered by NATF Members:

I am providing answers on behalf of:

- Corporate headquarters
- A branch of my organization

A. YOUR INSTITUTION'S POSITION WITH REGARD TO EEE

All Members should answer this section

1. Does your institution actively promote employee engagement on environmental issues?
 Yes
Please specify why (eg. addressing lack of motivation/ problems in implementing policies/ processes, building up corporate culture, quest for innovation etc.)
 No
Please specify why not

B. YOUR INSTITUTION'S APPROACH TO PROMOTING EMPLOYEE ENGAGEMENT

All Members who answered 'yes' to the previous section should answer the questions in this section

2. Were employees involved in developing your institution's engagement strategies (e.g. through a survey process or consultation)?
 Yes
Please describe how
 No
3. Have these strategies been successful?
 Yes
Please describe successful strategies/innovations (ie. high levels of motivation, collective action, etc.)
 No
Please point out less successful approaches (ie. low uptake, resistance to change etc.)
4. How have you measured success? (eg. employee surveys, website/email hits, etc.)
5. Which were the main challenges and barriers you faced in implementing the strategies?
6. Based on these experiences:
 - 6.1 Who in your opinion should be responsible for employee engagement on environmental issues?
 - 6.2 Which employees should be targeted as a priority?
 - 6.3 Overall, what do you consider to be the key needs going forward? What challenges lie ahead?

Survey respondents

We wish to thank the following participants:

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Global Currents Investment

Kennedy Associates, Real Estate Counsel, LP

Manulife Financial Corporation

Pax World Management Corp.

Royal Bank of Canada

Scotiabank

State Street Corporation

TD Bank Financial Group

The Bank of Tokyo-Mitsubishi UFJ, Ltd. (wholly owned subsidiary Union Bank)

The Co-operators Group Ltd.

UBS

About the North American Task Force of UNEP Finance Initiative

The UNEP FI North American Task Force (NATF) works to incorporate the principles of sustainable development as normal business practice throughout the North American financial sector. NATF members at the time of developing this publication:

Acuity Investment Management Inc. (Canada)	Export Development Canada (Canada)
American International Group Investments (USA)	Global Currents Investment (USA)
Bank of America Merrill Lynch (USA)	HSBC Bank (USA)
Bank of Montreal (Canada)	JPMorgan Chase (USA)
The Bank of Tokyo-Mitsubishi UFJ, Ltd. (USA)	Manulife Financial Corporation (Canada)
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Through a comprehensive work programme, regional activities, training and research, UNEP FI carries out its mission to identify, promote and realise the adoption of best environmental and sustainability practice at all levels of financial institution operations.



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