

BRAINBOX AI.

How to build a corporate sustainability team



Introduction

Sustainability and ESG have become increasingly important for organizations in recent years as a rising number of investors, customers, employees, and other stakeholders favor organizations that demonstrate their commitment to sustainable, socially responsible, and ethical practices.

This, combined with climate science reports and regulations that encourage emissions reductions, has enticed many businesses to consider developing a sustainability team. The benefits of having such a team extend to managing risks, reputations, and opportunities; engaging with stakeholders; complying with regulations; and helping organizations integrate ESG considerations into their business practices.



Where to start

Companies that are setting out to create their internal sustainability network can begin by drawing up a list of sustainability topics that are important to their organizations. These can be aspects that are central to the company's values, such as reducing plastic waste in oceans. It can also encompass areas in which the company can uniquely make a difference - like Nestlé is doing in its mission to reduce emissions through [regenerative agriculture](#).

The next step is to think about how the company's sustainability team should be structured. Here, it's important to bear in mind that there doesn't necessarily need to be a large, central team responsible for all sustainability matters. In fact, according to [McKinsey](#), a modular organizational design (in which specific sustainability topics can be easily allocated and reallocated to different departments) often works best.

For example, an R&D department could focus on researching and developing new low-carbon innovations, and a procurement team could look at decarbonizing the company's supply chain. Having said this, it can still be a good idea to have a small, central sustainability team to coordinate carbon emissions reporting and integrate sustainability initiatives across the company.

Of course, small organizations or those looking to take their very first steps toward sustainability may feel more comfortable [appointing one main employee](#) to oversee the company's sustainability or ESG projects. Doing this can eventually lead to the natural creation of a sustainability team that's best suited to the company's needs.

Below you can find [McKinsey's examples of different organizational structures](#) that you could conceptualize for your new sustainability team:

1. A small autonomous central team

This model is made up of a handful of experts who generally report directly to a board of directors. This core team can handle sustainability initiatives without much help from other team members.

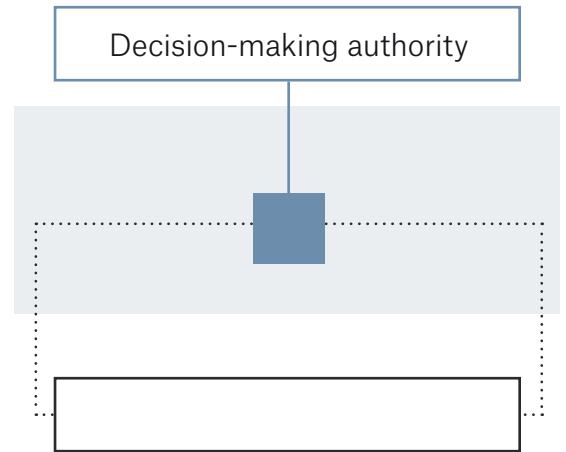


Image Credit: McKinsey & Company

2. A team of experts from different departments

This team is dispersed among various departments, (such as finance, marketing, HR, or IT) or dedicated sustainability sub-teams who work together to achieve sustainability goals.

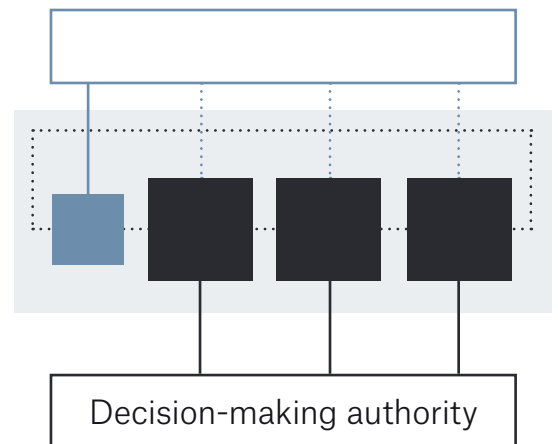


Image Credit: McKinsey & Company

3.1 A large central team with few inter-departmental resources

Here, a large central team plans most of the sustainability initiatives and keeps the company aligned and focused on sustainability priorities. It also coordinates with individual departments or groups with certain expertise.

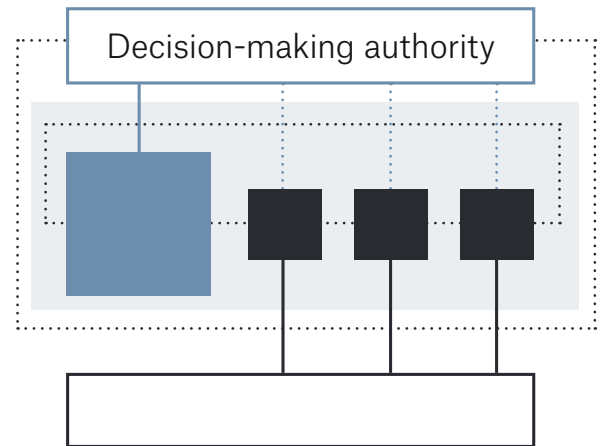


Image Credit: McKinsey & Company

3.2. A central individual that supports groups and departments

This team is dispersed among various departments, (such as finance, marketing, HR, or IT) or dedicated sustainability sub-teams who work together to achieve sustainability goals.

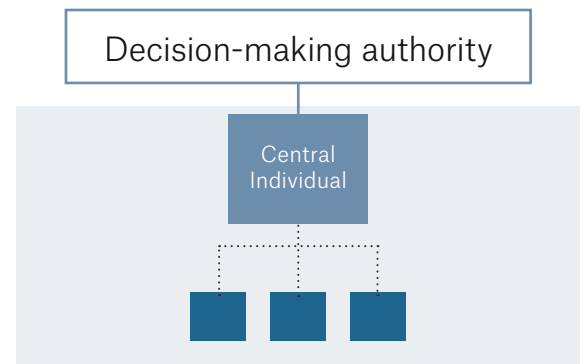
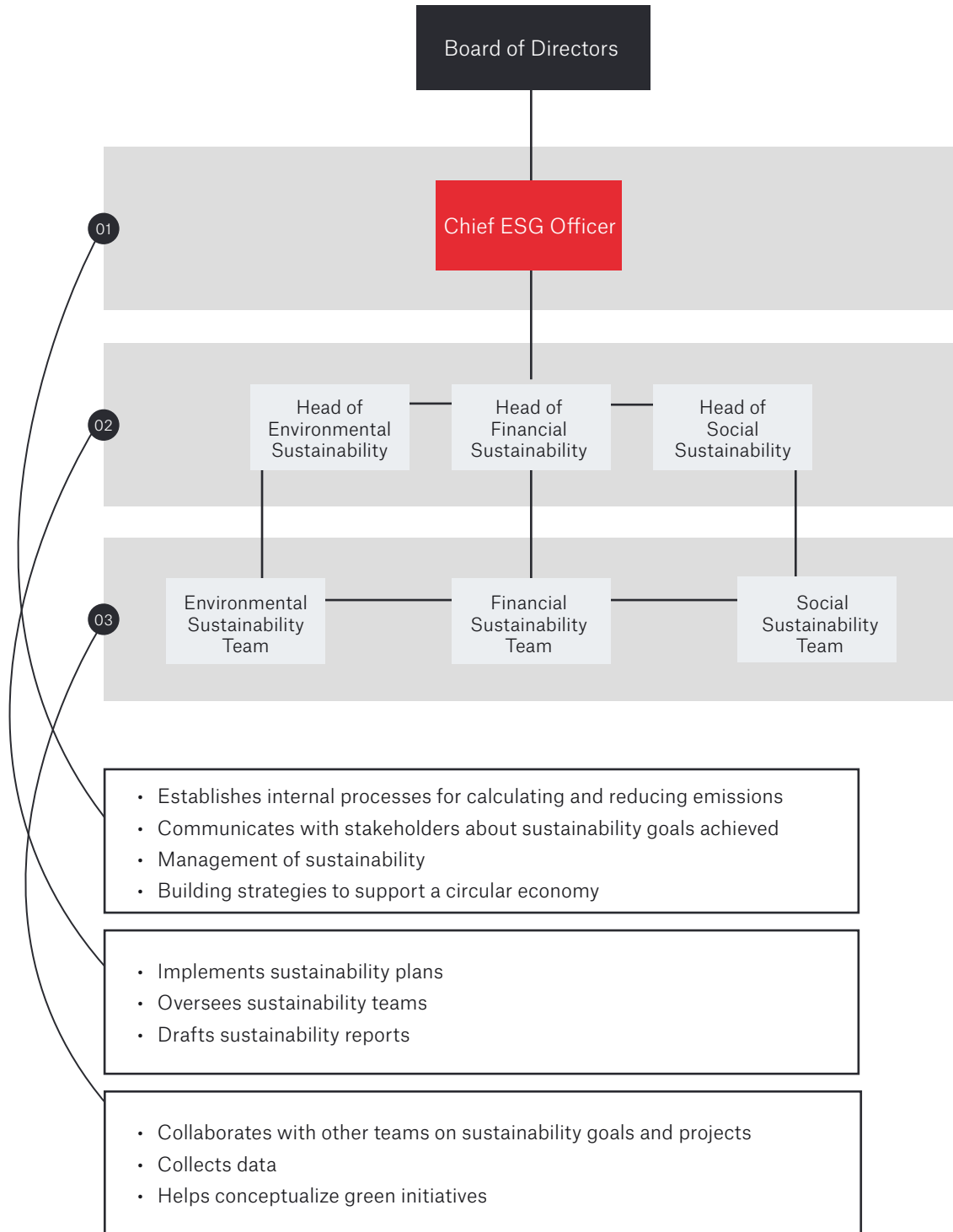



Image Credit: McKinsey & Company


Below, you can see a more detailed example of the roles and responsibilities each team and department would take on in a company using a model 3.2 structure





Small  Large

 Sustainability team

 Corporate resources

 Departments/sub-teams

 Direct reporting

 Linkages, but no direct reporting

4. A lean central team with decision rights and a lot of departmental support.

This is a top-down approach where a small central team oversees, supports, and guides departments or dedicated teams in setting up and working on their own sustainability initiatives.

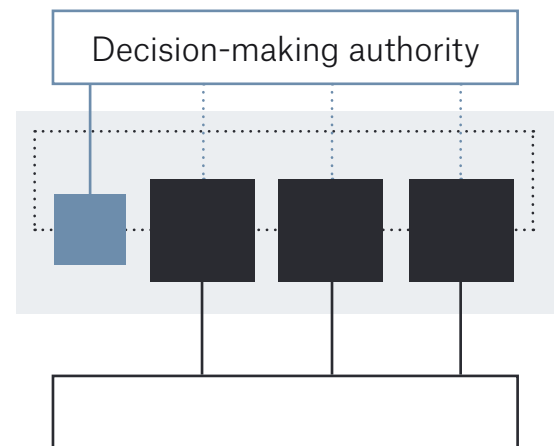


Image Credit: McKinsey & Company

5. A central team with sustainability SWAT teams.

Here a central team temporarily assigns external consultants to groups and departments within the company. These consultants help plan and execute initial sustainability initiatives, working to build skills and knowledge

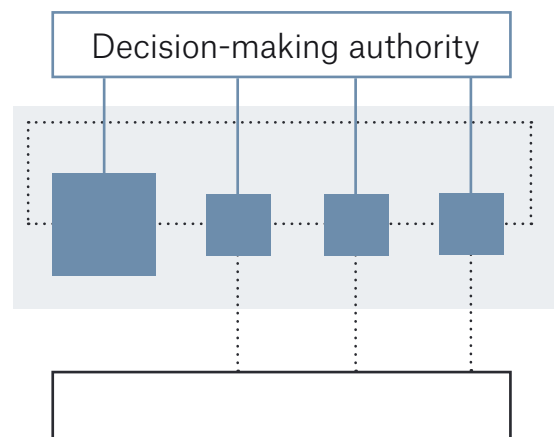


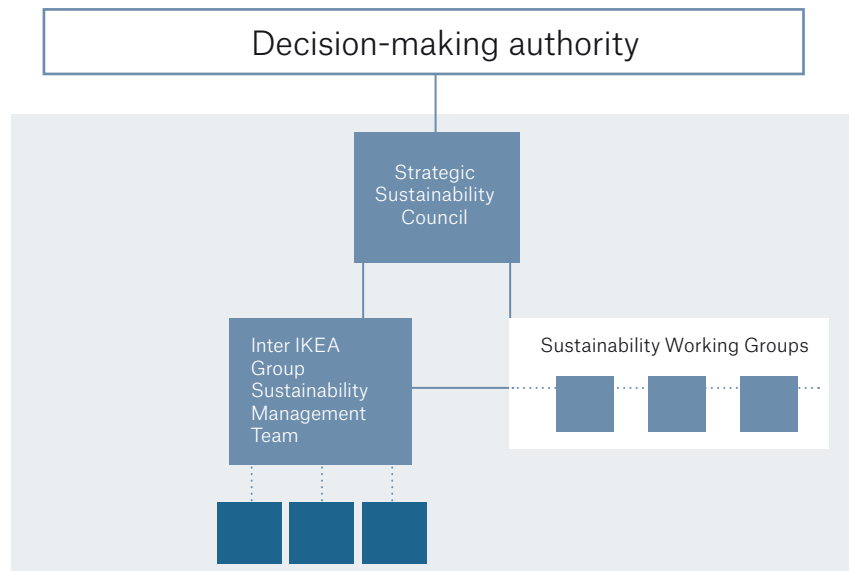
Image Credit: McKinsey & Company

Real-world examples of sustainability team structures

As you can see, there's no hard and fast rule dictating how companies should organize their sustainability teams. Some companies might stick to commonly used structures, whereas others might choose alternative variations.

IKEA

IKEA, for example, seems to have opted for a variation of a central team that deploys agile or SWAT teams to groups and departments, splitting their sustainability governance into three separate but connected spheres of sustainability leadership:



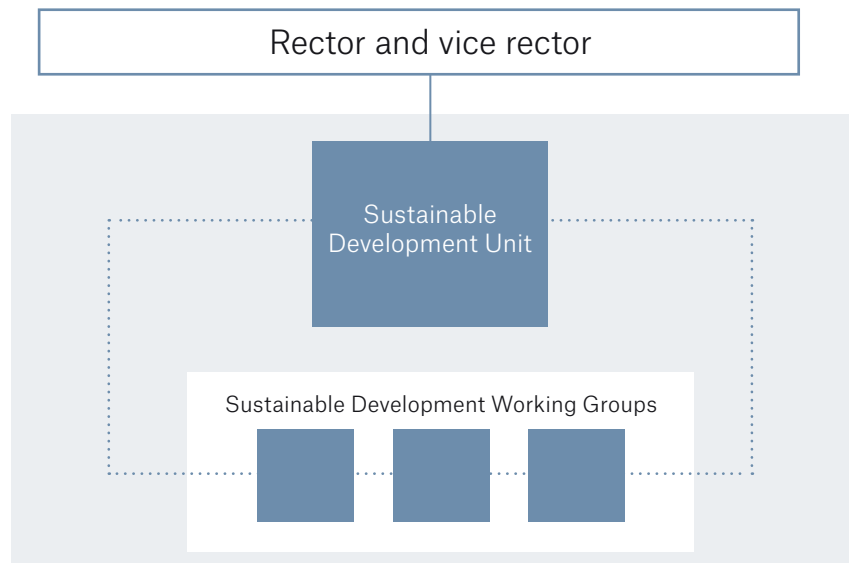
IKEA

- **The Strategic Sustainability Council** is made up of representatives from the Inter IKEA Group and the franchisees and is chaired by the CEO of the Inter IKEA Group. The council ensures that the company's position on sustainability is uniform across the entire franchise system and that future developments and commitments are aligned. The Strategic Sustainability Council also provides a space in which people across the company's entire value chain can collaborate and contribute to making a positive impact on people, society, and the planet.
- **Sustainability Working Groups** are where experts on specific topics meet to share best practices and build knowledge through the IKEA value chain. The working groups also discuss and align strategic initiatives and plans to fulfill the IKEA sustainability strategy.
- **The Inter IKEA Group Sustainability Management Team** is made up of sustainability managers. This group is responsible for aligning and developing sustainability ambitions and commitments, and reporting on performance. The group also provides recommendations on strategic business decisions with environmental and social impacts and prepares content and decisions for the Strategic Sustainability Council.



The University of Montreal

Working within the first organizational model, the **University of Montreal** (UdeM) has developed a “sustainable development ecosystem” that fosters dialogue, cooperation, and alignment between its various stakeholders. The university’s sustainability structure is comprised of a central team, the Sustainable Development Unit, which receives a clear mandate from its decision-making authority, the rector and vice rector. The central team takes on a supporting role for the sustainable development working groups and is responsible for ensuring that the sustainability agenda cascades throughout the entire university, from the working groups to various departments, research groups, personnel, students, and external communities.



The University of Montreal

- **The Rector and Vice Rector** supervise the adoption of sustainable development strategies and approve plans and projects presented to them by both the sustainability working groups and the Sustainable Development Unit. They also promote the sustainable development strategy, help develop the university's sustainability presence both inside and outside the institution, and work to integrate sustainable development indicators into the university's overarching strategic plan.

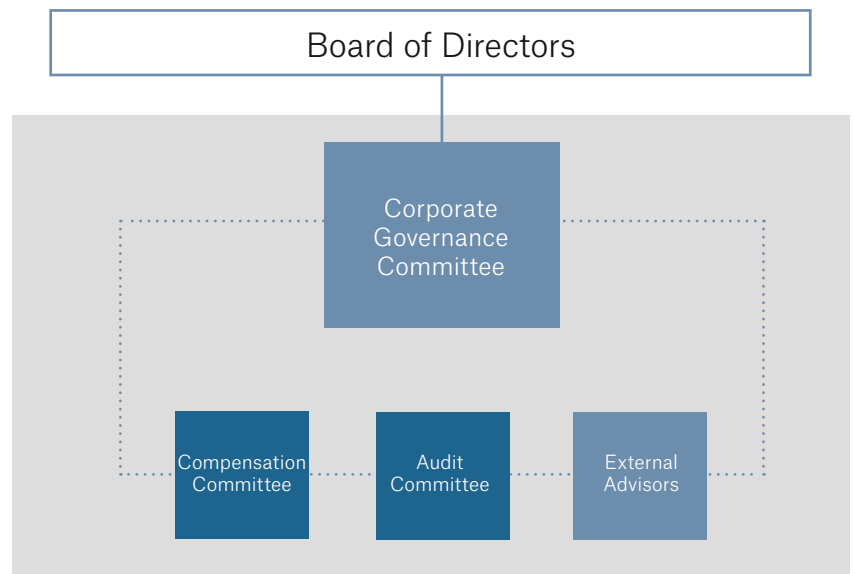
- **The Sustainable Development Unit** is responsible for promoting and facilitating the integration of sustainable practices at the university. It coordinates and produces the university's annual sustainability reports; suggests and supports sustainable solutions; and provides advice, support, and tools to promote the university's sustainability transition. It also encourages students, employees, faculty members, and the community to take part in sustainable development initiatives.

- The university's **Sustainable Development Working Groups** consist of targeted stakeholder groups for each of the UdeM's strategic sustainability themes. Their roles include helping to achieve the goals of the sustainable development strategy, sharing knowledge and expertise, and establishing timelines and initiatives. These working groups present an annual progress report documenting the advancement toward the strategic themes' goals.



Starbucks

Similar to UdeM's organizational structure, **Starbucks** has a core central team that performs a central support function supported by expert sub-groups. The company prides itself on a highly engaged board of directors and, aside from the expertise they draw on within the company, they also regularly employ the services of informal advisors for guidance (akin to McKinsey's fifth governance model that employes external SWAT teams).



Starbucks

- **The Board** is responsible for ensuring that ESG risks and opportunities are aligned with and integrated into Starbucks' long-term strategy.
- **The Nominating and Corporate Governance Committee** oversees, reviews, and assesses the effectiveness and alignment of Starbucks' sustainability and ESG strategies, policies, practices, goals and programs. It also supervises the review of the company's annual Global Environmental and Social Impact Report.
- **The Compensation Committee** oversees the development, implementation, and effectiveness of Starbucks' ESG practices, policies, and strategies in relation to human capital management and the Starbucks workforce.
- **The Audit Committee** is responsible for overseeing the risk management of Starbucks' sustainability strategies, policies, practices, and goals. In addition, it reviews the company's ESG disclosures in SEC filings.
- **External Advisors**, who are experts and influencers in sustainability and ESG, are employed to help inform and guide various committees in their roles and responsibilities and share industry best practices.



Finding a structure that fits your business

Ultimately, it's clear that there's no single "right", one-size-fits-all way to design a sustainability team - and companies will likely find they'll need to adjust the structure as the business grows and changes. As long as it's compatible with the way the rest of the company is set up, your sustainability team should be able to capture value, manage risks, and transform your organization for the better.

Want to kickstart the creation of your sustainability team? Download our handy Sustainability Director Job Description Template [here](#).