



Leaders 2050: Diversity for Net Zero Report

October 2022



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Foreword

Climate change is a global phenomenon and will impact us all. Despite this, its effects are not felt equally and those most impacted tend to be from the most disadvantaged groups.



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Global and UK Head of ESG,
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Solutions to help reduce or reverse climate change will have widespread impacts on all our lives, and it will be vital that they are implemented in a way that is balanced, fair, and just for all.

Net Zero is the balance between the greenhouse gases produced by human activity put into the atmosphere and those taken out. Organisations are increasingly setting their own Net Zero targets, however the scale of change required to meet these is immense.

To ensure success we will need to engage the broadest possible pool of talent, including talent that has in the past been underrepresented in business, government, and other organisations, particularly at the senior leadership level. We must champion differences and support diversity of thought to drive the innovation required to effectively deliver Net Zero. Finally, we must engage those most impacted by finding solutions that work best for them and limiting further inequality.

We have established a set of Diversity for Net Zero Guiding Principles that companies can use to maximise inclusion, diversity, and equity (IDE) when making climate-related decisions. These Guiding Principles should act as a blueprint for all business, governments, NGOs, and other organisations who are either starting out on their decarbonisation journeys as well as those who have already implemented Net Zero targets.

This is an opportunity to do things differently to drive an efficient, effective, and equitable transition to Net Zero.



About this report

The aim of this report is to provide organisations with a set of Guiding Principles which will act as a framework to ensure diversity is always incorporated into climate-related decision making.

There is strong consensus that not enough is being done to support a diverse transition to Net Zero

82%

of respondents agree that IDE is fundamental to deliver Net Zero in the most effective way

Only

50%

of respondents thought their organisation considers IDE when making climate-related decisions

Organisations have a large role to play and can follow these five, Diversity for Net Zero Guiding Principles



Foster diverse leadership



Drive tangible actions by setting targets



Champion diverse voices



Empower individuals through education



Build organisational collaboration

Executive summary



Diversity is critical to achieving Net Zero

Net Zero will require an unprecedented scale of change, and it will not be possible to achieve effectively without including all social groups.

Diverse organisations are proven to implement greener business strategies and are typically more innovative and efficient at what they do. Building a diverse and substantial workforce will be critical for the delivery of Net Zero. To do this we must ensure opportunities and resources are accessible to all. It will be critical to empower diverse and marginalised groups to play a major role in decision-making processes, providing them with a clear and respected voice and ensuring they can access leadership roles.

There is strong consensus that not enough is being done to support a diverse transition

As part of this study, over 200 people were surveyed on the importance of diversity for the effective delivery of Net Zero.

The findings demonstrated a very strong consensus that diversity should be considered of high importance for delivering Net Zero. Despite this, over half of respondents thought that not enough is currently being done to ensure that diversity is being considered when organisations are making climate-related decisions. Participants recognised that organisations, and in particular senior leadership can have a large role to play in driving change.

Organisations have a large role to play in driving change

There are numerous actions businesses can take to drive change within their organisations recognising that these actions can also impact and drive behavioural change within wider society.

This report lays out a set of Guiding Principles, which are actions that businesses can take to ensure diversity is always considered when making climate-related decisions. These are Foster diverse leadership, Drive tangible actions by setting targets, Champion diverse voices, Empower individuals through education and Build organisational collaboration.



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Diversity is critical to achieving a successful Net Zero transition

A successful transition to Net Zero will be challenging without engaging individuals from a wide range of diverse backgrounds and cultures. Climate change is a universal problem and therefore solutions must also consider impacts on minority groups and effective delivery should strive to involve all. Research has shown that diverse organisations are greener, create efficiencies, and can influence hard to reach groups of people.

1. Climate change often is most detrimental to disadvantaged minority groups

Climate change manifests itself differently to different groups of individuals. Often the poorest and most marginalised populations who are the least responsible for climate change, are most likely to be affected by it. This is because they often have the least resources to respond, cope, and recover^{1,2}.

Many academics have drawn comparisons between climate change and the COVID-19 pandemic, demonstrating how its impacts were worse for more vulnerable groups³.



Different communities have varying opinions on what should be done to address climate change. Despite this, too often people working on climate advice and analysis are drawn from a narrow set of social groups. It is vital that we provide all individuals a safe platform to express their views and broaden representation to bring genuine diversity to the climate discussion⁴.

Sources: [1] Future Generations commissioner for Wales (2022); [2] Climate Policy (2021); [3] Development Co-operation Report 2020 (2020); [4] Climate Change Committee (CCC) (2022); [5] Global Governance Institute, University College London

2. Diverse organisations can influence wider society and can ensure a just transition

The Net Zero transition must be a just transition, however right now, some of the most vulnerable individuals are being excluded from the opportunities associated with delivering Net Zero, further exacerbating existing inequalities.

Organisations have a key role to play to ensure everyone has equal access to the benefits from the transition. For example, currently electric vehicles are only accessible to a small subset of the population.



Businesses should also recognise their ability to influence behaviour change. Diverse and inclusive organisations, such as think tanks and NGOs, can act as role models for specific groups of individuals and help make the Net Zero transition more accessible to different societal groups⁵.

3. Diverse organisations are greener

Organisational strategy is determined at the leadership level and research¹ has shown that diverse boards are inherently more ambitious with their climate strategies and are twice as likely to develop a decarbonisation strategy.

Of the largest corporate Greenhouse Gas (GHG) emitters, less than half have at least 30% board seats held by women; only one quarter have at least 20% board seats held by racially diverse directors; and just one third have a median board age of less than 60 years old.



Climate strategy is becoming an essential component of wider organisational strategy and therefore ensuring diverse representation on boards helps to ensure that these conversations are being had, supports diversity of thought and shifts the focus away from short-term profit making to addressing longer-term climate risks.

Sources: [1] BoardReady; [2] Onward; [3] The McKenzie-Delis UK Review 2022

4. Diverse workforces create efficiencies, improve innovation, and increase profitability

The UK’s Net Zero transition is expected to create 1.7 million jobs² this decade alone and this presents the opportunity to build a workforce that better reflects society, fosters innovation, and increases creativity for a rise in efficiency and profits.

Research has shown that companies with more diverse executives are more likely to outperform their less diverse peers on profitability by up to 35%³. Diverse teams drive increased innovation through diversity of ideation and approach. This is essential when many of the technologies we will use to deliver Net Zero do not yet exist.



Whilst upskilling and providing flexible education for those from more disadvantaged backgrounds can help empower more diverse talent to support organisational goals, organisations also have a responsibility to build knowledge, both internally and externally on the value of diversity in delivering Net Zero.



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Our survey results

The Leaders 2050 network issued a public survey to explore the intersection between IDE and the Net Zero transition. We analysed and recorded responses of 200 participants to test their perception of the importance of diversity for Net Zero, how well they believed their organisations championed diversity for climate-related activities and key barriers and enablers for change.

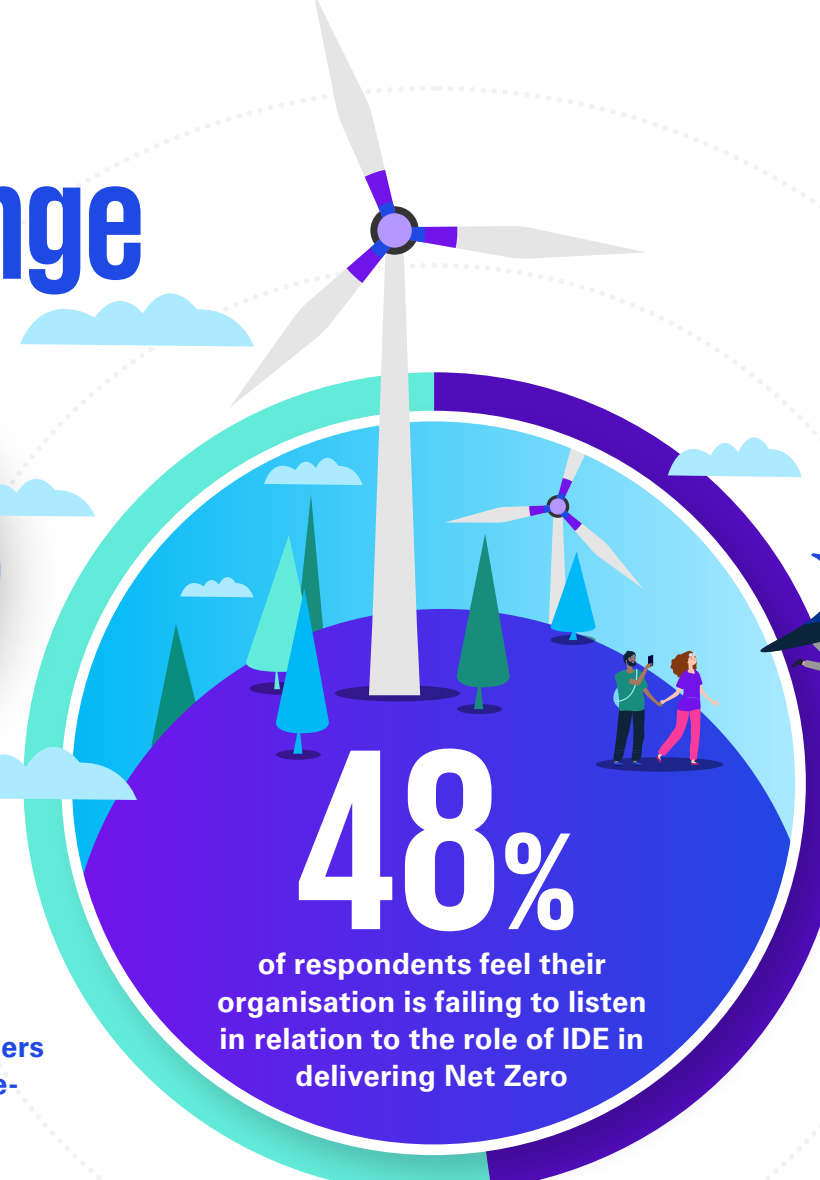


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The case for change



Only **50%** of respondents thought their organisation considers IDE when making climate-related decisions

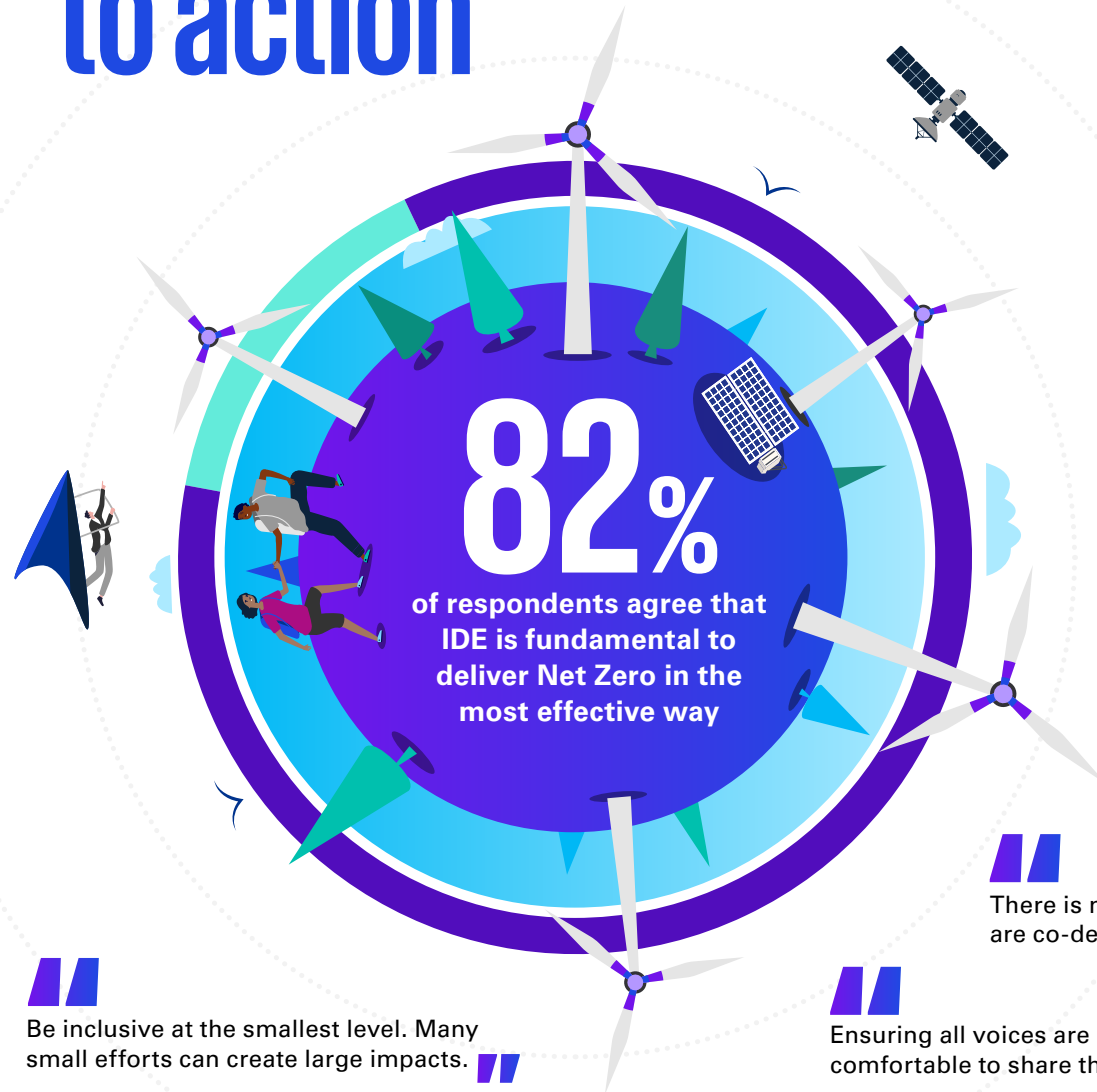


Key barriers to IDE in delivering Net Zero

- 1** Lack of awareness on the importance of IDE for delivering Net Zero
- 2** Lack of leadership driving IDE forward in their organisation
- 3** Lack of mentoring/role models to support them
- 4** Funding/resourcing constraints in their organisation
- 5** Recruitment processes not designed to be inclusive

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A call to action



Respondents cited

‘Bold leadership’ and ‘Tangible actions through targets’

as key enablers for driving
change within organisations

Be inclusive at the smallest level. Many small efforts can create large impacts.

Ensuring all voices are heard and people are comfortable to share their voice is really important.

It is important to set measurable targets to increase IDE in achieving Net Zero because what gets measured gets done.

For modern businesses, change happens faster than ever before. We need to embrace dynamic approaches and celebrate/support people who spot opportunities for improvement.

There is no ‘sliver bullet’ for driving change; key enablers are co-dependent and should be delivered in parallel.



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Diversity for Net Zero Guiding Principles

We have developed a set of five Guiding Principles to help organisations incorporate IDE considerations in their climate-related decisions making. These Guiding Principles will act as a toolkit for all organisations to help foster a diverse, inclusive, and equitable environment that will further their progress in enabling Net Zero.



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Foster diverse leadership

Diverse and inclusive leadership is key to achieving Net Zero. For the majority of organisations, climate strategy is centred on setting targets to reduce carbon emissions. These decisions are increasingly made at a board-level, given the growing emphasis investors and stakeholders are placing on climate risks. Diverse representation on boards helps to ensure diversity of thought, that a wider variety of innovative and creative solutions are explored, and that the broader implications of business strategies for minority groups are considered during decision making.



Drive tangible actions by setting targets

Organisations must set clear targets to measure their progress in incorporating diversity into their climate-related decision making. Setting targets will help to create accountability that incentivises clear, visible actions to integrate diversity into climate-related strategies now, rather than promises of future action.



Champion diverse voices and culture

From an equitability standpoint, providing under-represented groups with a defined and safe platform should help their voices be heard and their viewpoints be considered when making climate-related decisions. This will empower those who may not otherwise feel comfortable raising concerns or considerations, or do not feel like they can have an impact.



Build organisational collaboration

Net Zero is not a siloed issue and delivering in a timely and effective manner will require collaboration within organisations and across sectors. Organisations should build partnerships to learn and develop from one another and hold each other to account in their efforts to incorporate diversity in their climate-related decision making.



Empower individuals through education

Organisations should harness education to maximise the contribution that employees from diverse backgrounds can give to Net Zero activities. Employees in minority groups should be provided with opportunities to develop skills to access new and future roles delivering Net Zero and to improve their ability to input into consultations on climate-related decisions. Organisations should also educate all employees on why diversity is critical for achieving Net Zero and help all employees understand what they can do to support.



Guiding principles overview



Foster diverse leadership

What can you do?

- ✓ Establish diversely-populated shadow boards to critically examine climate-related decisions
- ✓ Set a clear message from the top by incorporating inclusive language into your environmental mission statements and sustainability aims
- ✓ Establish reverse and reciprocal mentorship programmes for board members to enhance appreciation of different viewpoints
- ✓ Reframe recruitment practices to ensure talent within ESG teams or Net Zero delivery teams is drawn from a wide range of candidates
- ✓ Build a culture aligned with both ESG and IDE practices with a clear code of conduct

Case study/spotlight

The Department for Business Energy and Industrial Strategy uses the power of reverse mentorship to generate new ideas and share different perspectives. It can support others to understand the issues faced by people from different cultural backgrounds within the Civil Service.



Drive tangible actions by setting targets

What can you do?

- ✓ Set clear and measurable targets to increase board-level representation of diverse backgrounds to support the incorporation of IDE considerations into climate-related decision making
- ✓ Provide accessible guidance on the importance of these targets and practical ways they can be met
- ✓ Clearly define organisational commitments in relation to IDE for climate-related decisions making
- ✓ Where appropriate, link targets to remuneration to create incentives and penalise inaction
- ✓ Ensure effective tracking of targets so that progress can be measured

Case study/spotlight

In 2022, KPMG became one of the first organisations to publish socio-economic background pay gaps and set out ambitious targets to increase the number of senior employees from working-class backgrounds.
Setting targets using platforms as the FTSE Women leaders review and the Parker Review can help ensure accountability and accelerate action.



Champion diverse voices and culture

What can you do?

- ✓ Establish safe and accessible feedback channels for diverse groups of stakeholders affected by climate-related projects to ensure adequate consultation
- ✓ Develop a network of IDE champions within ESG practices and Net Zero-aligned project teams to provide education on the importance of diversity
- ✓ Develop role models within minority groups to empower and encourage others
- ✓ Promote an inclusive culture by educating employees on the use of inclusive language and media

Case study/spotlight

Bain & Company found that a sense of belonging and engagement at work can increase productivity. They found that companies using tools such as focus groups, listening tours, and social listening tools segmented by diverse employee groups grew their revenues 2.5 times faster than their peers.



Empower individuals through education

What can you do?

- ✓ Provide organisation-wide education on the Net Zero agenda and the role of diversity in delivering on it
- ✓ Ensure all training and educational programmes in relation to ESG and Net Zero are accessible and where necessary tailored to specific needs, professional backgrounds and lived experiences
- ✓ Promote an inclusive culture by celebrating the value of peoples’ differences to empower confidence and ownership of viewpoints and opinions
- ✓ Drive equity by identifying minority groups that would benefit from specific training programmes to develop the new skills to help enact change and access jobs that can help deliver Net Zero

Case study/spotlight

Skills Development Scotland Meta-skills Toolkit helps to provide a learning environment that will empower young people to be successful learners, confident individuals, responsible citizens, and effective contributors – allowing them to reach their full potential.



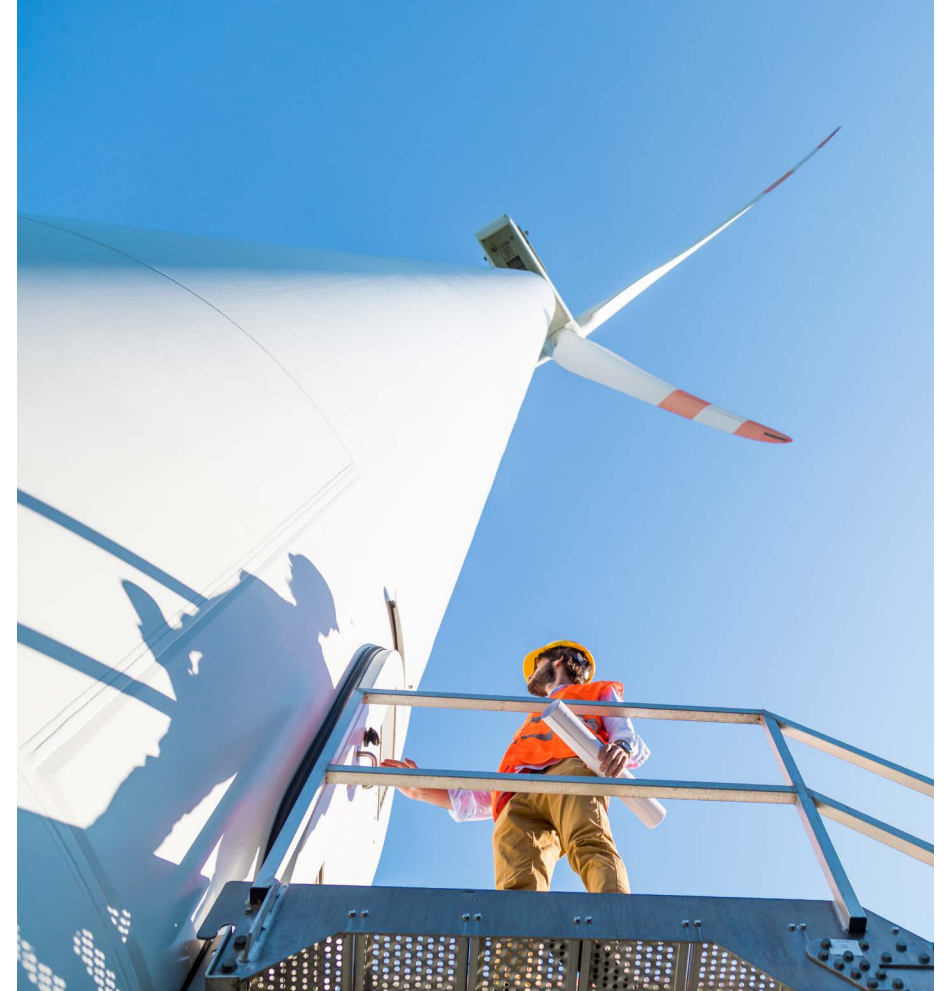
Build organisational collaboration

What can you do?

- ✓ Use established channels and networks to share ideas and practices on promoting diversity for Net Zero
- ✓ Build new relationships with organisations beyond your normal sphere to accelerate the spread of ideas
- ✓ Become a public facing role model for the way diversity is incorporated into climate-related decision making within your organisation
- ✓ Seek active partnerships by connecting minority groups beyond your own organisation
- ✓ Develop thought leadership on Net Zero that is accessible and easy to understand and share it with different organisations

Case study/spotlight

KPMG partnered with Blind in Business to host 12 university students and graduates for the day, providing an opportunity to discuss KPMG graduate schemes, network, take part in mock interviews, and hear the experiences of other visually impaired people working at KPMG UK.





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Conclusion

This report has outlined why IDE is crucial to achieving a successful, efficient, and just Net Zero transition. We have demonstrated that organisations can play a large role in driving change to ensure that IDE is always considered as part of climate-related decision making. The Diversity for Net Zero Guiding Principles are a framework that organisations can follow to help accelerate this change and ensure Net Zero is achieved and delivered in a way that is balanced and fair.



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1. Climate change manifests itself differently to different groups of individuals and often is most detrimental to disadvantaged minority groups.

2. Solutions for climate change and the journey to Net Zero will not be possible without diversity of thought. The possible implications of these solutions must be assessed and evaluated for a wide range of individuals.

3. Organisations have a clear role to play to ensure that our transition to Net Zero considers diverse individuals and is delivered in a way that is inclusive and just for all.

4. Diverse organisations are proven to champion a greener agenda, be more innovative and efficient, and can help solve problems in a way that is fairer for all.

5. A high percentage of those who participated in our Diversity for Net Zero survey do not think their organisation is playing a large enough role in ensuring diversity for Net Zero.

6. Organisations can use the ‘Diversity for Net Zero Guiding Principles’ as a framework to help drive change, champion IDE and do things differently when making climate-related decisions.

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Roundtables

- Leaders 2050 network’s Diversity for Net Zero roundtables were hosted over three sessions throughout 2022
- The purpose of the roundtable discussions was to explore inclusion, diversity, and equity as a key step to driving the energy transition and Net Zero
- Over 40 attendees from around 27 organisations participated in these discussions
- The roundtable kick-off granted the opportunity for all attendees to learn from a group of peers and facilitated honest discussions on diversity
- The following two roundtables presented an opportunity to test, discuss and agree on a number of ‘Guiding Principles’ that organisations can follow drafted based on the discussions from the kick-off event



Survey

- Leaders 2050 network’s Diversity for Net Zero survey explored the intersection between Net Zero and IDE
- Over 200 survey responses were recorded and analysed
- The survey sought to test:
 - How important participants perceived diversity to be for achieving Net Zero
 - How well the organisation they worked for championed diversity in relation to their climate-related activities
 - The five proposed Guiding Principles

What is the Leaders 2050 network?

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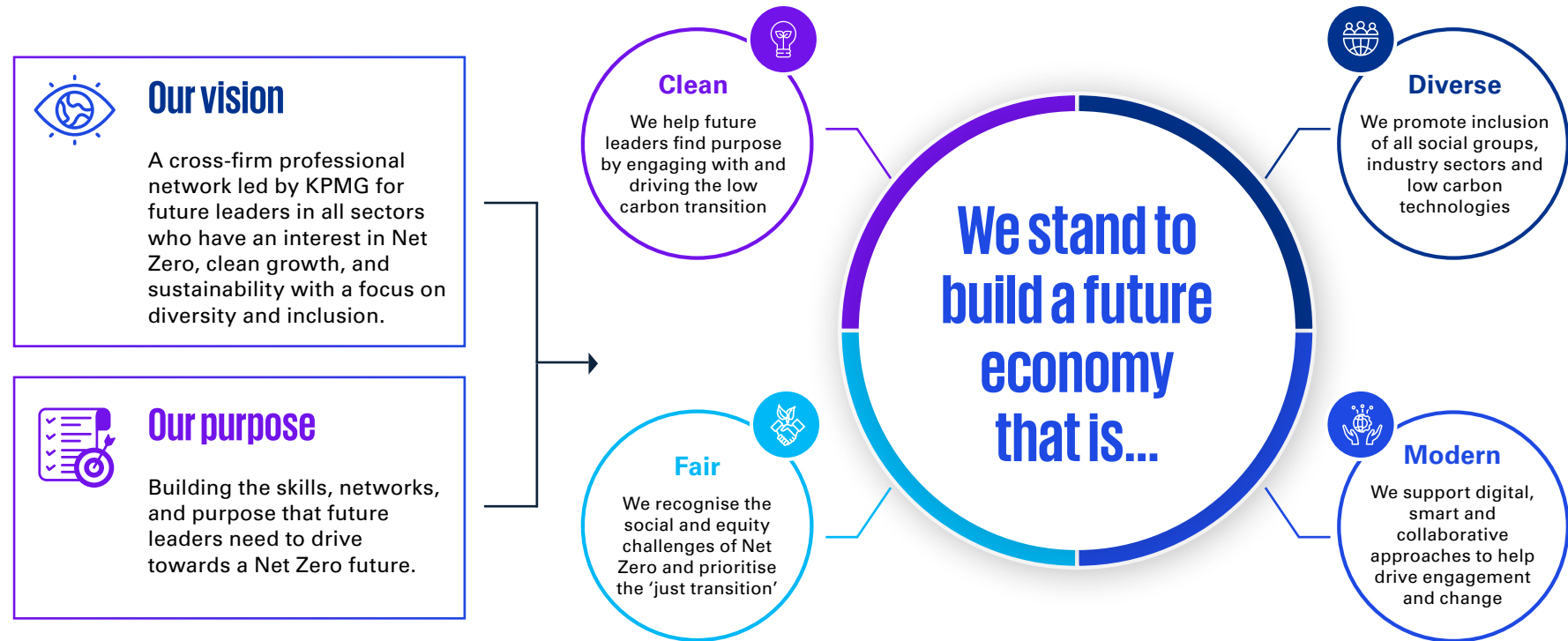
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The principles below will be embedded into all Leaders 2050 events and activities



Find out more [here](#).



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