



# HR'S CONTRIBUTION TO **SUSTAINABLE BUSINESS**

IN THE GULF REGION

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CORPORATE RESEARCH FORUM

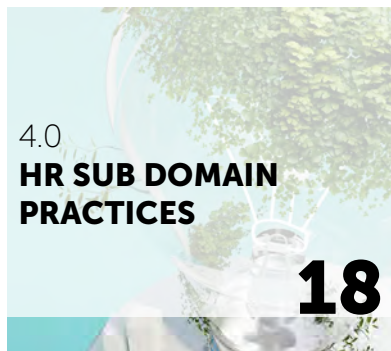
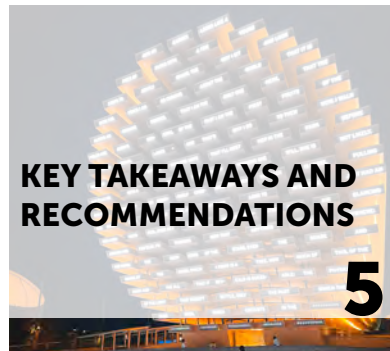
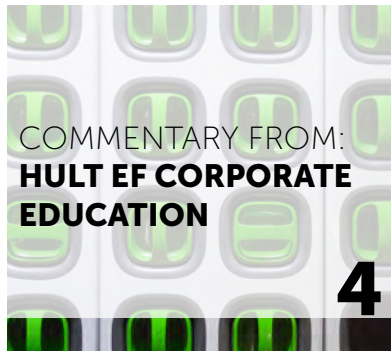
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# HR'S CONTRIBUTION TO SUSTAINABLE BUSINESS

## IN THE GULF REGION

Jo Nayler, Dr. Nigel Guenole and Gillian Pillans



## ABOUT CRF

Founded in 1994, **Corporate Research Forum (CRF)** is a membership organisation whose purpose is to increase the effectiveness of the HR function, in order to drive sustained organisational performance, through developing the capability of HR professionals. Through more than 25 years of research and the expertise of our team, we have developed a deep understanding of the ways HR can contribute to business outcomes, what works, what doesn't, and in what circumstances. With a network of over 240+ leading organisations, we continue to grow as the respected focal point and knowledge source for improving corporate and individual performance.

We support our members in enhancing their personal capabilities and building organisational effectiveness, guiding them through topics relevant to success, identifying actionable insights and practical recommendations and facilitating networking opportunities. Our work helps organisations and the HR function make sense of the environment in which they operate, and develop capacity to deal with continuous uncertainty.

For more details on how your organisation can benefit from CRF membership please contact Richard Hargreaves, Managing Director, at [richard@crforum.co.uk](mailto:richard@crforum.co.uk). Alternatively, please visit our website at [www.crforum.co.uk](http://www.crforum.co.uk).

## ABOUT THE AUTHORS



**JO NAYLER** is responsible for publishing original research as well as adapting and developing CRF content for use across the website and member communications. She has worked on a range of research topics at CRF, including authoring research on team effectiveness and the changing role of HR Business Partners. Prior to joining CRF, she worked for over five years as a researcher and writer, gaining experience of a breadth of different research methods and publishing content in a variety of formats.



**DR. NIGEL GUENOLE** is an expert in measurement and analytics. He has worked to enhance the quality of psychological measurement in industry and to promote analytical approaches to HRM. His work has appeared in *Harvard Business Review*, *Forbes*, *European CEO Magazine*, and *European Business Review*. He co-authored *The Power of People: Learn how Successful Organizations Use Workforce Analytics to Improve Business Performance*, and recently co-edited a special issue of the *Human Resource Management Journal* on HR Analytics.



**GILLIAN PILLANS** is Research Director and the author of over 30 CRF research reports on a wide range of strategic HR topics including HR and business strategy, leadership development, talent management, organisation development and learning. Gillian has worked as a senior HR practitioner and OD specialist for several organisations including Swiss Re, Vodafone and BAA. Prior to her HR career, she was a management consultant with Deloitte Consulting and is also a qualified solicitor.

## HULT EF CORPORATE EDUCATION COMMENTARY

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## CORPORATE EDUCATION

### HR AND LEARNING & DEVELOPMENT LEADERS CAN BE THE REAL CHANGE-MAKERS FOR ACHIEVING THEIR ORGANISATIONS' SUSTAINABILITY GOALS

Business leaders have become acutely aware of the wide range of complex and urgent global challenges linked to the climate crisis, as well as the frameworks to address them, such as the UN Sustainable Development Goals and the UN Climate Change Conferences (COPs). In the Gulf region, this is leading to the integration of sustainability and net zero targets into national strategic plans, regulatory frameworks and corporate reporting requirements.

The implications for organisations are so great that more and more companies are integrating increasingly sophisticated and ambitious sustainability-related goals in their corporate strategies. They are also having to figure out what it means for all different areas of business: who needs to do what? What does it mean for HR and Learning and Development leaders? How does it impact the company's people strategy?

As we approach the COP28 climate conference, Hult EF Corporate Education has been excited to contribute to this timely report surveying the latest thinking regarding HR's role in sustainability, and mapping out the future direction.

### THE IMPORTANCE OF HAVING ONE OVER-ARCHING STRATEGY INCORPORATING BUSINESS, SUSTAINABILITY, AND PEOPLE GOALS

One important, core finding is that we will not get very far with disconnected and siloed business, sustainability and people strategies. An organisation needs one over-arching articulation of corporate purpose and a strategy that flows from that, with interconnected sustainability and people concerns embedded within it.

Core aspects of HR's contribution to achieving the sustainability components of a company's strategy are also set out in this report. These include several areas that often fall directly within the remit of HR, including safety, wellbeing, equity, diversity, and inclusion. In the Gulf region, localisation of workforce is a particular areas of focus for HR. Added to that are many areas where HR has a key role enabling the wider organisation to achieve its broader sustainability goals.

### HOW HR CAN INFLUENCE THE ORGANISATION TO ACHIEVE ITS SUSTAINABILITY GOALS: LEARNING AND DEVELOPMENT, PERFORMANCE MANAGEMENT AND CULTURAL CHANGE

Through learning and development, as well as recruitment and selection, HR can play a key role in helping build the knowledge, skills and mindsets needed – in other words, the overall capabilities of leaders across the organisation to achieve these sustainability goals. Other crucial areas for HR to influence include the role of performance management in making sure that reward schemes are aligned with achieving sustainability goals.

Finally, it is important to utilise HR's expertise around cultural change and the organisation development skillset – with many different types of activities that can help embed sustainability thinking and action as a norm in the organisation's culture.

### HULT EF HELPS LEADERS TO BE EFFECTIVE CHANGE-MAKERS FOR SUSTAINABILITY WITHIN THEIR ORGANISATION AND SOCIETY

In our work at Hult International Business School and Hult EF Corporate Education, we have led ground-breaking research around how business leadership roles are changing as a result of today's complex sustainability challenges, and the implications for learning and development.

This research has been informing our leadership development work with senior leaders, helping them enhance their skills to be effective change-makers for sustainability within their organisation and society, across the Gulf region and beyond. Through our practical, experiential, immersive and behavioural approach to corporate education, we aim to enable leaders to inspire, guide and galvanise, releasing the full and diverse capacity of all their people to be change-makers.

This report provides the insight and learning to enable HR and Learning and Development leaders to be change-makers themselves, helping their organisations achieve their sustainability goals and helping us all address the complex global challenges we face.

**Matt Gitsham**, Director of the Hult Sustainability Impact Lab, and Professor at Hult International Business School and Hult EF Corporate Education

# KEY TAKEAWAYS



## HR'S CONTRIBUTION TO SUSTAINABLE BUSINESS IN THE GULF REGION



### Sustainability is no longer a 'nice-to-have'; it is now a top consideration for governments, businesses and society in the Gulf region.

Sustainability targets are a key part of national strategic plans, net zero targets are increasingly being enshrined in law and sustainability reporting is commonly embedded in corporate governance regimes. As companies based in the region experience rapid growth and expand their global reach, sustainability considerations – increasingly required by international investors, governments and customers – will only become more important. The upcoming UN COP 28 in Dubai in November and December 2023 has also brought a heightened focus on sustainability to the region.



**In its widest sense, sustainability is about creating businesses that can endure and succeed over the long term and have a positive impact on society and the planet.** To achieve this end, sustainability needs to be more than just a 'bolt-on' and should be fully integrated into business strategy and organisation purpose. Two broad areas of sustainability definitions emerged from our discussions with practitioners based in the region:

1. Sustainability meaning a business with longevity and a sustainable pipeline of talent to meet future needs, and
2. Sustainability meaning the Environmental, Social and Governance (ESG) agenda or similar.

Localisation policies (such as Emiratization or Saudisation) also form a key pillar of sustainable business in the region.



**HR has a role to play across all aspects of the ESG agenda.** In the environmental arena, HR will need to ensure firms have the right skills and leadership to achieve their sustainability strategies, to meet their obligations around decarbonising operations and satisfy increasingly onerous reporting requirements. In the social arena HR will continue to contribute to talent localisation, building a sustainable and inclusive culture, a diverse workforce and in ensuring employee health, safety and wellbeing. In the governance arena, HR can ensure due process is followed in decision making and appropriate data are considered. HR's contribution to the 'S' of the ESG agenda emerged as the clearest and currently best articulated (for example through implementing D&I activities, Strategic Workforce Planning to hire and develop local talent, and conducting community outreach).



**Overall, HR is making an important contribution to sustainability in the Gulf Region (particularly in the areas of localisation of workforce and diversity), though often does not have a defined or formal role in overall corporate sustainability approaches.** Practitioners we spoke to in the region shared a vast range of approaches and levels of maturity in terms of both the sustainability agenda and HR's contribution. However, all shared that sustainable business is important and necessary, and signalled their intent to improve their contribution.



**Four key responsibility areas where HR can help to deliver on sustainability goals include:**

1. Embedding ethical leadership (*selecting and developing the right leaders*),
2. Advocacy and positioning (*keeping sustainability on the business agenda*),
3. Equipping the organisation (*getting the right skills and values within employees*) and
4. Building a culture where all employees are committed to sustainability.

Ensuring employee commitment, for the most part, is something HR professionals report being able to comfortably do.



**All HR specialisms can contribute to sustainability because employees can be more sustainable in all areas of their work.** Talent teams can select workers with sustainable values, learning can create paths to expertise in specialist domains, performance management functions can set sustainability goals, and compensation can use the full reward mix to motivate sustainable behaviour. Survey results indicate that HR is only part way there in using all the levers at its disposal.



**Achieving sustainability requires collaboration between different areas of business,** such as procurement and sales where staff have to learn the best ways to educate customers on the environmental impact of business choices such as sustainable product packaging decisions. This will require considerable upskilling and expertise in organisation development, change management and building capacity for systemic change.



**Looking ahead over the next five years, it is in the environmental arena where organisations will need to make the greatest shift.** However, our research suggests that this is the area where HR is least well prepared to make an impact. HR needs to act now to understand the scale of the challenge, to identify the organisation and people implications of carbon net zero and incorporate this into people strategies. Actions HR professionals can take include becoming familiar with their organisation's materiality assessments and get closer to internal sustainability experts.



**HR professionals should not wait to get involved.** HR is a function that touches more parts of the organisation than most and therefore has many opportunities to influence behaviour and policies that relate to sustainability. HR practitioners also have relevant skills that are directly applicable (e.g. in diversity) and often these skills can be applied outside the firm into supply chains to ensure sustainability standards are upheld.

## RECOMMENDATIONS

- 1 Build your understanding of sustainability, both in general terms and as it impacts your organisation specifically.** The best place to start is your organisation's materiality report, which will set out your organisation's sustainability strategy and identify where your business has greatest environmental impact in its value chain. It will help you evaluate the ways in which HR can contribute to your organisation's sustainability strategy based on evidence not intuition. Also review your organisation's corporate sustainability reports and other relevant materials, including reports of competitor organisations or organisations you consider leaders in sustainability. Consider partnering with an external expert or taking an external course to build your knowledge.
- 2 Develop your sustainability network internally.** Sustainability requires a systems-level response across the organisation – no one department can deliver the sustainability strategy in isolation. HR's contribution to sustainability will also need to be delivered by leaders, managers and employees across the organisation. It is therefore important to develop partnerships and alliances across functions. If you have one, get to know your Chief Sustainability Officer or equivalent to understand their priorities, challenges and support they need.
- 3 Incorporate sustainability into your people strategy.** Consider the main areas where HR impacts on organisation performance, and how a sustainability lens can be applied to each of these activities. Consider the implications for specific elements of the people strategy.

  - 1 Strategic workforce planning:** do you have a clear view of the skills required to deliver your sustainability strategy, where the gaps are between where you are today and where you need to be, and what actions are required to close the gaps? Are you adopting a holistic approach to localisation agendas?
  - 2 Talent attraction:** what story do your employer brand and candidate communications tell about your organisation's sustainability strategy? How does the story line up with the reality of what you are doing as an organisation? Are you underplaying your achievements? How are you focusing on attracting particular skillsets that you will need to meet sustainability goals?
  - 3 Learning and development:** is sustainability factored in to your learning needs analysis? Do you offer multiple learning channels according to the needs of different talent populations, for example general awareness raising for all employees and specialist learning tracks for experts? Consider who you might partner with to develop and deliver the relevant content and learning programmes.
- 4 Leadership development:** do your leadership frameworks or the selection and development criteria for leaders need to be updated to reflect the role your organisation expects leaders to play in championing sustainability? Do your leadership development programmes adequately inform and prepare leaders for their role in this area?
- 5 Talent development:** how can you use sustainability as a vehicle for career development? For example, offering high potential future leaders the opportunity to lead on sustainability initiatives to build strategy development, leadership and project management skills.
- 6 Employee value proposition:** do you understand which elements of your sustainability strategy your employees care about most? Use your employee listening strategies and employee surveys to test employee engagement, monitor sentiment, gather feedback and adjust your EVP in response.
- 7 Performance and reward:** consider how sustainability goals could be included in individual and leader performance objectives, and whether to link bonus payments to sustainability outcomes.
- 8 Policies and employee benefits:** Consider how employee benefits can be made more environmentally friendly, for example incentivising use of public transport or reducing corporate air travel.
- 9 Organisation development:** diagnose the degree to which your organisation culture supports or acts as a resistor to your efforts around sustainability. Identify 'keystone' processes or cultural tenets that sustainability efforts could piggyback onto in order to accelerate the impact of sustainability programmes. If an organisation is to truly become sustainable, this will require transformation and the OD function should lead this effort. Bupa's Eco-Disruptive talent development programme (see [page 21](#)) is a good example of this.
- 10 Diversity and inclusion:** don't only focus on hiring, but also consider how to make your organisation a place where a diverse range of people will want to work and can thrive, and consider approaches that are sector-wide.
- 11 Employee communications:** consider the role HR can play in communicating the sustainability strategy to employees and creating a dialogue around sustainability within the organisation. Engaging the workforce in sustainability initiatives and projects can be both motivational and supportive of the organisation's goals. As one HR Director told us, the workforce can have a much bigger impact on the organisations carbon footprint than the company itself. This obviously depends on the sector.

## GLOSSARY

- + Circular economy**

A model of production and consumption which involves extending the life of existing materials and products for as long as possible.
- + Environmental Social & Corporate Governance (ESG)**

Factors considered by companies when examining their own sustainability and by others when working with firms.
- + GHG Protocol**

A comprehensive, global accounting standard for measuring greenhouse gas emissions, a successor the UN Climate Change programme and Kyoto Protocol.
- + Greenhouse gases**

Carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide, sulphur hexafluoride, nitrogen trifluoride, hydrofluorocarbons, and perfluorocarbons.
- + Greenwashing**

Use of deception to convince stakeholders that your operations and practices are environmentally friendly when they are not.
- + International Sustainability Standards Board (ISSB)**

A standards body established to create and develop sustainability-related financial reporting.
- + Materiality report**

An analysis of the alignment of a business and its stakeholders to prioritise issues that matter the most.
- + Net zero**

A situation where human-caused emissions are balanced by human-caused carbon dioxide removals over a given period.
- + Paris Agreement (Paris Accord)**

International climate change treaty that aims to limit the global temperature increase in this century to 2 degrees Celsius while pursuing efforts to limit the increase even further to 1.5 degrees.
- + Science-based targets initiative**

Initiative established to help companies to set emission reduction targets in line with climate science and Paris Agreement goals.
- + Scope 1 emissions**

Direct greenhouse gas emissions over which your organisation has control, including manufacturing and emissions from agriculture.
- + Scope 2 emissions**

Emissions generated by electricity that your organisation purchases, creating an indirect responsibility for greenhouse gas emissions.
- + Scope 3 emissions**

Emissions from all other indirect means, including the use and disposal of goods and services you produce, goods and services you purchase, and travel.
- + Triple bottom line**


(TBL or 3BL) is an accounting framework that considers social, environmental, and economic factors when taking a broader perspective on business value.
- + United Nations Global Compact**

Non-binding United Nations pact to get businesses to adopt sustainable and socially responsible policies and to report on their implementation.
- + United Nations Sustainable Development Goals**

17 objectives designed to serve as a shared blueprint for peace and prosperity for people and the planet, now and into the future.

Glossary entries based on [Wikipedia](#) and [The Carbon Trust](#) definitions of key terms.



A large, empty whiteboard with a dark brown frame stands on a tripod base in a field of vibrant, colorful flowers. The flowers are in shades of purple, pink, and white, set against a clear blue sky. The whiteboard is completely blank, suggesting a space for ideas or information.

In its broadest sense, sustainable business means meeting the needs of today without compromising the ability of future generations to do the same. Committing to sustainable business models is important for modern organisations and even companies yet to embody a full commitment to sustainability are now signalling their intent to do better.

Factors which have increased the global attention on sustainability include a drive from organisations' own employees to be sustainable, pressure from external groups, government standard setting and awareness that change is needed following corporate scandals (Stahl et. al., 2020). A CRF survey of over 100 members also highlighted that motivations for engaging with the sustainability agenda increasingly go beyond just immediate compliance and commercial imperatives and are becoming ingrained in business strategy and operating models. As many organisations based in the Gulf region pursue plans to rapidly grow and expand their global reach, the sustainability agenda will also become increasingly important due to legal requirements or pressure from investors, governments and customers.

Governments within the region have strongly articulated national visions, which include sustainability agendas and planned transitions to net zero as key pillars (including localisation policies such as Emiratisation). This is particularly significant due to the clear links between government and business agendas in the region. In the words of Andrew Dunnett, Senior Vice President – Sustainability at e8, *"Whether it's regarding reducing our scope, one, two and three emissions or diversity, these are important policies... this region is growing at a phenomenal rate; therefore the plans of the government and where they want to be are really quite important towards business strategy"*.

# 1.0

# INTRODUCTION

Specific examples of government priorities include:

### ★ The Kingdom of Saudi Arabia

Saudi Arabia Vision 2030 draws on three pillars – a vibrant society, a thriving economy and an ambitious nation – to create economic diversification, global engagement and enhanced quality of life. The Vibrant Society pillar includes the goal to 'achieve environmental sustainability', focusing on safeguarding the environment, promoting the optimal use of water resources and protecting their natural assets. Under the 'Thriving Economy' pillar, the Kingdom outlines its aims to provide equal opportunities (including through lifelong training, youth skills development and investment in female graduates) and attract the required talent.

### ★ The United Arab Emirates

'We the UAE 2031' is based on four pillars: forward society, forward economy, forward diplomacy and forward ecosystem. The 'Forward Diplomacy' pillar features the most explicit link to sustainability, outlining the national aims to become *"a leading country in supporting the global agenda for environmental sustainability, at the forefront of green innovation, and pioneering a clean and zero-emissions future"*. This includes making quantum leaps in net zero and becoming a centre of innovation in science and technology to fuel the green revolution. A key part of the 'Forward Economy' pillar is also creating *"a competitive, flexible and highly productive human capital"*. This includes placing national talents and capabilities at the heart of the economic growth journey whilst also being an attractive destination for global talent and capabilities. For example, organisations must comply with a range of expanding regulations relating to Emiratisation, which from 2024 will start to affect private sector companies with a workforce of 20 to 49 workers. More specifically, the UAE has a net zero by 2050 initiative, aligned with the Paris Agreement and updated in 2023 to include goals for 2030 and energy strategies.

### ★ The Sultanate of Oman

Vision 2040 outlines 12 national priorities, each with a corresponding strategic direction. This includes protecting the environment and ensuring sustainability of natural resources to support the national economy and creating a dynamic labour market that attracts talent. Specific objectives include creating a system of employment, qualification, promotion and incentives based on efficiency and productivity that nurture initiative and innovation, and an environment that ensures balance between environmental, economic and social requirements, according to sustainable development guidelines.

COP 28 has also brought a heightened focus on sustainability to the region.

## UAE COP 28

The UAE will host the Conference of the Parties (COP) – the decision-making body responsible for monitoring and reviewing the implementation of the United Nations Framework Convention on Climate Change (UNFCCC) – from 30<sup>th</sup> November to 12<sup>th</sup> December 2023. UAE COP 28 will mark a halfway point between the Paris Agreement (the legally binding international treaty to limit global heating to 1.5 degrees) and the 2030 deadline for Greenhouse Gases (GHG) emissions to decline. UAE COP 28 will focus on four cross-cutting themes: technology and innovation, inclusion, frontline communities and finance.

COP 28's impact is already being felt across the region. For example, the UAE recently updated their strategic initiative to reach net zero by 2050 by setting targets for 2030. The Gulf Cooperation Council (GCC) additionally hosted a ministerial meeting in June 2023 where they emphasised the importance of UAE COP 28 in tackling climate change, and reaffirmed their support for it. Practitioners that we spoke to emphasised that UAE COP 28 has already brought an increased focus on sustainability to the region and has helped to push the agenda forwards. As stated by Gabriella Planojevic, Dubai-based Talent Professional, businesses started to question *"what should we be focusing on, how do we go about reporting our outcomes and what do we need to enhance?"* However, she did also emphasise her hope that COP 28 leads to meaningful change, rather than just becoming 'another hype.'

CRF has created this report as a regional study to supplement the global version, originally published in October 2023. In addition to drawing on the research from the global version – informed by interviews with 30 senior HR professionals with sustainability responsibility and a survey of over 100 CRF member organisations – we conducted eight interviews with practitioners based in the Gulf region. This Gulf-specific report highlights the fundamental pillars of how HR can contribute to sustainable business, while also considering the specific business contexts of the region. The report begins with sustainability definitions and approaches in the region, before outlining the breadth of ways that HR can drive the sustainability agenda. It then explores how different HR specialist functions can contribute to sustainability, before outlining common challenges. The report finishes by providing tools and frameworks to help HR practitioners on their journey.

## 2.0 SUSTAINABILITY DEFINITIONS AND APPROACHES

*“Sustainability has mainly been about ESG reporting – we’ve always thought of sustainability more from an environmental, social and governance perspective. But I believe that if you want a sustainable organisation you need to make sure you’re bringing in the right people, you’re engaging them, you’re motivating them to stay within the organisation, and you’re helping them grow to make sure they can fulfil those future roles that you’re thinking about from a strategic perspective”.*

**GABRIELLA PLANOJEVIC, DUBAI-BASED TALENT PROFESSIONAL**

Two broad areas of sustainability definitions emerged from our discussions with HR practitioners in the Gulf Region:

1. Sustainability meaning a business with longevity and a sustainable pipeline of talent to meet future needs. This includes localisation policies to hire, develop and promote local talent.
2. Sustainability as the ESG agenda or similar, with a particular focus on the environment and gender diversity.

Some practitioners highlighted an increasing shift from the first definition to the second. In the words of Rita Abi Saab, Senior HR Director at NMDC Group, a UAE-based public shareholding company working in the field of energy, dredging and marine civil construction, and one of the Middle East’s marine industry leaders: *“The term ‘sustainability’ used to refer to Business Sustainability...[meaning] ensuring the financial stability and sustainability of the business, whether for potential scenarios relevant today, or future changes to the business and economy. Today, this idea has changed, and the term ‘sustainability’ now refers to environmental protection and energy transition”.*

Broad academic definitions outline sustainability as operating in recognition of the environment’s limited regenerative capacity and protecting its integrity, promoting social equity and transparent relationships. It should be clear how wealth is dispersed, while also facilitating the more traditional business imperative of economic prosperity. Various other multidimensional lenses on sustainability exist. For example, environment, social and economic concerns are sometimes referred to as the triple bottom line. Other frameworks including Corporate Social Responsibility (CSR), Environmental, Social and Governance (ESG), People, Planet, Prosperity (PPP), and also definitions that link firm sustainability goals to the 17 United Nations Sustainable Development Goals. These sorts of definitions are valuable in that they are general and reflect a sensible starting point for firms thinking about sustainability.

Precise interpretations of sustainability vary according to criteria such as the industry a business is in, the geographic location of its businesses, whether the business is in an emerging versus a developed economy, the maturity of the firm’s HR function and sense of purpose, and whether the firm is focusing on its own sustainability agenda or providing sustainability services to others.

Below we synthesise different interpretations of sustainability that emerged from our discussions in the region and globally.

## 2.1 COMMON THEMES IN SUSTAINABILITY DEFINITIONS



### ⚡ Environmental Emphasis

- Green transition to broader environmental focus.
- Address ecological impact, build mitigation methods.
- Collaboration towards net zero and eco-initiatives.

### ⚡ Societal Impact and Human Connection

- Societal roles of business and workforce.
- Include diversity, inclusion, and wellbeing.
- Commit to community and colleague welfare.
- Support localisation of talent.

### ⚡ Governance and Organisational Dynamics

- Transparency and integrity in decision making.
- Focus on and report appropriate key metrics.
- Foster resilience to shocks.

### ⚡ Circular Economy Principles

- Advocate for repair, reuse, and waste reduction.
- Procurement to ensure ethical supply chains.
- Adopt a circular business model for sustainability.

### ⚡ Purposeful Business Strategy

- The business's core purpose.
- Tying sustainability to the overarching business goals.
- Showing everyone how they contribute to sustainability.

### ⚡ Recognition and Progression

- Attaining external accolades via sustainable commitment.
- Employee value proposition around sustainability.
- Attracting investors through a sustainable ethos.

### ⚡ Safety and Compliance

- Prioritising both physical and mental health and safety.
- Adhering to local safety regulations and standards.
- Reducing absence and attrition with employee care.

## 2.2 SUSTAINABILITY FRAMEWORKS

Practitioners highlighted that the following frameworks are used in the region:

### The UN Sustainable Development Goals (SDGs)

Seventeen objectives designed to serve as a "shared blueprint for peace and prosperity for people and the planet, now and into the future". The use of SDGs is widespread in the region.

### The Science-Based Targets Initiative (SBTI)

An initiative established to help companies to set emission reduction targets in line with climate science and Paris Agreement goals. This was outlined as the main measurement for organisations who are 'serious' about their journeys to net zero.

### Global Reporting Initiative (GRI)

A widely recognised framework for sustainability reporting that helps organisations report on their economic, environmental, and social impacts. These standards are available at three levels: Universal, Sector and Topic standards.

### Industry Specific Guidelines

For example, the Aluminium Stewardship Institute.

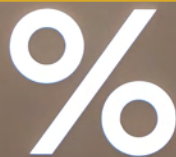
The linking of sustainability practices to national standards was another area highlighted by practitioners. For example, overseen by the Chief Sustainability Officer, Saudi chemical manufacturing company SABIC has a sub-organisation responsible for receiving and applying standards from the government. This includes driving improvements through businesses, mainly through creating improvements to carbon capture, energy efficiency and waste management. SABIC also acts as a local champion for Vision 2030, which includes educating other businesses on what they are doing.

### CASE NOTES: SUSTAINABILITY THINK TANK

One organisation based in the region shared how they are currently in the process of creating a sustainability Think Tank, bringing together local governments, global suppliers and customers, key decision makers and NGOs related to sustainability in their industry. They are additionally bringing together educational providers to help with building and implementing the Think Tank. Whilst the organisation will host the Think Tank, it will be sponsored by a national Ministry and have the overall aim to support local, national government and global industry needs. This is underpinned by an overall aim to host conferences, put sustainability on the agenda of school curriculums, bring people together to share knowledge and ultimately influence policies at a national level.

Launching in the coming months, the organisation is currently in the process of outlining some of the ways the Think Tank will operate, including nominating who will be involved and deciding on concrete deliverables and how often the Think Tank will meet. The Think Tank initiative is designed and driven by HR in the organisation, working closely with the Chief Sustainability Officer.

For their sustainability team, e8 has created a network across the company, with different members bringing different areas of expertise (e.g. HR brings their experience on diversity and community, whilst also working with other teams such as the finance, legal, and operations teams). The team at the centre sets the strategy with the leadership of the company, building a roadmap and a plan with specific KPIs for delivery, as well as monitoring the execution of the strategy and reporting back. Everyone in the team is also accountable through having a specific individual KPI to deliver the agenda.



## 2.3

## ALLOCATION OF RESPONSIBILITY AND STRUCTURE

The below examples show the range of possibilities of how to organise sustainability activities. However, rather than focusing on a particular model or structure, the most important step is for organisations to first ensure that sustainability is granted strategic attention, adequately resourced and deeply integrated into the company's operating model. Our conversations additionally highlighted that the level of individual interest or investment from CEOs or executive team members can still play a large role in shaping the overall organisation's approach. Whilst a strong personal interest in sustainability within the senior team can strengthen an organisation's approach, conversely our research also uncovered reports of senior business professionals who either do not fully embrace the sustainability agenda, or do not fully consider the role that HR can play.

Some organisations have taken a more distributed approach to allocating responsibility for sustainability. For example, at one UAE-based organisation that we spoke with, responsibility for the overall sustainability agenda is shared between the CEO and HR, but there is no Chief Sustainability Officer or Manager as they believe sustainability is everyone's job and they want to encourage everyone to take responsibility.

### CASE NOTES: **SABIC** CREATING A CHIEF SUSTAINABILITY OFFICER

In September 2023, Saudi chemical manufacturing company SABIC brought together several different areas of sustainability into one function, sitting under a Chief Sustainability Officer. This included integrating annual reporting, which now contains both financial and sustainability reporting.

Sofian Lamali, Director, Organisational Design & Effectiveness at SABIC, outlined how the Chief Sustainability Officer is responsible for defining, executing and driving the strategy, working with the requisite business functions and providing roadmaps for them. They are also responsible for impact measurement (including scope three emissions) and for storytelling and advocacy, including achieving funding and support from governments.

The Chief Sustainability Officer oversees six different functions:

1. Sustainability strategy and advocacy
2. ESG
3. Carbon neutrality
4. Carbon neutral business development (i.e. exploring the business implications of renewable energy and driving the business case regarding the infrastructure required to run on renewable energy)
5. Measurement of impact at the site level
6. Product stewardship (e.g. toxicology of products)

# 3.0 HR AND SUSTAINABILITY

*"[HR] has a responsibility to ensure that we have the right people in place to deliver all of the environmental sustainability plans that we have. Some of that is going to look like building a pipeline of people that have sustainability expertise, some of that is going to look like making sure that we are able to attract them to the country. And some of that's going to look like retraining our workforce on more sustainable ways to operate".*

**HR DIRECTOR BASED IN THE GULF REGION**



# 89%

of respondents to the CRF survey agreed or strongly agreed with the statement:

***"HR makes a meaningful contribution to sustainability at our organisation".***

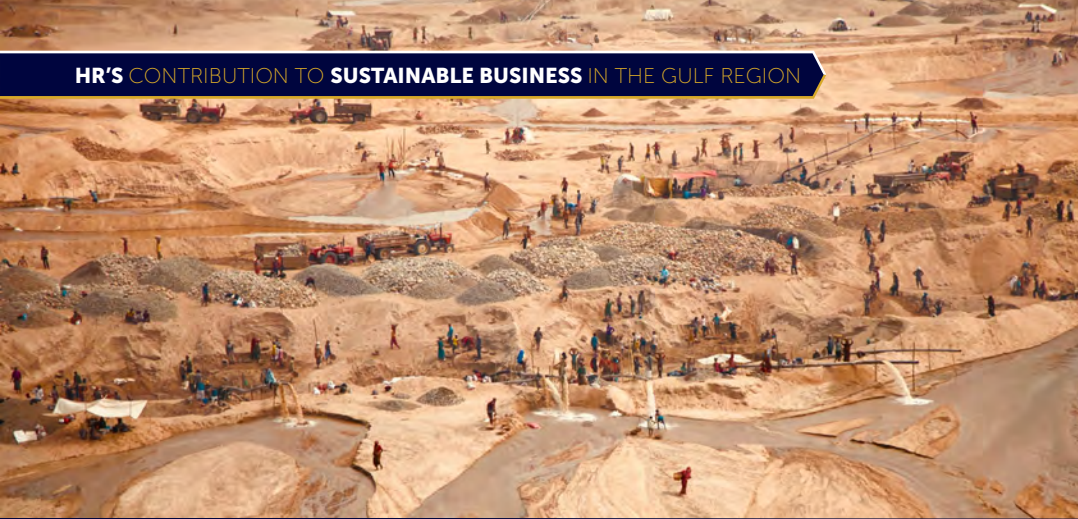
## 3.1 A ROLE TO PLAY ACROSS ALL THREE ESG FOCUS AREAS

The areas of sustainability that Gulf Region practitioners noted HR can most strongly contribute to are:

1. **Diversity and inclusion** (e.g. through setting and working towards specific representation targets, particularly for women)
2. **The social component of the ESG agenda** (such as community outreach)
3. **Strategic workforce planning** (focusing on both talent localisation and ensuring that the business has the skills it will require in the future).

Whilst HR certainly can lead in these areas, we do not believe the function's role should be limited to just these; our research showed that HR does have a role to play across most areas traditionally considered as sustainability.

Interviews reveal that in the environment area, the HR contribution is primarily on enabling capability (e.g. building the firm's ability to attract and retain key talent and building sustainability skills) and ensuring engagement. In the Social area, HR has direct responsibility for workforce related outcomes in the areas of talent localisation, diversity and inclusion, health and safety, and social outcomes including human rights that sometimes extend beyond the boundary of the firm. In the governance area the responsibility of HR is commonly in ensuring that decision-making procedures used by organisational leaders that affect people and people related practices are fair and transparent and that they consider all and only the relevant information. Across all three areas, HR has a responsibility for messaging, ensuring that the workforce understands sustainability is a key business focus.



## 3.2 ROLES HR CAN PLAY IN DELIVERING THE SUSTAINABILITY AGENDA

*“The one thing that HR must not do is try to be technical experts [in sustainability]. But what we can do is support organisations to take a holistic view of the sustainability agenda and make sure that the critical conversations are happening, and to consider how the agenda can contribute to the delivery of the organisation’s strategic plans”.*

**A DUBAI-BASED CPO**

*“In HR, we’ve inherently driven numerous initiatives like DE&I, but I don’t think we’ve necessarily been making the connection that this is sustainability”.*

**GABRIELLA PLANOJEVIC, DUBAI-BASED TALENT PROFESSIONAL**

### 1. Ensure Ethical Leadership

HR plays a role in ensuring that the company’s leadership adheres to ethical standards. The function can influence not only employees but also senior management. Engagement from the board ensures sustainability initiatives have top-level support and resources, creating a smoother implementation process.

### 2. Advocacy and positioning

Playing a key role in communicating why sustainability matters to the business. This includes both formal internal communication channels and the design of HR processes and services such as employee benefits and performance management. This involves highlighting the benefits and significance of sustainability, going beyond just the ethical implications. It’s essential to frame sustainability as a strategic business decision rather than a moral one. Even if sustainability is not a current priority for a company, HR can play a pivotal role in agitating for change.

### 3. Equip the firm with skills and knowledge

Offering multiple learning channels that cater for different sustainability learning needs to keep skills current. The learning should cover foundational awareness about sustainability through to expert subject matter and describe paths from the first to the second. Learning records need to be aggregated and viewable by HR to enable a strategic view.

### 4. Culture and engagement

HR plays a vital role in embedding sustainability into the company’s culture. By ensuring every employee understands, values, and practises sustainable activities, HR can foster a corporate culture that prioritises long-term sustainability. A primary focus is to ensure employees are engaged, and sustainability can be a key driver of this.



### 3.3 BUSINESS APPROACHES TO SUSTAINABILITY

The practitioners we spoke to in the region shared how their respective organisations are at different stages of maturity in terms of both their overall sustainability journey, and HR's contribution to this. Therefore, different areas of focus are likely to be helpful for different organisations reading this report. With this in mind, we found that we could describe most organisations based on the breadth or scope of their sustainability operations and the maturity of their processes when it comes to sustainability. We illustrate this framework in Figure 1.

Within this context, the role of HR can be viewed as one that contributes to moving the organisation from one quadrant to their preferred quadrant, or ensuring they remained positioned in the quadrant they are currently in. In the remainder of this report, we explore what HR can and is doing to achieve this end.

FIGURE 1

CRF Model of Business Approaches to Sustainability



## 4.0 HR SUB DOMAIN PRACTICES

Informed by our discussions, as well as national strategic sustainability priorities, we have organised HR practices into the sub-functions where we believe HR has the greatest potential to contribute to the sustainable business agenda in the Gulf region.

*"If I bring in the wrong person, a business isn't going to be sustainable... if you bring someone in, who doesn't care about people, if you put the wrong person in this role, you could damage thousands of people's lives".*

**EMMA DAVIES, CHIEF HUMAN RESOURCES OFFICER**

### 4.1 STRATEGIC WORKFORCE PLANNING AND TALENT ACQUISITION

Workforce planning is a key pillar of HR's contribution to sustainability in the Gulf region. For example, creating a 'competitive, flexible and highly productive human capital,' is central to the We The UAE 2031 National Vision. Or, in the words of one Dubai-based CPO we spoke with: *"how do we sustainably develop our talent pipeline so that we have got the right talent with the right skill set at the right time for the business?"*

Localisation policies, such as Emiratisation or Saudisation, are a fundamental part of both workforce planning and the broader sustainability agenda in the Gulf Region. However, practitioners shared that employing local talent just to 'tick a box' is not real sustainability, and Larry Mayers, Leadership and Organisational Development consultant based in the Gulf Region, additionally cautioned against treating expatriate workers as a 'discardable resource.' Instead, businesses need to consider representation at all levels of the organisation (including senior) and adopt a holistic approach which pays attention to retention, development and progress as well as just hiring.

In addition to meeting localisation targets and future business needs, some practitioners shared how they are planning for the skills required by their sustainability plans and strategies. For example, SABIC has identified the following three key skills as critical to their sustainability agenda:

1. Digitalisation skills (due to the need to digitalise many of their processes and also increasingly change to the use of renewable energy).
2. Cyber security skills (a central part of sustainability as it reduces risk and exposure to threats).
3. Sustainability skills.

Key workforce planning considerations include:

- What strategic capabilities will we need to execute our sustainability strategy?
- Should we create specialist roles and functions for sustainability, or should those skills be embedded in other roles? Examples of specialist roles that may be required include process engineering to optimise processes to minimise waste, experts in interpretation of legislation and reporting and technical roles such as water scientists.
- How do we identify and quantify the skills we already have? Where skills are embedded into existing roles, a challenge arises in that there is sometimes no strategic view of where sustainability skills reside in the organisation. This has led in several instances to organisations relying on informal knowledge and networks to resource projects requiring sustainability skills.
- What new capabilities will we need to build or acquire?
- Should we hire permanent resource or 'borrow' as needed?

### 4.1.1 TALENT ACQUISITION

The talent acquisition function is responsible for attracting and hiring skilled workers, playing an important role in sustainability through ensuring that the organisation is hiring individuals with the right skills, mindset and long-term potential. Within the Gulf region, the need to hire (and retain and develop – see below) local talent means that talent acquisition is a critical part of HR's contribution to sustainability. Talent attraction also offers a way to differentiate your organisation from competitors, which is important due to the high levels of competition in the region for particular skills, such as sustainability implementation.

Informed by conversations with Sofian Lamali, Director, Organisational Design & Effectiveness at SABIC, the following steps can help to create a differentiated offering and be more attractive for in demand or business critical skills:

- Greater flexibility – less rigidity in terms of how many years of experience someone needs in a role before being promoted.
- Fit-for-purpose value proposition – including benefits that meet the specific needs of certain employee segments.
- Quicker promotion – use of accelerated development trajectories and expectation that some people will progress very quickly in their careers, provided they receive the right developmental support.

Other areas of focus for talent acquisition included initially vetting candidates to ensure they want to improve the business, rather than just earn money, and using assessments to minimise bias and check whether candidates are the best fit for the role. Several practitioners also highlighted the importance of ethical recruitment practices in the region, such as ensuring that staff never pay a fee or become indebted to work for the company.



## 4.2 LEARNING AND DEVELOPMENT

The learning and development function is responsible for ensuring that the skills of the workforce remain relevant, updating capabilities of individual workers while maintaining a strategic view of the needs of the business. Businesses must engage workers in continuous learning and development programmes focusing on sustainability if they are to effectively implement sustainable practices. Given the importance of innovation in technical skills in national plans, learning and development will play a critical role in the region.

### 4.2.1 LEADERSHIP DEVELOPMENT

All levels of leadership, from the executive down, must take responsibility for sustainability. HR first needs to provide an appropriate flow of such leaders, identifying who will fill roles that become vacated and ensuring that appropriate representation of gender and ethnic minority leaders are present. In this capacity, HR has a responsibility to enable all leaders with sustainability values and awareness through effective leadership development programmes, not just leaders with a specific sustainability focus.

## LEADERSHIP CAPABILITIES FOR SUSTAINABILITY

Matt Gitsham, Professor of Business and Sustainable Development at Hult International Business School, has worked extensively in sustainability related leadership for many years. He says firms have been experimenting with innovative leadership development approaches for some time.

Professor Gitsham's work has highlighted four key aspects that are important for leaders to develop with regard to sustainability. These can relate both to HR and other leaders taking a lead role in developing and executing the sustainability strategy. They can also be used to inform leader selection and leadership development initiatives related to sustainability. These are:

**Passion for sustainability**

**Technical knowledge**

**Understanding of business context**

**Leading change and organisational development**

The first of these, he emphasises, can be a dealbreaker for successful sustainability leadership. He has seen vast differences between the contributions leaders can make to sustainability when they care deeply about the topic, compared to when the leaders have simply been saddled with another responsibility.

## CASE NOTES: SABIC LEADERSHIP DEVELOPMENT

Sustainability is a central part of leadership development at Saudi chemical manufacturing company SABIC, with around 30% of leadership development programme content related to sustainability. This approach began with a focus on senior leadership and is now flowed down to all levels of leadership. Example content includes case studies featuring an ESG challenge, such as simulation of an environmental catastrophe and how leaders should react to or avoid this, mindsets and behaviours that can support the sustainability agenda, and company visits to sustainability market leaders.

To enhance learning and make ideas of sustainability more of a lived reality, SABIC recently arranged a trip for a group of senior executives and general managers, including staff working in technology innovation for sustainability, to travel to Indonesia. Indonesia is a growth market for SABIC, though also a large plastics polluter. In the words of Sofian Lamali *"As we're going to grow and produce more plastic, I wanted my leaders to build a sense of responsibility towards their global impact, not just by thinking about what could happen but actually seeing it and even smelling it – really experiencing it with their senses"*. The trip included the following elements:

- The emphasis that sustainability is a complex, multidisciplinary challenge based on ecosystems. Therefore, SABIC brought together their leaders with local CEOs in the fields of oil, gas and mining, heads of NGOs (including NGOs involved in collecting and recycling plastic), educators who work with governments to put sustainability education on the curriculum, and customers. This enabled the leaders to quickly develop an enhanced understanding of the overall ecosystem and stakeholder awareness.
- A field visit to build on this stakeholder and customer awareness. SABIC delegates were escorted by the Indonesian Ministry of Environment on a boat trip to see areas of the sea polluted by plastics as well as a landfill site.
- A meeting with representatives from the Indonesian Ministry of Environment, asking them questions about the challenges they face working with the rest of the government, companies and the population, as well as the role of education in sustainability.
- A day of volunteering to rebuild a house in a disadvantaged village using bricks partially made from recycled plastic. This aimed to create an emotional investment in the topic of sustainability and an emotional awareness about the role of the company in the world and system.
- Concluded the trip by revisiting the company purpose in light of everything that had been learned and to build a sense of purpose for leaders. SABIC is now exploring the need to reshape their organisational purpose to be more aligned with what they stand for and create a common purpose for all stakeholders.

CASE NOTES: **BUPA**

## TALENT DEVELOPMENT THROUGH SUSTAINABILITY

Bupa is in the third iteration of a future leaders' development programme – Eco-Disruptive – which uses investment in sustainable start-ups as a springboard for supporting the development of future leaders. The programme teams up high potentials with start-ups in the sustainability space who they partner with over six months to help them develop their business and eventually pitch for a share of Bupa seed funding.

This is a global programme running across four locations in Australia, Spain, Chile and the UK over six months. During this period, participants work in teams to select the start-ups and get their business to a stage where they are ready to pitch for funding. Each of the four locations votes to select a regional winner. Bupa employees get to vote for a global winner at a 'PitchFest', with the winner receiving incubator funding.

Eco-Disruptive is both a sustainability programme and a way of identifying future talent and giving participants business responsibility. As well as supporting their start-ups, participants have to engage the whole Bupa organisation to gain the support of colleagues in voting for the projects. Since the start of the programme, Bupa has engaged with over 3,000 start-ups. Winners' products and services have been integrated into Bupa's supply chain, for example a start-up that makes medical scrubs from recycled plastic bottles. Last year the winner was a company that makes bags from cassava root which are an alternative to plastic bags.

## 4.3 CULTURE, CHANGE AND ENGAGEMENT

Becoming a sustainable business requires a system-level change, incorporating new business models, different ways of working and a fundamental shift in mindset: the assumptions and values that underpin how organisations are run. HR therefore has a critical role to play here in bringing in their change management expertise.

One way is to equip leaders across the organisation with a transformation toolkit, for example by incorporating systems thinking into leadership development programmes or teaching methodologies such as user centred design. Sally Uren, Chief Executive at international sustainability nonprofit Forum for the Future, emphasises how the strongest lever for creating systems change is through mindsets, narratives and beliefs. HR permeates every aspect of the organisation and plays a key role in culture change, shifting mindsets through their influence and practices. (For further info on Forum for the Future's four sustainability mindsets, refer to [page 30](#)).

HR practitioners we spoke to in the Gulf region also stressed the importance of HR's role in setting values, and the role that these values in turn play in sustainability. Rita Abi Saab, Senior HR Director at NMDC group shared the following about organisational values, sustainability and HR's role:

*"Sustainability in any organisation starts with setting the organisational values. These values define and inform all of the organisation's goals and functions. For HR, we implement them by defining the behavioural competencies that help to demonstrate these values, and build our Learning & Development programmes around these competencies.*

*The competencies related to sustainability guide recruiters and hiring managers who interview potential employees. The idea is that you need your new joined talent to be willing to live your values, with sustainability as an ideal example.*

*What is interesting to see is that many Gen Z applicants take the initiative and ask about the company's sustainability practices during interviews. As a result, we have taken steps to add it as part of our Employee Value Proposition.*

*It is through HR that the organisation can build, implement and reinforce a culture of sustainability. We do this through our internal policies, Learning & Development practices, engagement programmes, performance measures, and accountability and reward systems. This ensures that sustainability objectives are demonstrated in our daily behaviours”.*

However, these values do not necessarily always need to be formal or codified. One HR practitioner based in the region noted that their organisation chose not to implement a lengthy process of creating formal values that may just be ignored: *“We didn't launch a values programme. We said ‘do you really want to learn these values and have them on your computer screen? Or do you just want to all be accountable and everyone do their jobs?’* However, they emphasised that this approach did not mean that employees were not engaged or consulted; their organisation also regularly communicated with employees through actions such as regular town halls.

### 4.3.1 ENGAGEMENT

Engaging the workforce in initiatives and using employee listening strategies play an important role in understanding which elements of your sustainability strategy employees care about the most. Tools such as annual surveys provide insights into employee sentiment and existing employee listening and engagement platforms can be used to actively involve employees in sustainability conversations. Utilising tools like pulse surveys can provide insights into how sustainability efforts might be correlating with employee satisfaction and engagement. Monitoring and analysing employee feedback can help refine strategies, ensuring that sustainability initiatives align with employee values and drive engagement. Focusing on ‘keystone’ activities or processes can also have an outsized impact on promoting sustainability and drive more significant change throughout the organisation. This could include putting a sustainability goal in everybody's performance agreement – focusing on approaches that are already regularly used and well understood, like performance management, can have an outsized impact on sustainability.

*“In the region, the biggest role that HR can play is engagement – how do you raise awareness and engage your employees in a broader agenda? It could be simple stuff like recycling drives, [but] linked to the wider ramifications”.*

#### A DUBAI-BASED CPO

Practitioners also shared that a key aspect of HR's role in the region is communicating with their workforce on sustainability topics relevant to the context in which they're operating. Ways to support this could include cross-functional sustainability working groups, sharing data internally and ensuring that any volunteering trips are linked back to the organisation's actions or purpose. One Dubai-based CPO shared the following lessons from her experiences engaging employees with the organisation's sustainability agenda:

- Engagement flows from *“ensuring that there is a sustainability pillar in the organisation's strategic plan, then look at reporting platforms and what meaningful data you are showing to your clients and your employees, and how do we get them behind those numbers?”*
- If engaging employees for the first time, the use of simple language and initially focusing on certain sustainability priority areas can be useful.
- Employee engagement should flow from the top.
- Don't only focus on reporting according to legal or investor requirements – also consider how to share data internally.

#### CASE NOTES: **MSD** PSYCHOLOGICAL SAFETY

MSD is an American multinational pharmaceutical company (known as Merck & Co., Inc., Rahway, NJ, USA in the United States and Canada). ESG criteria form a key element of measuring company performance at MSD. These performance criteria run throughout the organisation, and as such, show how every individual is contributing to broader organisational sustainability goals. Susannah Hodgson, Executive Director of HR, says a key focus for HR when it comes to sustainability is awareness raising. Through its communications with employees, HR makes sure the whole organisation understands what MSD is doing when it comes to ESG, emphasising this through the performance management process, where employees have goals with clearly mapped lines to the overall sustainability goals of the company. A key facilitator of creating a culture of sustainability has been to work on psychological safety: creating a ‘speak-up’ culture where people feel that they can raise concerns around topics such as ESG. For example, psychological safety programmes are run across the organisation to ensure colleagues feel comfortable in raising concerns and giving feedback.



## 4.4

## PERFORMANCE MANAGEMENT, COMPENSATION AND BENEFITS

Performance management is a critical lever for HR; it is both a mechanism for distributing responsibility for work and a way for employees to see how their work contributes to the overall goals of the organisation. If sustainability is a strategic imperative for businesses, it makes sense that workers have sustainability related performance goals. Examples shared by practitioners include using ESG measures on scorecards, embedding sustainability in performance evaluations and encouraging (or mandating) employees to have sustainability or environment related goals as one of their KPIs.

Incorporating sustainability goals in compensation objectives means that employees are not only recognised and rewarded based on their immediate job performance but also on how they contribute to the company's sustainability goals. However, the influence of sustainability on the reward mix does vary:

- Practitioners shared that the use of incentives based on sustainability targets or objectives is more common for senior colleagues. For example, at SABIC, executive level bonuses are based on a mix of collective and individual targets. The collective targets include company level carbon neutrality targets based on how well we do as a company.

- At e8, there is a direct correlation between sustainability and reward for the whole company, with a slightly larger direct correlation for relevant members of the Management Committee.
- Others shared that they have company-wide sustainability objectives, which everyone is expected to contribute to in their day to day work.
- Bonus payments directly related to their investor MSCI scorecard is another initiative.

Sofian Lamali, Director, Organisational Design & Effectiveness at SABIC, also emphasised the importance of first raising awareness and excitement around sustainability, before using a 'carrot and stick' approach. Another point to consider is how seriously your organisation treats sustainability targets when compared to other targets (e.g. financial), and whether you take a similar approach to the two.

### CASE NOTES: SHELL SUSTAINABILITY INCENTIVES

Tony Verbraeken, Executive Vice President HR, said Shell's approach to remuneration not only helps in meeting global energy transition goals but also drives behaviour within the organisation. Including business transformation measures in individual reward helps ensure that individuals understand how their actions contribute to the company's agenda and feel accountable for that. The mix of rewards used by Shell includes:

- **Short-term reward:** The company's scorecard, which determines bonuses, has 15% weighting related to the company's journey in the energy transition. Within this category, aspects like reducing operational emissions are considered and sales of lower carbon products. All employees, regardless of their position, have this energy transition component as part of their group scorecard.
- **Long-term reward:** For senior management, there's an emphasis on long-term performance related to the energy transition. This long-term focus makes up a quarter of the metrics for the year. The specifics are adjusted annually to ensure lessons learned in the early stages of the energy transition are incorporated and to ensure continued relevance to the strategy.

## 4.5 DIVERSITY AND INCLUSION

HR's action in Diversity & Inclusion includes setting and working towards specific representation targets, particularly for women in the Gulf region. This is an area where HR plays one of the clearest roles – HR is at the forefront of promoting diversity and inclusion within the company at all stages where employment related opportunities are being allocated.

Areas of contribution for HR include diversity policies, diversity targets (and how these are structured, including what level they are), and setting the rate at which the organisation makes progress. Specific interventions include minimising bias for interviewees, setting up internal mentors for women and programmes which promote women in leadership.

Andrew Dunnett, Senior Vice President – Sustainability, e&, highlights how HR's contribution to equity and inclusion in the region should include answering the following questions:

- Where are our inclusion targets focused?
- Where is equity unbalanced?
- Where can we make a contribution with people, our technology, or our financial offering?

HR should take a holistic and sector-wide approach to diversity, focusing on diversifying the overall industry and on the entire employee experience:

*“We have this tendency to think it's our job in sustainability to find a woman and get her to apply. But I think human capital has a much larger role to play in that. It's not about finding that woman, it's about how do we make the organisation somewhere where women want to work, which is a cultural transformation, and more importantly, how do we expand the number of women that are working in the industry... it's about diversity across the globe, not about what one company achieves and what one company does. This means we need to get comfortable with things like training women, and then having them go work [elsewhere]”.*

**HR DIRECTOR BASED IN THE GULF REGION**



*"There's a tendency for us to see Sustainability and Environment as a problem for the technical guys. And it's not... I think the biggest challenge is convincing human capital people that this is something that they can contribute to – that they have a role to play in it".*

HR DIRECTOR BASED IN THE GULF REGION

## 5.1

### **A LACK OF AWARENESS OF THE FULL ROLE THAT HR CAN PLAY**

An understanding of the full contribution that HR can make to sustainable business is still lacking at many organisations. Whilst HR's role in diversity and community outreach is well acknowledged, the full extent of the areas where HR can substantially influence sustainability (for example strategic positioning or employee engagement) may be often overlooked (we also explore HR's contribution to the environmental aspect below). Relatedly, the idea that sustainable business is a transformation process, supported by HR's change management expertise, is yet to be fully embraced.

## 5.0 **CHALLENGES**



## 5.2 HR'S CONTRIBUTION TO THE ENVIRONMENTAL ASPECT OF SUSTAINABILITY IS OVERLOOKED

In the coming years, the environmental area of sustainability is the one where organisations – both globally and in the Gulf region – will need to make the greatest shift. However, our research suggests that this is the area where HR is least well prepared to make an impact and perspectives of HR's contribution usually focus on the 'S' of the ESG agenda.

HR practitioners should act now to understand and embrace the scale of the challenge, identify the organisation and people implications of carbon net zero and incorporate this into people strategies. Actions HR professional can take include becoming familiar with their organisation's materiality assessment and getting close to internal sustainability experts. Below, on [page 28](#), we outline a three-step systemic way forward for HR that centres on using the organisation's materiality assessment as the basis for developing HR's response.



## 5.3 GREATER STRATEGIC LEVEL ACTION IS REQUIRED

Due to the need to be seen to be taking action and possible pressure from business leaders, there is a danger that HR implements sustainability interventions which are not linked to the business or sustainability strategy. Larry Mayers, Leadership and Organisational Development consultant based in the Gulf Region, warned against *“very well-funded, showcase products or showcase programmes”* where once *“you get into the meat, there's absolutely nothing there”*. Actions that HR takes should be tied to the overall strategy of the organisation, as well as the sustainability strategy.

Several practitioners commented that HR does not always have a 'seat at the table' when it comes to shaping or contributing to sustainability strategy at an organisational level. Whilst this does depend on a certain openness on the part of the board, practitioners also emphasised that HR should step up to the challenge by ensuring that they have the language and data required to influence organisational leaders.

## 5.4 THE NEED TO MEET SKILLS DEVELOPMENT REQUIREMENTS

A disparity may exist in HR professionals' fundamental sustainability knowledge and the incorporation of that into organisational practices. To overcome this, HR can implement training and workshops to enhance its own knowledge and skills in this area, and align HR practices – such as recruitment, talent management, and employee engagement – with sustainability principles.

While sustainability teams might provide support, there could be a need for more direct knowledge and understanding within the HR team itself regarding sustainability. The integration of sustainability into the broader people strategy will likely necessitate developing knowledge about the topic and potentially the creation of specialised roles within HR that focus on sustainability issues.

### CASE NOTES: **bp** ASSESSING HR CAPABILITIES: A SYSTEMATIC APPROACH

bp's sustainability frame covers its aims to get to net zero, improve people's lives and care for the planet, including short- and medium-term targets and aims. As part of that frame, Meryl Wingfield, VP of Sustainability Integration, is tasked with weaving sustainability into every facet of the company, enabling it to become a fundamental aspect of regular business operations. This is what bp calls 'embedding sustainability', and enables the delivery of their sustainability aims. She is taking a function-by-function approach to reviewing where to embed sustainability to have the biggest impact, based on an understanding of the company's operational dynamics. Insights were drawn from how change has previously worked within bp and 'keystone' processes or activities (i.e. activities that have a large impact on their environment) were identified and prioritised for embedding sustainability, based on their ability to significantly influence the company's operation and culture. She stresses the principle that sustainability should seamlessly integrate into regular business practices and not be perceived as an add-on. In respect to HR, she started by initially seeking examples of external best practices, which proved elusive. Consequently, an internal approach was developed, involving sustainability and HR jointly compiling a comprehensive list of areas where sustainability needs to be embedded. The current focus is predominantly on capability, culture, and incentivisation/recognition, in addition to Diversity, Equity & Inclusion and Wellbeing, which are included in bp's aims. These priorities will evolve as embedding matures.

*"I would always recommend that HR sits at the table of whatever sustainability committee or initiatives and plays a central role in it [and] I think you get a seat at the table by showing your knowledge and interest beyond HR – if you come and ask the right questions about sustainability itself. You need to be able to talk sustainability – not just what is my HR contribution to sustainability – you need to talk about sustainability in general".*

**SOFIAN LAMALI, DIRECTOR, ORGANISATIONAL DESIGN & EFFECTIVENESS AT SABIC**

*“You have to start with materiality, otherwise sustainability can end up being spread thinly like butter. You have to prioritise, and for us that was the intersection between the health of people and health of the planet”.*

**NIGEL SULLIVAN, CHIEF SUSTAINABILITY AND PEOPLE OFFICER, BUPA**

## 6.1 3-STEP SYSTEMATIC WAY FORWARD FOR HR

First, understand the overall business’s sustainability strategy before determining what a sustainable HRM strategy could be. Beyond integrating these strategies, a central task for HR is signalling appropriate employee behaviours and shepherding employees to behave in desired ways.

Based on conversations with Sally Uren, Chief Executive at Forum for the Future, we produced a 3-point plan for HR professionals in organisations wishing to adopt a systematic way forward for sustainability. The approach begins with a materiality assessment, emphasises collaboration with other departments, and then equips the organisation through hiring and development.

# 6.0 FORUM FOR THE FUTURE: HR TOOLS AND FRAMEWORKS

The question for HR that remains for those getting started is how to move forward in a systematic way when it comes to sustainability. To help with this, in addition to the practices and recommendations outlined in Chapter 4, we conclude with some specific tools and frameworks: a three step systematic way forward for sustainability, Forum the Future’s four sustainability mindsets, and a list of HR practices which can support sustainable business.

FIGURE 2

A Systematic Way Forward for Sustainability



## 1. Understand Materiality

The first step an HR professional should take is to review the organisation's materiality assessment. This assessment will detail the organisation's direct impacts on the workforce, environment, and local communities, such as carbon emissions, waste production and water use.

By understanding these impacts, HR can determine what areas of the organisation need the most attention from a sustainability perspective. The materiality assessment will help you answer critical questions based on sound evidence rather than intuition. For retailers, for instance, while there is a public focus on things like carrier bags, from a materiality perspective, this might not be as crucial as the sourcing of materials and paying fair wages.

One Dubai-based CPO outlined their experiences of conducting and using a materiality assessment at their organisation:

*"We partnered with a US-based company that focused on partnering with oil and gas companies on sustainability matters. We did a materiality assessment with them, because we needed to really understand what the material aspects of our business are that could cause us challenges in the future – not just from an environmental perspective, but what are the things that could materially impact us that could cause us not to have a sustainable business and maybe not even exist anymore.*

*They did a two-part employee survey focusing on: do you as an individual understand what sustainability actually means, what part are you playing in it and what are the things that you're thoughtful about? And what do you think, from a list of all the matters that had emerged from the partnership we had, are of most concern to the organisation?"*

## 2. Collaborate with Experts

Once you understand the organisation's main sustainability related impacts, HR needs to collaborate with other departments, especially if the main impacts are beyond HR's expertise. For example, if the primary impact is raw materials, then HR should work closely with procurement or sourcing who are likely to have greater direct knowledge and expertise in these areas.

HR sustainability experts should also reach out to the Chief Sustainability Officer or equivalent for a deeper understanding of these impacts. As sustainability strategies are often seen as the domain of the sustainability team, HR should engage with the sustainability team (where they exist) to ensure that sustainability is integrated across all organisational functions from a people perspective. Sally Uren, Chief Executive at Forum for the Future said: *"Your Chief Sustainability Officer will most likely be delighted to speak to you because they often feel left in their silo and that no one is really interested in their agenda"*.

## 3. Equip the Organisation

HR should assess whether the organisation is equipped to deal with its most significant sustainability challenges. For example, if sourcing is a major concern, does the procurement team have the skills to understand and manage these impacts? HR can then take the initiative to provide training or resources to ensure these departments are well-equipped. From there, HR can identify the skills that you need to deliver your sustainability plan and determine whether these will be achieved by hiring or learning.

Recognising that younger generations place high importance on sustainability, HR should consider how the organisation's approach to sustainability can attract and retain talent. Where learning will be a key aspect of strategy, HR should provide coaching and training to help workers understand the nuances of sustainability better and consider professional development courses where available.

## 6.2 FORUM FOR THE FUTURE'S 4 SUSTAINABILITY MINDSETS FOR SYSTEMS CHANGE

Based on the principle that creating a sustainable business requires system-level change, and that mindsets and beliefs are the strongest lever for this systems change, international sustainability non-profit Forum for the Future has created a pathway of four sustainability mindsets. In their words, to unlock sustainability changes at the pace required we need to “*shift the underlying paradigm of business to adopt a just and regenerative mindset,*” which recognises “*our interdependence with other people, other living beings and ecosystems, and ultimately how we enable all living beings to not simply survive but to thrive together*” (Forum for the Future, 2021).

HR has a key role to play in changing culture and mindsets. Through understanding the below four mindsets, you can better identify what stage your organisation is currently at, and how to shift this through HR's influence and practices.

### Risk Mitigation Mindset

Requires the least effort and investment and guards against short-term reputational risk. However, it overlooks opportunities to build long-term value, leaves businesses vulnerable to disruptions and unattractive to investors, and can make it harder to recruit and retain staff.

- Focuses on the minimum needed to be legally compliant.
- Resists investments in ESG topics that don't deliver a short-term pay.
- Reduces pollution, poverty, deprivation, human rights abuses or risk exposure.
- Waits for customer demand before taking action.

### Zero Harm Mindset

Further reduces exposure to risk, makes businesses better able to attract investment from increasingly ESG-focused investors, gives greater credibility to sustainability claims and may help create customer preference. However, is likely to miss opportunities for creating a positive impact.

- Recognises the need to invest in reducing negative impacts.
- Aims for zero emission, not to contribute to biodiversity loss, use water within ecological limits and to end rights violations and offer opportunities equally for all.

### The 'Do Good' Mindset

Goes beyond risk avoidance to drive innovation that can build long-term value and new market opportunities, allows the business to be positioned positively with consumers and benefit from diverse leadership. However, may not necessarily tackle the root causes, meaning that critical systems that the business relies on may still fail.

- Actively creates positive change through redressing past social inequalities and restoring damaged or unhealthy systems.
- Invests in nature-based solutions, watershed replenishment or ecosystem restoration.
- Creates opportunities for historically disadvantaged groups.
- Design interventions in a way that addresses power imbalances.

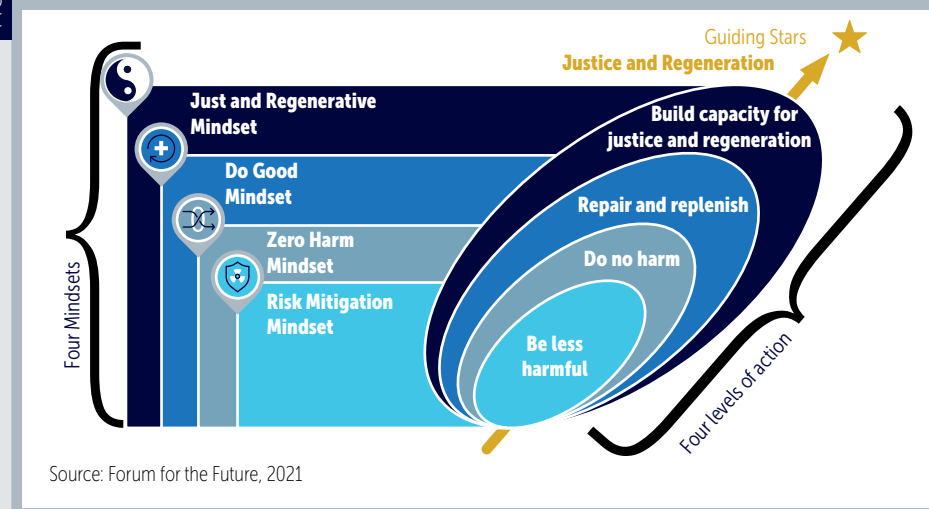
### The 'Just and Regenerative' Mindset

Restores depleted ecosystems and weakened communities to provide a viable basis for continued human wellbeing and prosperity. Also embraces complexity in a way that makes finding solutions to root causes more likely and unlocks exciting new sources of value for businesses. However, if not carefully managed, the pace and scale of transformation needed could make the business vulnerable to retaliatory actions from the current system.

- Seeks to change system goals to support regeneration and justice.
- Solves interconnected human and planetary health issues so that living systems can thrive together.
- Creates norms and structures focused on continually making systems fairer.
- Builds capacity to directly address the roots of structural inequality and nurture human rights.


FIGURE 3

4 Sustainability Mindsets for Systems Change




## 6.3 HR PRACTICES LISTED IN SUPPORT OF SUSTAINABILITY BY SPECIALISM


Readers will likely be interested in an overview of the different examples of sustainability activities that HR is commonly involved in that came up in our interviews. On reviewing all content from our interviews and survey, we created a checklist of activities, programmes, and interventions that HR commonly engages in and grouped these according to the HR specialist areas. It should be remembered that sustainability is a complex topic that will benefit from being approached in a way that recognises the interconnections between different activities and stakeholders both within and outside the organisation. With this in mind, we present the checklist of reported HR related work areas in the table.


 <b>CULTURE</b>	<ul style="list-style-type: none"> <li>• Leader role modelling of sustainability</li> <li>• Reduced business travel / Telecommuting</li> <li>• Volunteering</li> <li>• Worker participation</li> <li>• CSR related project opportunities e.g. working for charity</li> <li>• Encourage low carbon internal travel</li> </ul>
 <b>D&amp;I</b>	<ul style="list-style-type: none"> <li>• Diversity programmes</li> <li>• Neurodiversity awareness</li> <li>• Representative interview panels</li> <li>• Cultural transformation to ensure organisation is inclusive</li> <li>• Support growth of diverse talent in your overall industry</li> </ul>
 <b>L&amp;D</b>	<ul style="list-style-type: none"> <li>• Training programmes that upskill in sustainability</li> <li>• Consider sustainability whilst designing L&amp;D strategies</li> <li>• Deliver sustainability training via multiple channels</li> <li>• Create sustainability related learning paths</li> <li>• Partner with external organisations to deliver sustainability training</li> <li>• Develop real life case studies for sustainability in your industry</li> </ul>
 <b>LEADERSHIP</b>	<ul style="list-style-type: none"> <li>• Identify and require sustainability related leadership capabilities</li> <li>• Encourage leaders to role model sustainability</li> <li>• Provide leadership development training and awareness in sustainability topics for leaders</li> </ul>
 <b>PERFORMANCE MANAGEMENT</b>	<ul style="list-style-type: none"> <li>• Embed sustainability in performance goals</li> <li>• Ensure sustainability related expectations of employees are clear</li> <li>• Performance reviews that emphasise the triple bottom line</li> </ul>
 <b>POLICIES</b>	<ul style="list-style-type: none"> <li>• Conduct codes that emphasise sustainability</li> <li>• Extend workforce policies to supply chain</li> <li>• Establish policies regarding integrity and ethics</li> </ul>
 <b>REWARD</b>	<ul style="list-style-type: none"> <li>• Provide financial incentives contingent on meeting sustainability targets</li> <li>• Discounts on eco-friendly products</li> <li>• Subsidies for green travel</li> </ul>
 <b>SAFETY</b>	<ul style="list-style-type: none"> <li>• Create commitments to minimising accidents</li> <li>• Provide safety related training</li> </ul>
 <b>TALENT ACQUISITION</b>	<ul style="list-style-type: none"> <li>• Job descriptions that include sustainability</li> <li>• Hiring people with values that reflect sustainability</li> <li>• Competency and value models that include sustainability</li> <li>• Only use travel for hiring when essential</li> <li>• Focus on retaining and developing local talent, as well as hiring</li> <li>• Ensure recruitment process are accessible</li> <li>• Create testimonials from employees about sustainability.</li> </ul>


# HR'S CONTRIBUTION TO SUSTAINABLE BUSINESS IN THE GULF REGION


## 7.0 CONCLUSIONS

 This report has shown the increasing importance of sustainability for governments, businesses and society in the Gulf region. With the heightened focus on sustainability from the upcoming UN COP 28 in Dubai, the enshrining of net zero targets in national laws, and the increasing global reach of companies based in the region, sustainable business will only become more important.

 Practitioners in the region are interpreting sustainability broadly, with two main themes emerging in sustainability definitions: sustainability as a business with longevity and a sustainable talent pipeline, and sustainability as aligned to the ESG agenda or similar. Localisation of talent and national planning documents which emphasise sustainability are also two important areas influencing sustainable business in the region.

 Sustainability needs to be more than a 'bolt-on'; the business strategy should incorporate sustainability and the people strategy should clearly say how HR contributes to it. HR can contribute by ensuring ethical leadership, advocating for sustainability to ensure it is top of workers' minds, equipping the firm with sustainability skills through hiring and learning, and embedding sustainability in the culture. The HR specialisms (recruiting, learning, performance management, compensation, etc) all have a part to play in the sustainability agenda.

 HR is contributing most strongly to the social side of the ESG agenda in the Gulf region. This includes activities such as community outreach, diversity and inclusion initiatives (such as setting and working towards specific representation targets) and strategic workforce planning (focusing on both talent localisation and ensuring that the business has the skills it will require in the future). However, a key message from this report is that HR can play a leading role in both the 'environmental' and 'governance' side of sustainability too. In particular, organisations will need to make the greatest shift in the environmental arena in the coming years, though this is the area where HR is currently least well prepared to make an impact. Actions HR professionals can take include becoming familiar with their organisation's materiality assessments – which can be used to map roles and responsibilities in different functions and to ensure requisite skills are in place – and getting closer to internal sustainability experts. Moreover, if an organisation is to truly become sustainable, this will require transformation. HR should play a leading role in this through bringing in their change management and OD expertise and can also support individual mindset shifts – examples of which are given on [page 30](#).

 HR cannot take responsibility on its own – collaboration is required. This collaboration should also include gathering regular input from employees on what the sustainability strategy should encompass. In a nutshell, ensuring ethical leadership, leveraging HR's strategic position (e.g. challenging other functions to step up), ensuring consistent employee engagement around sustainability and maintaining capability can create a pathway towards organisational sustainability.





# 8.0 APPENDIX

## 8.1 REFERENCES AND READING LIST

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## 8.2

# RESEARCH PARTICIPANT LIST

**Emma Davies**, Chief Human Resources Officer

**Andrew Dunnett**, Senior Vice President – Sustainability, e&

**Matt Gitsham**, Professor of Business and Sustainable Development, Hult International Business School

**Susannah Hodgson**, Executive Director, HR Lead UK, Nordics & Baltics, MSD

**Sofian Lamali**, Director, Organisational Design and Effectiveness at SABIC

**Larry Mayers**, Leadership and Organisational Development Consultant

**Gabriella Planojevic**, Dubai-based Talent Professional

**Rita Abi Saab**, Senior HR Director, NMDC Group

**Nigel Sullivan**, Chief Sustainability and People Officer, Bupa

**Sally Uren**, Chief Executive, Forum for the Future

**Tony Verbraeken**, Executive Vice President HR, Global Functions, Shell

**Meryl Wingfield**, VP of Sustainability Integration, bp

*A number of participants also chose to remain anonymous.*