

Accelerating
decarbonization
with your workforce
at the center



EY

Building a better
working world

Intro



Decarbonization isn't happening fast enough: We're due to experience 1.5°C warming above pre-industrial levels within the next five years, at least temporarily, the World Meteorological Organization (WMO) announced in its latest annual assessment.

We must act now.

Consumers and employees are aligned on the need for more sustainable ways of doing business. The challenge is turning ambition into reality. For business leaders to deliver on their decarbonization goals, they need to drive change – in mindset as much as ways of working.

EY research conducted with the University of Oxford's Saïd Business School showed a successful approach to transformation must pay more attention to the human factors so often identified as one of the root causes of transformation failure. With the proper support in place business leaders can galvanize their people to transform and accelerate decarbonization.



To better understand
the human factors that support successful transformations,
organizations need to excel at the following six levers:

Lead

Adapting and nurturing the necessary leadership skills

The drive to decarbonize must come from the top, and trickle down. Our research showed that, globally, workers and leaders ranked leadership as the top driver of successful transformations.

As a business leader trying to realize change, what do you know, what don't you know and what do you need to learn? Then consider those who can help you. Do you seek solutions from the most senior to the most junior employees, both internally and also from external partners?

Leaders must be accountable for the good and the bad, showing that the whole team's in the transformation together. Do this by fostering collaboration, driving consensus and creating open two-way communication. Ultimately, as a leader, it's your responsibility to set the course for the future of your organization. The faster your organization accelerates now, the easier and more valuable your decarbonization efforts will become – and you can be the driver of this change.

The benefits of inclusive leadership

47%

of respondents in high-performing

Versus

29%

of respondents in low-performing transformations

...said leaders accepted ideas from more junior personnel

Inspire

Creating a vision that everyone can believe in

While the need for change is agreed, it's the vision that'll inspire people to act. This must be set by the leadership, but you can be open as to where you find the vision and how you implement it.

It doesn't matter where you draw inspiration from – often it's from the places you least expect – what matters is how you use it to create a compelling vision that everyone can support and emotionally connect with. In the context of decarbonization this may seem obvious. But “stopping climate change” is far too big a vision. It needs to be ambitious, but digestible.

For the vision to become real, leaders need to clearly communicate “why” as well as “what.” This establishes emotional belief and support in the vision rather than simply a logical understanding of it – 71% of workers agree that this would make transformations more successful.

The case for clear vision

48%

of respondents in high-performing transformations

Versus

25%

of respondents in low-performing transformations

...said leadership clearly articulated why the organization needed to change

Care

Building a culture that embraces and encourages everyone's opinion

Transformation can be emotional. While the goal of decarbonization is noble, it doesn't mean that the process of change won't take a toll on your workforce.

EY research shows that workers involved in underperforming transformations said they felt unheard, unsupported and stressed during and after the transformation. Perhaps more worryingly, in follow-up conversations, leaders indicated that they were surprised by these findings.

Around such an emotive topic as decarbonization, it's important that leaders focus on keeping workers engaged and motivated, while preventing anxiety and burnout. The benefits of "care" have financial as well as moral value: our predictive model on the drivers of increased transformation success indicates that providing more emotional support improved the average likelihood of transformation success by 17%.

By understanding and being empathetic to the emotional state of the workforce during a transformation, you'll be able to identify early warning signals when things are going wrong and make adjustments to get the decarbonization program back on track.

The value of empathy

87% of workers feel that mutual empathy between them and their leaders increases their efficiency, yet

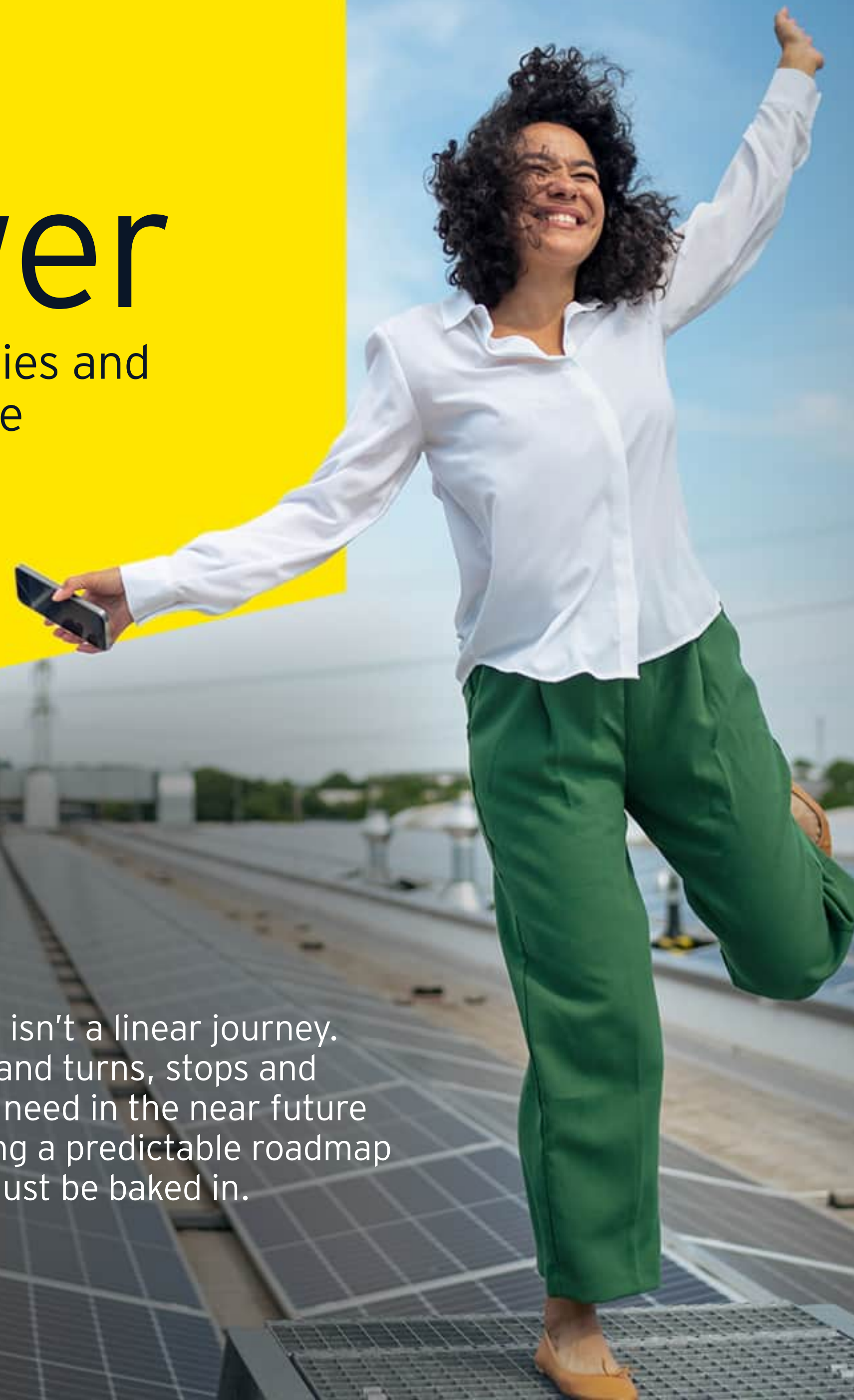
46% feel their company's efforts to be empathetic are dishonest.



Empower

Setting clear responsibilities and being prepared for change

A decarbonization transformation isn't a linear journey. There'll be ups and downs, twists and turns, stops and starts. Many of the solutions we'll need in the near future are still in development, so creating a predictable roadmap is almost impossible – flexibility must be baked in.



This is why it's crucial that roles and responsibilities are clearly defined, so people can continue to act with autonomy to achieve a stated aim, even when circumstances change.

EY research showed that in high-performing transformations, 52% of respondents said employees were assigned clear roles and responsibilities, and 49% said that decision-making authority was delegated in a clear and appropriate way across the organization (versus 29% in low-performing transformations).

In addition to empowering employees to make decisions and take action by clarifying roles, you can encourage experimentation and creativity by shifting from a "don't fail" to a "fail fast and learn" mindset. Small failures can lead to big successes. Fear of failure, meanwhile, often leads to missed opportunities.

The importance of structure

76%

of companies with strong sustainability governance are optimistic about financial performance

Versus

45%

of companies with weaker sustainability controls in place

Build

Using technology and capabilities to drive visible action quickly

Advanced technology doesn't promise a successful transformation, but it's an important tool in bringing the vision and process to life.

In terms of decarbonization, technology can provide the visibility to identify the most carbon emitting parts of your operations, the analysis to help design a solution and the reporting to tell you how it's going. However, technology must be deployed strategically to avoid it slowing you down; executives ranked effective use of technology as the number two driver of success and ineffective use of technology as the number two driver of underperformance.

For many people, introducing new technology is a profoundly emotional experience. Some people fear the impact of technology and worry it could replace their jobs. Others may welcome technology in order to avoid certain human interactions. Depending on the individual's perspective, the implementation of new technology elicits either positive or negative emotions.

As it can be such an emotive issue, it's necessary to prove the value that technology brings to decarbonization early in the change management process. Enlist early adopters and influencers to bring your workforce along in terms of realizing the vision and the value. Invest in skills and training to make sure your workforce knows how to get the most out of your technology and can see how it's helping them contribute to the decarbonization of your business.

The task for technology

76%

of executives globally believe emerging technologies can play a critical role in reducing their organization's carbon emissions.

Collaborate

Finding the best ways to connect
and co-create

The challenges of decarbonization can't be tackled using the methods of yesterday. The world's in constant transformation, so fresh thinking and agile ways of working are required. Innovative solutions can only be created in collaborative environments.

That puts pressure on leaders to develop a culture that fosters connectivity and creativity. A space where new ways of working – both digital and agile – can emerge to find solutions for today's decarbonization challenge. Indeed, 44% of respondents in high-performing transformations said their organization's culture encouraged new ways of working compared with 28% in low-performing transformations.

It's not just about encouraging collaboration. Leaders themselves need to actively collaborate, with workers, stakeholders, shareholders and other organizations, to redefine how the organization operates in its decarbonized future. Today, collaboration across the private and public sectors is on the rise as organizations seek to understand the decarbonization initiatives their ecosystem members are running, and next steps.

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For new ways of working to be successful, leaders and workers need to collaborate to redefine the balance of delegation, ownership and empowerment.

– **Liz Fealy**, EY Global People Advisory Services Deputy Leader and Workforce Advisory Leader



Harness the power of your people to drive your decarbonization transformation

At EY, we're aligned behind the belief that sustainability is everyone's business. So, while change is hard and can feel overwhelming, you need to harness the power of your people to make transformation a success. And today, more than ever before, it's an imperative. Standing still isn't an option. Decarbonization must accelerate, and by implementing leading practices around each of the six levers, you can put your organization on the path to achieving its goals while playing your unique part in advancing to net zero.

The key takeaways are:

1. **Lead:** Make the investment in self-transformation and emphasize a "we not me" approach through collaboration and communication.
2. **Inspire:** Create a vision that everyone can believe in and that inspires workers to go the extra mile.
3. **Care:** Listen intently to what your people have to say, understand the source of their concerns, and seek to address issues in an emotionally supportive and constructive way.
4. **Empower:** Foster a culture of experimentation and create a mindset of "fail fast and learn" to capture and realize opportunities that a "don't fail" mindset may miss.
5. **Build:** Recognize the emotional impact technology can have on the organization. Provide the right learning and emotional support to foster a digital mindset and convince workers of the vision and the value.
6. **Collaborate:** Co-create new ways of working and empower employees to redesign and redefine their own work, both in terms of which behaviors need to shift and operational changes.

Discover how the EY Sustainability team can help you accelerate decarbonization and create value for your business, society, and the planet.

EY | Building a better working world

EY exists to build a better working world, helping create long-term value for clients, people, and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform, and operate.

Working across assurance, consulting, law, strategy, tax, and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

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