ANNEX

A Sustainable Work Agenda

Mainstreaming sustainability skills and leadership in the world of work

Annex to “Mainstreaming Sustainable Leadership” Project Report

SUSTAINABLE LEADERS

CEC EUROPEAN MANAGERS

Introduction

This complement to the "Mainstreaming Sustainable Leadership" report 2022 gives an overview on measures to incentivise the uptake of sustainable work, sustainable leadership and sustainability skills. Mainstreaming sustainability into the world of work directly and indirectly contributes to better sustainability performance, employee well-being and improved governance. Furthermore, it allows to unleash the opportunities of new sustainable jobs and making jobs more sustainable.

"The green and digital transitions cannot be achieved without European workers. Professionals and managers, leading responsibly, will be crucial assets in building a greener, equitable and sustainable Europe. The Sustainable Leadership Project has provided excellent resources that enable us to empower professionals and managers to deliver a better world of work, and Eurocadres will continue to promote this category of workers growth and development throughout the challenges ahead. "

Nayla Glaise
President of Eurocadres (Project Partner)

Content

1. (Re)defining sustainable work
2. Leadership incentives to upscale sustainable work
3. Mainstreaming sustainability skills
4. Sustainability competence framework
5. A level-playing field for a sustainable labour market
6. Skills intelligence for the future

1. (Re)defining sustainable work

According to Eurofound, the EU Agency for the improvement of living and working conditions, "Sustainable work means achieving living and working conditions that support people in engaging and remaining in work throughout an extended working life." [1]

The social dimension of sustainability covered by the definition is important to ensure the workforce can continue creating value while promoting their health and well-being. Yet, in analogy of the "double materiality principle" in Sustainable Finance, it could make sense to look at both on how sustainable work is and on how work impacts sustainable outcomes. To achieve a more sustainable world of work, there is a need to give managers and workers the competence and autonomy to define what is material or relevant to their work sustainability.

The resulting question then is how the world of work can be changed to deliver sustainable impacts in both dimensions of work sustainability?

Double materiality at work
examples

	Input "How sustainable is the way I work"	Impact "What is the impact of the way I work"
dimensions	• **Working conditions and working environment** *Examples: levels of stress, living wage* • **Sustainable Leadership and Governance** *Examples: managerial soft skills, positive impact strategy, systems thinking* • **Workplace culture** *Examples: open innovation, co-creation and coaching culture, diversity and inclusion* • **Opportunities for professional development** *Examples: being trained on Sustainable Leadership, accompanying sustainable job transitions, engaging in learning communities*	• **Economic and Financial sustainability performance** *Examples: contribution to turnover, social security, economic resilience of business model* • **Environmental sustainability performance** *Examples: carbon budgeting, improving biodiversity impact, water use efficiency* • **Social sustainability performance** *Examples: health of local community, supporting cultural activities, investing in civil society organisations*
stakeholders	**Direct stakeholders** • **Individual managers and workers** • **Social partners (trade unions and employers)** • **Stakeholders directly involved in work process**	**Wider stakeholders** • **Business ecosystems** • **Welfare state** • **Local communities** • **Natural environment**

logic

Double materiality at work
Sustainable Leaders 2022

[1] Eurofound 2022

2. Leadership incentives to upscale sustainable work

The great role of shareholders is often experienced as a hurdle to leaders who want to transition their organisation/business model, services and/or products. Initiatives such as the Interdependence Coalition[2] advocate for a stronger stakeholder-orientation of businesses to ensure leaders have leeway to align corporate strategy with long-term interests, both for the organization and wider stakeholder system.

Also a solid and coherent EU taxonomy will prove important to channel investments sustainably. The update of the Corporate Sustainability Reporting directive promises to bring much-needed harmonisation of sustainability reporting standards. More coherence will also be needed in the areas of sustainability impact measurement and accounting. These two examples can support the creation of new job profiles for sustainable business model innovation, compliance or in ESG.

To bridge the leadership gap (see chapter 1.2 of main report) however, more attention has to be devoted to promoting a Sustainable Leadership practice that seizes sustainability opportunities rather than just complying with ever more complex regulation. Therefore, measures should ensure that managerial positions are in the positions to deliver, from a legal, financial and skill perspective. This could for instance include tax incentives to ensure upskilling on sustainability for workers and managers or conditioning subsidies to a high share of employees having benefited from sustainability trainings.

3. Mainstreaming sustainability skills

While almost half of the adult EU population needs upskilling or reskilling[3], very few have the necessary skills for a sustainable future. Among managers, a survey by CEC European Managers has shown that less than 17% say they have been educated or trained on sustainability[4]. It is clear that a massive EU investment into sustainability education and training is needed. So far, to better accompany the change in skills towards sustainability, a few measures at EU-levels have been taken.

The European Skills Agenda has justly put a stronger emphasis on entrepreneurial and transversal skills that support innovation and professional development. With the proposal on micro-credentials and individual learning accounts, backed by CEC European Managers in 2019, an important step is made to make access to Vocational Education and Training opportunities more widely available across Europe. Experiences in France with individual learning accounts have however highlighted the importance to ensure quality of VET. This requires for instance through trusted partners (such as social partners), the certification of learning providers, or community supported quality insurance as prototyped by the Doughnut Economics Action Lab.

[2] www.interdependencecoalition.eu
[3] CEDEFOP: Empowering adults through upskilling and reskilling pathways. Volume 1: adult population with potential for upskilling and reskilling, 02/2020
[4] CEC European Managers: "Managers in Europe" report 2019: https://www.cec-managers.org/managersineurope2019/

4. EU sustainability competence framework

On sustainability, the proposal for a Council Recommendation on learning for environmental sustainability[5] aims at supporting education and training institutions to effectively integrate (environmental) sustainability across all their activities and operations. With the European Sustainability competence framework[6], a new orientation model has been proposed to support the change in skills and competences. Sustainability values, systems thinking or futures' literacy will be key for shaping the jobs of tomorrow. EU Member States and social partners are called on to ensure that training providers mainstream sustainability into Vocational Education and Training for workers and managers.

5. A level-playing field for a sustainable labour market

The Sustainability Competence Framework helps to rethink skill development for future-fitness. In practice, learners are challenged to mobilise the dynamics of organisational change, namely at the intersection of individual and collective action. Here, the role of Sustainable Leadership may fill the gap. Leaders practising Sustainable Leadership will be able to promote organisational (action) learning, upskilling and reskilling and the creation of new sustainable jobs. As highlighted by Professor Alberto Pastore, author of the "Sustainable Leadership in Europe" study, both skills for Green Jobs as well as skills for greening the jobs are needed. This involves technical sustainability skills, as well as generic managerial skills and soft skills. These have been covered by the Sustainable Leaders' Training Programme for managers (see chapter 2.3.).

Increasingly, leaders will need to become influencers, trainers and facilitators for the sustainable transformation of their organisations. To accompany them, training on sustainable leadership should be mainstreamed in executive education. Public authorities, training providers and social partners should ensure to integrate Sustainable Leadership into existing training programmes, while offering training programmes on Sustainable Leadership as the new standard on leadership. Every manager should have a basic education on Sustainable Leadership with some going further on specific sustainability issues, including positions such as a CSR, ESG or Environmental Manager. With Erasmus+ being the most popular EU programme, an extension to cover broader funding of VET on sustainability should be promoted.

Lastly, the traditional separation between soft and hard skills, relevant for sustainable leadership, could be rethought in terms of durability and perishability of skills. The Swedish tech company Spotify has for instance re-thought their skill development and HR through a dynamic approach: "this shift in mindset whereby we categorise by the longevity of the skills, helps with being able to bring a dynamic approach to upskilling your workforce. There is a dramatic shortening of the shelf life of certain skills nowadays with the speed of change and the exponentially expanding technology, so understanding a skill's longevity is important." [7]

[5] European Commission 2022: https://education.ec.europa.eu/document/proposal-for-a-council-recommendation-on-learning-for-environmental-sustainability
[6] Joint Research Centre 2022: https://publications.jrc.ec.europa.eu/repository/bitstream/JRC128040/jrc128040_greencomp_f2.pdf
[7] Spotify 2022: https://hrblog.spotify.com/2022/03/18/categorizing-skills-more-than-just-semantics/

6. Skills intelligence for the future

The future is inherently unknowable and depends on many interconnected variables and potentially exponential dynamics of change, as the now popular notion of a "VUCA world" [8] underlines. Yet, many labour market demands and future skill demands are forecasted to anticipate future skill needs based on indicators of past labour market developments. Furthermore, skill projections too often insufficiently take into account the specific needs within sectors or regions. The result is often a skill mismatch on the labour market.

Future Studies have highlighted the benefits of methodologies such as scenario planning or backcasting. Moving to a sustainable labour market with adequate, and context-based, sustainability skills can be facilitated by using such techniques in respective sectoral or regional contexts. Stakeholder alliances, including social partners and public employment services, could make better use of such tools to prepare scenarios by backcasting needed skills and job profiles. Also in business, scenario-planning can help to prepare for trends.

[8] Volatile, Uncertain, Complex and Ambiguous