

# Get Out of the Way



## Unlocking ESG value through Generational Values: A Call for Leadership Transformation

In the labyrinth of modern business challenges, Environmental, Social, and Governance (ESG) issues stand out as colossal hurdles and transformative opportunities. Organizations are finding that their operational models and organizational designs are not just antiquated but are barriers to harnessing the immense value that ESG initiatives could unlock. This problem is magnified by a shocking exclusion: the younger generations within these firms are rarely consulted, even though their insights could lead to innovative solutions and enhanced ESG performance.

One of the key things I learned in a previous chapter of my work story, was how global events and lived experience in certain time periods shapes mental model and values. This is generational theory and explains why generations differ from each other in lived values. The summary for today is this: young adults are maturing in a world characterised by an existential threat – climate change. Resource efficiency, responsible business, decarbonisation and social and economic equality are the driving forces moulding their mental models and values. These are now constructs for those who are on the other side of 40 age spectrum, requiring a mental upgrade to integrate this new ‘software’. Our younger employees come standard with this package installed.

At the recent launch of the Sanlam ESG Barometer, it was revealed that only 3-5% of employees are consulted in the development of ESG strategies, a statistic that underscores a significant disconnect between ESG policies and the younger workforce. This generational gap in businesses is not just a missed opportunity; it's a critical oversight in an era where ESG standards demand inclusivity and broad engagement across all levels of an organization.

The prevailing approach to ESG in many firms is top-down, driven by senior management and often disconnected from the values and expectations of younger employees. This cohort, having grown up in a world where sustainability and social responsibility are the norm, doesn't need to shift paradigms—they already live there. Yet, their potential to contribute meaningfully to their organizations' ESG efforts is stifled by structures that do not align with their value systems or allow them to influence real change.

The dichotomy between the ingrained habits of older generations and the intuitive practices of younger employees is stark. Older employees may struggle with adapting to sustainable practices, while for younger employees, these practices are second nature. This natural alignment with ESG principles makes younger generations key but underutilized players in the strategic development and implementation of ESG initiatives.

### Practical suggestions for ESG practitioners and executives looking to bridge this gap include:

"I did not know we were doing so much, and that so much of that is being done by young employees off their own steam!" said one Executive at a recent review of work Unifi was doing for them in collating a sustainability data footprint. It's often true in larger organisations: there is no single person or function that has a holistic view of everything that is being done to address ESG imperatives, either mandated or volitional by employees. And so, this is the primary recommendation in this article: find a means of aggregating and making visible at scale the initiatives, processes and projects underway within your organisation so that ideas can be shared, lessons learnt, resources capacitated, partnerships unlocked and, most importantly, let your ESG footprint be the Employee Value Proposition it can be!

Additionally, leaders should also consider:

1. **Inclusivity in Strategy Development:** Involve employees at all levels in the formation of ESG strategies to ensure that these strategies are comprehensive and resonate with the entire workforce.
2. **Generational Mentorship Programs:** Establish cross-generational mentorship programs to facilitate knowledge exchange and integrate the innate sustainability mindset of younger employees with the organizational influence of older ones.
3. **Empowering Young Leaders:** Create pathways for young employees to lead projects or initiatives that align with their values and the company's ESG goals.

In conclusion, for organizations to truly excel in ESG performance, they must dismantle the hierarchical barriers that exclude younger voices. By fostering an inclusive, bottom-up approach that leverages the unique perspectives and skills of all generations, companies can unlock a treasure trove of sustainability innovations and solutions.

### About Unifi

At Unifi, we get out of bed to help our investor and company clients make significant strides forward in how they are shaping sustainable futures – but to also unlock ways of doing that profitably. We engage in a platform-enabled consulting model that streamlines the process for our clients and provides a set of data workflows, interactive dashboard sets and reports that help translate strategy into action and in turn provide the monitoring, reporting and decision-useful outputs that deliver on organisational intent to operate more responsibly.



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