

TYPES NOT MAPPED YET February 06, 2019 | TTR not mapped yet | Lori W. Jones

# How employers can use employee benefits to address climate change

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The Intergovernmental Panel on Climate Change issued a report, titled “The Special Report on Global Warming of 1.5°C,” that describes the impact of the global temperature rising 1.5°C.<sup>1</sup> The Special Report is the work of 91 authors and editors from 40 countries and was prepared at the invitation of the United Nations Framework Convention on Climate Change. The Special Report warns of significant environmental consequences by 2030, i.e., within 12 years, if immediate action is not taken.<sup>2</sup>

Debra Roberts, co-chair of the one of the Panel’s working groups, said of the Report,

It’s a line in the sand and what it says to our species is that this is the moment and we must act now. This is the largest clarion bell from the science community and I hope it mobilizes people and dents the mood of complacency.<sup>3</sup>

The Special Report has caught the attention of the media and the public, particularly in light of recent severe weather events around the world. Undoubtedly, the coordinated action of governmental policymakers, politicians and scientists will be required to address the serious concerns raised in the Special Report. However, an important part of the solution could lie in employers asking themselves, “What can we do?” Of course, there is no single solution. However, taking a fresh look at the company’s employee benefit package may provide a viable action plan.

### The Vanderbilt study

In July 2017, a team of researchers at Vanderbilt University published a research paper discussing the impact of employee energy benefits on employee behavior.<sup>4</sup> In the paper employee energy benefits (EEBs) are defined as “employer efforts to influence or support employees’ personal energy choices outside the workplace.”<sup>5</sup>

According to the Vanderbilt study, organizational theory suggests that there are at least three reasons why a company might offer EEBs. First, offering EEBs could improve a company’s competitiveness by attracting environmentally-conscious clients, helping the company recruit and retain employees, strengthening the corporate culture and promoting efficient use of company resources. Second, inclusion of EEBs in the company’s employee benefit package could soon become the social norm, and even the subject of governmental regulation.<sup>6</sup> Finally, employers may offer EEBs out of a sense of corporate social responsibility, particularly if environmental concerns and prudent use of natural resources are part of the company’s mission and values.<sup>7</sup>

The Vanderbilt team surveyed 482 adult full-time employees regarding the EEBs, if any, offered to them by their employers. While a complete discussion of the results of the Vanderbilt study is beyond the scope of this article, the following key points are relevant:

- EEBs were offered to 17 percent of the employees surveyed. Of those, 63 percent reported participating in at least one of the EEBs offered. Thus, about 10 percent of the survey respondents were benefitting from EEBs.
- The industries most commonly offering EEBs were state and local governments (20 percent), other health care/education employers (18 percent) and professional/banking and finance/information technology employers (17 percent).
- 24 different types of EEBs were reported that could be grouped into categories such as technology/efficiency subsidies (solar panel subsidies, discounts for home energy audits), incentives for transportation or home

energy behaviors (bus passes, prizes for home energy reduction), general transportation support (carpooling programs), education initiatives, and miscellaneous efforts such as promoting local food vendors.

- Providing information about carpooling options and energy conservation methods was the most widely offered EEB. However, it was also one of the least valued by survey respondents.
- Based on the survey responses, the EEBs most preferred by survey respondents involved financial incentives. The top 10 preferred EEBs, listed in descending order of preference were as follows:
  - Providing free energy efficient light bulbs;
  - Support for working from home/telecommuting;
  - Discounts/financial incentives for use of environmentally sustainable products at home (e.g., sustainable food, recycled goods, water savings devices);
  - Discounts/financial incentives for purchase of efficient technology at home (e.g., solar panels or hybrid cars)
  - Free or reduced-cost home energy audits;
  - Discounts or rewards for employees who carpool;
  - Discounts or rewards for people who take mass transit;
  - Discounts or rewards for people who bike to work;
  - Competitions, quizzes, or games to encourage conserving energy or water at home; and
  - Organizing carpooling to work programs.
- Employees believed that employers offered EEBs to improve their corporate reputation, to recruit and retain employees, and to address concerns about environmental or social issues.
- Employees indicated that they were most likely to enroll in EEBs because of financial savings or personal disposition.
- A small number of respondents complained about feeling pressure to participate in EEBs or feeling controlled by liberal ideology.<sup>8</sup>

### Building the case

The Vanderbilt study provides a possible roadmap for employers to address climate change through employee benefits. Ideally, management will take the lead. More likely, human resources professionals will need to make the case for modifications to employee benefit packages that promote environmentally conscious behavior on the part of employees. The task will be easier if the company's mission and strategic plan include elements of corporate social responsibility. Recruiting and retaining millennials, for whom the environment is a high priority, provides another important rationale for enhancing the employee benefit package in this manner. Finally, proper communication of these efforts could boost the reputation of the company in the eyes of clients, potential clients and the local community.

### The "Green" Committee

To increase the likelihood of success, a committee with representatives from across the company should be formed to recommend revisions to the benefit package after soliciting input from a broad range of employees. In the Vanderbilt study, 63 percent of employees participated in at least one of the EEBs offered. The goal of the committee is to create a program that will be embraced by employees and engender a desire to help solve climate issues.

### Additional ideas for consideration

In addition to the EEBs listed in the Vanderbilt study, there are other ways a company's employee benefit package can be expanded to address the issues of climate change. Some, but not all, include financial incentives for employees.

#### Climate leave

Some small employers, in geographic areas vulnerable to severe weather, have adopted paid "climate leave" policies to assist employers who must deal with the aftermath of severe weather events. Although not yet a mainstream benefit, such a program provides assurance to employees that their employers will stand with them in the event of a climate crisis.<sup>9</sup>

### Wellness programs

Employers with wellness programs could include climate-friendly behaviors, e.g., biking to work for a week or reducing red meat consumption for a specified period,<sup>10</sup> in the menu of activities for which employees earn wellness credits towards premium discounts. If the wellness program already offers discounts, such an adjustment likely involves minimal additional cost for the employer.

### Holiday gifts

Holiday gifts, whether for employees or clients, could reflect a company's commitment to addressing climate change. For example, reusable shopping bags with the company logo may encourage employees and clients to reduce the use of plastic bags. The Green Committee or employee surveys could provide additional ideas.

### Employee contests

Energy saving behaviors could receive a kick-start via contests between floors, departments or divisions. For example, measuring the increased use of two-sided printing features could result in "casual Friday" rewards or relatively inexpensive pizza lunches.

## Conclusion

In 2012, the United Kingdom adopted the "Green Deal," a government policy encouraging homeowners to adopt energy efficient home improvements. A March 2012 letter submitted to the Energy and Climate Change Committee of the UK Parliament described the potential role that employee benefit programs could play in the success of the policy, stated:

Huge potential exists to use employers as an additional and far-reaching route to increase consumer engagement and uptake of energy efficient improvements....Employee benefit schemes have a proven track record....We believe there is significant latent demand for "green" employee benefits offerings as companies seek to boost their CSR<sup>11</sup> schemes and respond to employee interest in energy efficiency measures. Employee benefit models also offer the employer a means of boosting employee loyalty and staff retention.<sup>12</sup>

As described above, employee benefit programs offer a practical and effective way that employers can improve our current climate outlook for the benefit future generations.

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1. <http://www.ipcc.ch/report/sr15/> ↩

2. Id. ↩

3. Watts, Jonathan "We have 12 years to limit climate change catastrophe, warns UN" (the Guardian (Oct. 8, 2018) ↩

4. Maki, Alexander, McKinney, Emmett, Vandenberg, Michael P., Cohen, Mark A. & Gilligan, Jonathan M, Employee Energy Benefits: What are they and What Effect do They Have on Employees?, Vanderbilt University (July 2017) ↩

5. Although not part of the study, the authors acknowledged that the definition of EEB could be broadened to include employee benefits that support other environmentally friendly behaviors, such as recycling and water conservation ↩

6. This could occur, depending on society's response if the dire consequences outlined in the Special Report unfold ↩

7. Id. ↩

8. Id. ↩

9. Greenfield, Rebecca, Paid "Climate Leave" May Be the Employee Benefit of the Future, <https://www.insurancejournal.com/news/national/2017/11/17/471540> ↩

10. Scientists believe that a dietary shift to eating less meat would significantly lower carbon dioxide emissions. See Leahy, Stephen, Climate Change Impacts Worse than Expected, Global Report Warns, <https://www.nationalgeographic.com/environment/2018/10/ipcc-report-climate-change-impacts-forests-emissions/>, (October 7, 2018) ↩

11. "CSR" is the acronym for corporate social responsibility ↩

12. Written evidence submitted by the Grass Roots Group to the UK Energy and Climate Change Committee (March 2012), [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2801607](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2801607) ↩



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