SUSTAINABILITY ESSENTIALS FOR CORE FUNCTIONS: HUMAN RESOURCES

THE WHY AND HOW OF EMBEDDING ESG INTO HUMAN RESOURCES



Global Compact Network UK

CLYDE&CO

INTRODUCTION

Human resources (HR) teams design and lead the systems that decide how a company's people are hired, paid, developed, measured, and rewarded. Those systems determine whether a sustainability target appears in employees' objectives, whether a new joiner learns why ESG matters to the business, and whether the organisation provides development opportunities in a changing world.

With unique access to the workforce, HR plays a crucial role in embedding a company's sustainability goals into its operations and culture. Through talent acquisition and retention, training, employee engagement, and compensation, HR drives and reinforces key ESG principles such as diversity, equity, and inclusion (DEI), green skills and the just transition, eco-friendly employee practices, transparency and accountability structures, and more.

Recognising the critical intersection of HR and sustainability, the UN Global Compact Network UK hosted an event in March 2026 to explore how the two functions impact each other, what HR teams should know to support the integration of sustainability throughout the business, and what sustainability and HR functions can do to work together towards sustainability goals, while delivering value for the business.

The event, supported by Clyde & Co, featured the following speakers:



Cecilia Crossley
Founder,
Uplifting People



Mel Hetherington
Chief People Officer,
Cushon



Tom Lakin
Global Head of Future of Work,
Robert Walters Group



Elizabeth Spry
Global Head of Sustainability,
Spirax Sarco Engineering



Rebecca Ricketts
Director of HR Strategy, Transformation and People Experience, Clyde & Co

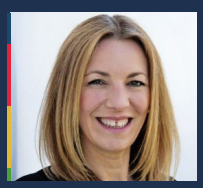
Why sustainability and human resources?

Achieving a company's sustainability targets cannot be accomplished by one person or even one team. Sustainability is complex and requires consideration of a multitude of factors across the business, supply chain, and whole economy. Yet in many companies, sustainability still operates in a silo, without active engagement from the functions whose decisions shape the outcome.

Many of the issues at stake, from human rights, fair labour, and non-discrimination to the just transition, are people issues at heart, and they sit at the core of the UN Global Compact's Ten Principles.

HR drives the workforce, shaping who is recruited, how people are developed, what behaviour is recognised, and how leaders are held to account. Through job design, learning pathways, performance conversations, reward, policies, and employee networks, HR teams decide whether sustainability is left to a few specialists or embedded in every job description.

The question is not whether HR has a role in sustainability, but whether the company utilises the systems HR already runs – recruitment, learning, performance, and reward – in delivering it.



"HR is the profession that designs the systems that motivate, educate, and hold to account 3.5 billion people. That is the power of HR – I believe a completely underused power."

Cecilia Crossley, Uplifting People

Where the two functions meet

Sustainability and HR now sit closer together than most organisational charts suggest. Mapped against the UN's Sustainable Development Goals (SDGs), almost every part of the people agenda already contributes to one of them. Key areas where sustainability and HR intersect include:

Wellbeing, health, & safety

Mental and physical health, safety, burnout prevention, and the productivity of a workforce are important considerations for both HR and sustainability professionals. Climate is now a critical employment issue, as extreme heat, flooding, and disruption create new health and safety risks for workers. Spain introduced up to four days of paid climate leave in November 2024 for days when authorities restrict access to work during adverse weather. France closed more than a thousand schools fully or partially on 1 July 2025 because of heat, with immediate consequences for working parents.

Reward, benefits, & pensions

Reward is where sustainability commitments become personal. Paying the real Living Wage, linking executive pay to ESG measures, and designing fair bonus structures all signal what the organisation values. Benefits such as cycle-to-work and electric vehicle salary sacrifice schemes support greener commuting, and flexible working policies support wellbeing and inclusion. Workplace pensions matter too: the default fund is often an employee's largest investment, so how it is invested affects climate and social outcomes far beyond the organisation, and HR is usually the function that selects and reviews the scheme.

Data, reporting, & regulation

The EU's Corporate Sustainability Reporting Directive (CSRD), now narrowed by the Omnibus reforms, requires disclosure on the company's own workforce and value chain workers, and the UK Sustainability Reporting Standards bring the same expectation of assured data to the UK. Much of that data already sits in HR systems, from turnover, absence, and grievance figures to DEI statistics, pay equity, and training hours, and it feeds frameworks such as the Global Reporting Initiative (GRI) and the UN Global Compact's annual Communication on Progress. Sharing it reliably and efficiently with sustainability colleagues, while protecting employee privacy, is now a core joint task.

Training, skills, & early careers

Apprenticeships, vocational training, and youth employment have direct impacts on social mobility, and sustainability literacy is now part of the skills agenda. Upskilling and retraining also support a just transition, helping employees move into new roles as the economy decarbonises, ideally in consultation with trade unions and employee representatives. The 2025 UN Global Compact and Accenture CEO Study finds 99% of CEOs believe upskilling will be a key driver of sustainability progress, and the CIPD's guidance on sustainability and the people profession sets out how HR can lead it.

Fair labour, pay, & modern slavery

Gender pay gap reporting, gender action plans, accessibility programmes, anti-harassment and whistleblowing policies, and modern slavery policy all sit within HR's remit. The UK government confirmed in March 2026 that it will introduce mandatory ethnicity and disability pay gap reporting for employers with 250 or more staff through the draft Equality (Race and Disability) Bill.

Recruitment, retention, & purpose

The 2025 edition of Deloitte's Gen Z and Millennial Survey of more than 23,400 respondents finds 70% consider a company's environmental credentials important when evaluating an employer. Figures presented in the session put nearly half of Gen Z and millennials in the UK and US willing to consider a pay cut to work for a company that shares their values. Pay, progression, and security still come first, so sustainability works as a hygiene factor rather than the headline. Recruitment itself can reflect sustainability values, through job descriptions that set out sustainability responsibilities, blind hiring and bias mitigation, paperless processes, and responsible use of AI in screening.

Leadership and long-term planning

Long-term resilience depends on leaders who understand sustainability and are accountable for it. HR shapes this through ESG leadership competencies, accountability structures for sustainability objectives, board-level engagement, and workforce planning that forecasts the skills the business will need as markets, technology, and regulation change.

Diversity, equity, inclusion (DEI) & social mobility

DEI contributes to reducing inequalities and sits at the heart of the social pillar of ESG, where HR owns most of the policies, data, and programmes. That makes it the area where HR can most clearly lead. Fair hiring and promotion, pay equity analysis, grievance mechanisms, inclusive leadership, and accessible and safe workplaces are all part of the conversation. Attitudes have shifted since 2022, which raises the bar for programmes to show evidence and business value.

Community, place, & the future of work

Hybrid working changes the carbon footprint of the commute, the lease decisions facilities teams make, and the role of the office in building community. Employee engagement also extends into the community, through volunteering, educational partnerships, and social impact programmes, and inside the organisation, through green teams and employee-led initiatives that support recycling, energy efficiency, and sustainable business travel.

WHAT COLLABORATION IS WORTH

Collaboration between HR and sustainability produces returns a business can measure: training that genuinely engages the workforce, policies that help retain the people at risk of leaving, and reporting processes that are built into how the organisation works, rather than treated as an add-on. Sustainability is a rare topic that employees raise unprompted as a source of pride, and at Clyde & Co, 45% of colleagues cite it positively in the annual engagement survey.

To the people in the roles



Meaningful collaboration is complementary to both sustainability and HR. Sustainability brings the expertise and the strategic view of ESG; HR brings the reach, and together, they have greater impact. For the sustainability lead, the dependency is clear:

> "You can't rely on that central team to execute. You've got to have an army of sustainability-minded people in your organisation if you want to actually deliver."
> Elizabeth Spry, Spirax Sarco Engineering.

The pairing rarely happens by itself. The first step is to initiate a conversation, and where sustainability needs a champion, HR can step into the gap:

> "Be the sponsor. Get the business behind you, in terms of the employees that you're there to represent and work with, and start a movement."
> Mel Hetherington, Cushon

To the organisation's sustainability goals



Sustainability targets are delivered by people across the business, most of whom do not work in ESG, so they only translate into everyday action when sustainability partners with HR. The general manager trying to build a more diverse team, the site team managing drought risk, and the buyer engaging suppliers all need relevant targets in their objectives, the knowledge to act on them, and recognition for doing so – and all three sit within HR's systems.

At Spirax Sarco Engineering, net zero is one of the measures in the executive long-term incentive plan, giving leaders a personal stake in progress, which is critical when decisions about investing in the target are made.

Two key levers are education and relevance. Education makes sustainability practical, and relevance ties it to the role. Career advice is part of this, because many younger employees want to join the sustainability team, when in actuality, they can have impact in their own role: "it's actually somebody on the factory floor that makes more impact on sustainability than me... I set policies, guidelines, strategy, but I don't do it." Elizabeth Spry, Spirax Sarco Engineering.

To the business



The commercial case has to lead. In tough markets, projects that were once approved because they were the right thing to do now need a return. The response is to frame every people initiative differently: "Think about how you make it commercial. What is the business problem you're solving..." Mel Hetherington, Cushon. A purpose, diversity, or sustainability project can provide business benefits without the initiative being labelled as an ESG programme. Customers are a key driver. Understanding what customers value in a sustainable supplier gives HR a stronger case for people initiatives, from inclusive hiring to sustainability training, because it links them to winning and keeping business rather than to the ESG argument alone. Sustainability is now expected; it is a hygiene factor for most candidates, and a differentiator for many.

INVESTEC: A RETURN-TO-WORK SCHEME THAT SOLVED A HIRING PROBLEM

In a previous role at Investec, Mel Hetherington found that investment managers were looking for the next generation of talent, but struggling with graduates because clients over 50 needed advisers with life experience. With nearly half a million people ready to return to work after a career break, a returnship programme answered the business and diversity questions at once, bringing more women into a male-dominated environment, as well as people from varying socio-economic backgrounds. **"It was about the subtlety and the nuance of trying to solve a business problem by thinking through a diverse lens."** Mel Hetherington, Cushon.

INTEGRATING THE TWO FUNCTIONS

Who is involved and how it is governed

Bringing sustainability into the people agenda draws on several roles:

Chief people officer or HR director

for the people strategy

Learning and development lead

for training and pathways

Reward and performance leads

for objectives and incentives

DEI lead

for the social agenda

Sustainability lead

for targets and expertise

Employee networks

for voice and ideas

Executive sponsor

Sustainability champions who also hold functional HR roles, as at Clyde & Co, connect the two agendas in one person.

Governance works best around a shared goal rather than a functional one. Starting with the outcome, securing top-down buy-in, and forming a working group around it breaks the habit of separate HR and sustainability key performance indicators (KPIs).

Where the business is spread across many sites with small local teams, employee-led pilots, self-sustaining colleague networks, and sustainability champion programmes spearhead the agenda where a central team cannot.

SPIRAX SARCO ENGINEERING: THE EMPLOYEE LIFE CYCLE AS THE MAP

The sustainability and HR teams mapped the employee life cycle, identified where the opportunities were, and embedded a sustainability module into the onboarding programme that every colleague completes.

Targets are now role-specific, so a general manager who needs to reduce water use owns that objective, and net zero sits among the executive's long-term incentive measures.

Evidence from customers helps make the case: the sustainability lead spends around 20% of their time with customers, and what they value in a sustainable supplier strengthens the case for joint people initiatives in executive discussions. Human rights in the organisation and its supply chain, which depends on HR policies and workforce data, is the next joint piece of work.

What changes in the process?

Add value

Map the employee life cycle and look for business value at each stage, from attraction and onboarding to development, performance, reward, and exit. The aim is to place sustainability where it adds value, and to leave it out where it would feel shoehorned in.

Make sustainability day-to-day

Incorporate sustainability into every employee's day-to-day. Including sustainability in HR processes, leadership expectations, learning pathways, and performance conversations helps it stick. Make it fun – sustainability competitions, film screenings, and volunteering days can make it tangible and engaging.

Harness the power of your people

An employee value proposition (EVP) can feel forced if it is built around purpose without employees' input. Content led by employees is more convincing, and networks are the channel for bringing voices and ideas into the sustainability agenda. Sustainability champions at every level of the business help translate goals into action. Sustainability recognition and managers who consistently raise ESG in team meetings turn a policy into a culture.

Proactive policymaking

Answer client questions with structure that exists. Customers increasingly ask suppliers to evidence sustainability criteria, and drafting a new policy when a client asks for one leaves the organisation on the back foot. Instead, the policies, data, and processes that HR and sustainability have proactively built together should provide the evidence clients ask for. The data behind DEI also needs to become more three-dimensional, because gender, ethnicity, and socio-economic background combine in ways a single lens misses.

Build confidence

Both functions need the confidence to work outside of their silos. A course in sustainability leadership gives HR leaders the vocabulary and confidence to propose joint work, and the UN Global Compact Academy offers free training for both teams. The Uplifting People HR-ESG cheat sheet and SDG map provide an easy way to show a sustainability colleague where the people strategy already delivers. For both functions, the aim should be the same: **"make it part of how we operate, rather than something extra. If it's extra, it's always bottom of the to-do list."** Rebecca Ricketts, Clyde & Co.

CLYDE & CO: EDUCATION, RELEVANCE, AND EVIDENCE

The firm's Sustainability Essentials programme, led by the sustainability team with HR, has engaged more than half the firm, and nearly 1,400 people have completed the full suite of content.

The company's LifeWorks policy came from evidence, employee voice, and context together: data showing women under-represented in leadership, attrition around life events, and a widening pay gap after parenthood, plus equality networks asking whether parent and carer policies fitted modern families.

The result is a gender-neutral parental leave policy covering different routes to parenthood, neonatal care, and pregnancy loss, with strong uptake across genders and a case built on retention and engagement rather than politics.

GUIDING QUESTIONS FOR DISCUSSION

To uncover areas for further work, discuss the following questions with a colleague from the other function. Record actions, owners, and timelines for next steps in our accompanying Discussion Template.

- Which of the 17 SDGs does our people strategy already contribute to, and which contributions go unrecorded?
- Do employees understand the relevance of sustainability to their role, and is it in onboarding, learning pathways, and performance conversations?
- Are sustainability behaviours and volunteering recognised, and whose objectives and incentives include a sustainability target?
- Do we pay the real Living Wage, how are our workplace pension funds invested, and do our benefits support greener choices?
- What is the business problem behind each of our people initiatives, and could a sustainability or diversity lens solve it better?
- Who in HR is planning for the days our people cannot reach the workplace because of heat, flood, or school closures?
- Which HR data does our sustainability reporting rely on, and who makes sure it is accurate, complete, and protected?
- Are managers talking about ESG in team meetings, and do employees know how to access ESG training?
- Where do we need the other function's support most in the next twelve months, and who will sponsor it?

Additional resources

HR, sustainability, and SDGs

- Change Agents UK
- CIPD, sustainability and the people profession
- Robert Walters AI in HR Guide
- UN Global Compact Academy
- UN Global Compact Ten Principles
- UN Sustainable Development Goals
- Uplifting People HR-ESG Cheat Sheet
- Uplifting People Mapping HR to the UN SDGs

Fair work, DEI, and human rights

- Ethnicity and Disability Pay Gap Reporting, Government Response
- Gender Pay Gap Reporting Guidance
- Living Wage Foundation
- UK Modern Slavery Statement Guidance
- UN Global Compact Business and Human Rights Accelerator
- UN Global Compact Network UK Black Lives Matter & Business Webinar Series & Report
- UN Global Compact Network UK Pride Plus Webinar Series & Report

Talent and leadership

- Deloitte Gen Z and Millennial Survey 2025
- UN Global Compact and Accenture CEO Study 2025

Climate, regulation, and reporting

- Carbon Literacy Project
- Climate Fresk
- Directive (EU) 2026/470 (Omnibus I), amending the CSRD and CSDDD
- Spain, paid leave for adverse weather events (Royal Decree-Law 8/2024)
- UK Sustainability Reporting Standards

Social value and volunteering

- CIPD Employer-Supported Volunteering Factsheets
- NCVO Employer-Supported Volunteering
- UN Global Compact Network UK Social Value Series

ABOUT THE UNITED NATIONS GLOBAL COMPACT

As a special initiative of the United Nations Secretary-General, the UN Global Compact is a call to companies worldwide to align their operations and strategies with Ten Principles in the areas of human rights, labour, environment, and anti-corruption.

Its ambition is to accelerate and scale the global collective impact of business by upholding the Ten Principles and delivering the Sustainable Development Goals (SDGs) through ambitious, accountable companies and environments that enable change. With more than 21,000 companies and 3,300 non-business signatories based in over 167 countries, and 64 Local Networks, the UN Global Compact is the world's largest corporate sustainability initiative — one Global Compact uniting business for a better world.

For more information, visit www.unglobalcompact.org

ABOUT THE UN GLOBAL COMPACT NETWORK UK

The UN Global Compact Network UK is part of the world's largest responsible business initiative, the United Nations Global Compact, connecting UK companies and other organisations in a global movement dedicated to driving sustainable growth. Through an extensive programme of activity, it promotes sustainability leadership to create a world we want to live and do business in, by inspiring ambition, enabling action, and collaborating to shape the business environment.

The Ten Principles of the UN Global Compact, rooted in UN treaties, provide a robust foundation for corporate sustainability and business action on the SDGs.

For more information, follow us on LinkedIn ((UN Global Compact Network UK) or visit unglobalcompact.org.uk

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