



ESG: Mobility's new mandate

By delivering “global illumination,”
mobility can help address
enterprise-wide ESG issues at scale



August 2022

kpmg.com/us

What is the future of mobility in the future of work?

Today's human resources (HR), talent, and global mobility managers face an existential question: How does global movement play into enterprise talent strategy, sourcing, and distribution in a world where businesses and employees increasingly connect virtually, not physically?

This question has been top of mind over the last two years as COVID-19 forced many into lockdown and companies accelerated the rollout of virtual collaboration and remote work technologies. Yet, the idea of remote and hybrid work isn't new or entirely unexpected. Even prepandemic, the global mobility landscape was fast evolving, putting pressure on mobility departments to drive value in innovative ways, beyond simply moving people between locations. Many mobility departments were already exploring new ways to hire and retain top global talent, aligning policies and processes to the needs of today's employees, and balancing diversity, equity, and inclusion (DE&I) efforts with candidate fit. The pandemic only fast-tracked mobility's evolution, making it clearer than ever that its future will be very different than its past.

In this report, we explore an emerging and high-potential role for mobility departments: To contribute to enterprise environmental, social and governance (ESG) efforts. In a world where ESG issues are at the forefront and physical location is less vital, we believe mobility has an opportunity to leverage its unique position in the wider organization and its access to unique data to help drive enterprise-wide ESG results. We call this new mandate "**global illumination**" because it describes how mobility functions can cast light on ESG activities and gaps across the many areas of the business it touches. Making these key insights visible outside of individual business units helps foster a holistic and strategic view of ESG impacts, a critical step to progressing the ESG vision.





What's inside?

This report covers:

- **Emerging challenges facing mobility departments:** The factors driving mobility's evolution
- **An ESG reckoning:** The importance of ESG factors in how businesses compete and operate
- **Mobility's ESG opportunity:** Three core competencies that are shifting mobility's value proposition
- **Getting specific:** Areas where a global illumination-focused mobility function can support ESG objectives

Emerging challenges facing mobility departments

Mobility leaders are understandably anxious about how mobility has changed over the past two years and the uncertainty that these changes present. Indeed, COVID-19 has had immediate, undeniable impacts on mobility teams with the displacement of workers and suspension of travel. The core mandate for mobility—moving people around the world and maintaining legal and regulatory compliance—was initially rendered almost obsolete.

While mobility's traditional activities saw a large decrease in volume, the change was temporary. In fact, the almost-overnight transition to remote work has actually expanded mobility's role in order to manage new challenges created by the workforce of the future.

Several factors are converging to drive mobility's evolution:

New ways of working: Technology has helped flip a switch on hiring, enabling companies to bring jobs to people instead of the other way around. The trend toward remote and hybrid workplaces has significantly accelerated since the start of the pandemic and looks to be here for the long term. Between October 2020 and April 2021, 52 percent of all workers—and more than 80 percent of workers in certain fields—worked remotely.¹ However, remote work does not come without limits—from a location or time perspective. As such, mobility programs have taken on a new responsibility: define parameters around remote work, including how it's requested, how it's approved, and when it's feasible. Mobility programs are becoming crucial for helping empower employees to work productively wherever they want while remaining compliant.

Mobility expectations: Driven by both pandemic impacts and changing generational preferences, flexibility and lifestyle are top priorities for employees. This has resulted in an employee-empowered labor market that is changing the definition of employment and the relationship between employer and employee. A broad mindset shift toward more inclusive

benefits—including flexibility in work hours and location—is unfolding across employee groups. To avoid losing talent and successfully source new talent, mobility departments are increasingly being asked to help define how to accommodate, implement, and support flexibility demands.

Talent diversity: Across industries, enterprises are waking up to how DE&I contribute to the bottom line, employee well-being, and talent retention. Inclusion is not just an important part of duty of care, but also drives benefits for organizations. For example, S&P Global found that over a 17-year span, companies with female CFOs achieved at least \$1.8T more in gross profit than their sector average.² But while tapping into new pools of talent is a crucial competitive advantage, attracting and managing diverse international employees presents tricky mindset and culture questions for mobility teams. With a current war for global talent, the mobility function is helping source the right skills locally and internationally while managing the expectations, safety, and needs of mobile populations. With nearly one million people switching to a new job in March 2021, and more than 7 million jobs recently posted online, engaging employees with a new wave of benefits and values will be critical in retaining talent through shifts to corporate culture and diverse benefit packages that meet the needs of a more diverse workforce.³

Sustainable business: Growing recognition that climate change and environment degradation are worldwide problems has made environmental issues a hot boardroom topic. Now, as global regulators introduce corporate requirements on sustainability, the pressure on businesses to redesign their operations with an eye on climate and environment is becoming urgent. This is directly impacting the mobility agenda, where reducing global travel and shrinking international office footprints are moving higher. Businesses also have an intrinsic duty of care to ensure environmental impact

¹ Seven in 10 U.S. White-Collar Workers Still Working Remotely (Gallup, May 17, 2021)

² Seven ESG trends to watch in 2021 (SP Global, February 8, 2021)

³ A War For Talent Is Starting—Spoiler Alert: Workers Will Win (Forbes.com, April 17, 2021)



is minimized in the communities where they operate. Mobility is playing a key role here, too, by linking global talent to corporate sustainability objectives. Innovative tactics abound, such as offering community service activities in host locations, rewriting policies to ensure sustainability, including charitable contributions as part of relocation package, and more.

Geopolitics: Recent national and global political events are requiring global mobility departments to tackle a new challenge—protecting the safety and security of employees and their families in volatile regions. Although problems facing countries are increasingly connected, power shifts, fracturing coalitions, and increased division and polarization are impacting different locations in different ways. This includes sparking changes to immigration and other policies that effect talent, and decreasing demand for moves while increasing demand for virtual work. Global mobility has the right tools and knowledge to stay apprised of changing winds and draft emergency policies and contingency plans to protect assignees, wherever they are.

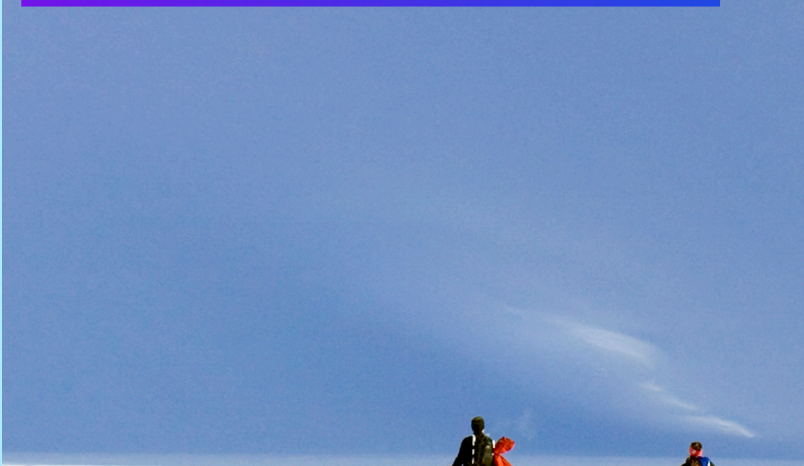
Operational efficiency: As cost pressures increase, research shows that organizations are asking mobility to be more streamlined and strategic without derailing talent satisfaction, retention, or acquisition goals.⁴ In fact, current economic trends such as rising inflation, supply chain disruption, and shipping issues have forced mobility leaders to continually evaluate current costs and future estimates in pursuit of a more predictable model. Forbes estimates that organizations spent about 15 percent more per move in 2021 than in previous years. However, cost containment can't be the only function of global mobility. To better support broad enterprise talent strategies, mobility leaders are shifting the efficiency discussions away from the cost of individual moves and toward the bigger picture: the long-term costs associated with moving, losing, or retaining the right people.

⁴ How has the pandemic impacted global mobility budgets and what should you do? (Plus Relocation, September 8, 2021)

Why mobility must evolve

Multiple forces are redefining mobility's role in the broader business.

- Widespread growth of remote and hybrid work environments
- Preferences for shorter moves and more flexible working arrangements
- Increasing emphasis on DE&I
- Heightened business and customer emphasis on sustainability
- Evolving geopolitical challenges and relationships
- Pressure to maintain quality while managing costs



An ESG reckoning

The other force impacting the role of mobility is so large in scope, complexity, and importance that it is affecting nearly every other business function—the increasing emphasis on ESG strategies.

There is mounting pressure from consumers, investors, shareholders, and employees for businesses to prioritize E, S, and G—distinct yet interdependent components of a more responsible approach to business that prioritizes targets other than profit.

Across sectors, the ESG movement is well underway and a great reckoning is coming. From presidential offices to boardrooms, newsrooms, and living rooms, conversation is flowing around how company decisions impact people and communities. Organizational purpose is being redefined to encompass a holistic and longer-term approach to environmental sustainability and social impact.

That businesses should play an active role in addressing the world's most pressing challenges is not a new idea. However, a rapidly changing climate, expanding inequity, and vast changes in how we live and work, accelerated by COVID-19, have brought a new wave of attention, making ESG a true business imperative.

Many stakeholder groups urge ESG action.

Investors with \$100 trillion of cumulative assets have signed on to the United Nations Principles for Responsible Investment, which advocates for a greater focus on ESG issues in investing.⁵ And consumers are stepping up pressure as well. A recent consumer survey found that almost 60 percent of Americans want the companies they buy products from to have a position about issues such as racial discrimination and social justice, and 50 percent often do online research to see how a brand reacts to the social issues.⁶

Understanding ESG

While there are many standards, definitions, and approaches, this report refers to ESG as:

A strategy that integrates environmental, social, and governance impact goals into a cohesive sustainable approach to business and evaluates the performance of the business in relation to these goals.

- **E** considers the broad environmental impacts of the business, focusing on decarbonization and energy consumption within the context of climate change.
- **S** examines the sustainability of the business relationship with the communities in which it conducts business, zooming in on diversity, inclusion, health, and safety of the workforce and supply chain.
- **G** acknowledges that good governance is fundamental to ethical value creation. It prioritizes risk management, board oversight, responsible tax strategy, cyber security, data privacy and protection, bribery and corruption controls, fair executive pay, and culture and ethics.

⁵ An ESG reckoning is coming (Harvard Business Review, March 4, 2021)

⁶ A Majority of Consumers Expect Brands to Take a Stand on Issues Before Purchasing, Survey Finds (Barron's, July 7, 2020)

Mobility's ESG opportunity: Delivering "global illumination"

As ESG becomes a strategic focus for businesses, all departments will be required to contribute. Deliberately driving value beyond profits requires intentional ESG objectives that are fully integrated into the overall business strategy and fully supported by all business functions—especially global mobility teams.

Playing a larger role in driving ESG outcomes offers a prime opportunity for mobility to add value and secure its future as both a strategist and implementor of ESG initiatives.

At a tactical level, mobility can support ESG initiatives by modifying its own policies and practices to reflect the values of ESG and embedding ESG considerations into its own plans, decisions, and activities. This includes items such as assisting with people management and reporting, enacting policies and processes to manage or offset carbon emissions, and working closely with local organizations to positively impact communities.

But what's especially exciting is what can happen on a more strategic level. This is where mobility can further ESG goals by advising the business in ways global mobility alone is capable.

Indeed, the mobility department's role within and among other organizational functions creates three core competencies that make its participation and leadership critical to reaching corporate ESG goals:

- Mobility's seat at the heart of the enterprise
- Mobility's attention to E, S, and G issues
- Mobility's ownership of rich insights

To help organizations make progress toward ESG goals, we believe mobility departments must double down on, further develop, and increasingly emphasize these three competencies. By doing so, mobility functions can evolve their mandate to deliver what we call "global illumination"—transforming into a strategic business partner focused on connecting people, functions, and ideas to consciously address ESG (and, importantly other cross-functional business issues) holistically and at scale.

When mobility groups emphasize "global illumination," they continue to complete traditional work, ensuring support and logistics for physical travel and moves and informing the broader business on travel's global impact. But their mandate expands, as well. Harnessing the variety of available data across talent, tax, performance, retention, workforce planning, recruiting, and more, they focus on how mobility information and decisions impact the organization more broadly—particularly impacts on the ESG agenda. This helps create a shared set of ESG objectives, identify ESG gaps, and prepare the organization to meet future, unknown ESG challenges.

The benefit of emphasizing "global illumination" is twofold. Mobility functions elevate their status and relevance, while ESG programs gain the comprehensive enterprise-wide networks, viewpoints, and data needed to advance forward.

To deliver value, global mobility has to support and advance strategic enterprise goals. Increasingly, those goals revolve around ESG factors. Mobility's singular view of HR, talent, technology, payroll, and finance activities and data are powerful enablers of ESG progress.

Sustainability requires a holistic business approach. The way mobility addresses tax compliance, DE&I, environmental initiatives, and managing the carbon footprint can be a roadmap for overall sustainability goals.

Let's examine each core competency in more detail.

Mobility's seat at the heart of enterprise: ESG issues are not straightforward, so of course solving them is incredibly challenging, requiring cross-disciplinary solutions and both long- and short-term strategies. Given ESG's importance to the business as a whole and its impact across all company operations, leaders from strategy, finance, operations, supply chain, tax, and other areas must work together to fully realize ESG goals. Each department—including mobility—will ultimately be responsible for supporting and embedding ESG goals into their own individual activities. But mobility can bring even more to the table. Mobility operates at the intersection of multiple business functions, with unique experience and insight. Day in and day out, mobility leaders sit in planning and strategy discussions, guiding C-suite executives on why the company is relocating people, where to look for international talent, the costs and risks of hiring and relocation decisions, and much more. As such, mobility teams can serve as a connective glue in the organization, bringing the right people and ideas together to drive confidence that business decisions do not conflict with ESG priorities, or when they do, providing the information and insight to shift priorities in the right direction.

Mobility's attention to E, S, and G issues: Traditional mobility activities both impact and are impacted by each lens of ESG. In planning and executing domestic and international moves and managing travel and vendor partnerships, mobility teams must consider the effects on the organizations' environmental footprint, employee well-being and culture, and alignment with broader business purpose. However interdependent these issues may seem, conflicts frequently arise. Consider how accomplishing environmental goals might be a hinderance to social or governance goals, and vice versa. Examples abound. What should an organization do when certain employee rewards are not environmentally sound? How can a company embrace a remote work model without creating tax and compliance risks? How can employers enhance equitable compensation models while continuing to remain competitive? Often, the answers aren't immediately clear, requiring robust and thoughtful investigation and analysis to arrive at a strategic solution. Because it arises so often in their own activities, mobility teams are experienced in doing the work to weigh mobility-related ESG lenses when they come into conflict, as they inevitably do. As ESG efforts expand, mobility teams can share these best practices and lessons learned with the broader organization, becoming both a partner and coach in quantifying and qualifying the right decisions and compromises.

Mobility's ownership of rich insights: Companies must be intentional with ESG initiatives. Intentionality requires information—something mobility has and is adept at using. While C-suite leaders often lack insight into ESG performance, mobility owns a gold mine of data across E, S, and G in areas such as diversity, environment, compensation and benefits, employee success, and taxation. Contributing analytics, reporting, and other insights from global mobility can help organizations fill in the gaps around ESG, weigh tensions and tradeoffs, and see the big picture. Importantly, it can also help drive accountability for ESG results by establishing or leveraging already available metrics and statistics. As stakeholder demand for transparency escalates, mobility can help illuminate ESG progress and gaps on an enterprise-wide, global scale.

Mobility data: An ESG gold mine

- **Diversity data:** Evaluating the leadership and assignee populations by gender and ethnicity to drive greater equity in hiring and retention
- **Environmental data:** Measuring environmental impact of people and policies, such as trips taken and carbon offsets
- **Compensation data:** Analyzing salaries and rewards to determine if compensation standards embrace pay equity
- **Taxation data:** Reviewing salary and tax to ensure tax compliance and that organizations pay a fair share

Getting specific: How “global illumination” contributes to E, S, and G goals

Here we show how reorienting the mobility department around the three core competencies described in the previous section enables mobility to deliver “global illumination,” helping balance opportunities and tradeoffs to deliver profound business impact across each ESG lens.

Delivering global illumination serves to drive the ESG agenda and transform mobility from cost center to business partner.

Environmental

Assignments, business travel, and vendor partnerships each have distinct and measurable environmental impacts. These impacts may be exacerbated by the inability to locally source technology or talent.⁷ As such, global mobility has an immense opportunity to help find solutions to balance environmental impact with business and talent needs.

While eliminating all environmental impacts of business travel is not necessarily feasible—nor even the goal—mobility’s core competencies can help address environmental concerns through a diversified set of programs such as carbon offsets, vendor selection, policy changes, and more.

For example, mobility knows how to source and access disparate data, such as travel histories, which shed light on the environmental impact of business operations. Mobility programs can measure the carbon impact of each assignee and use that data to understand how an organization is operating against environmental goals.

Further, mobility can reevaluate existing policies in search of more environmentally friendly options, such as a new decision-making matrix for business trips or virtual assignments in lieu of international moves, an emphasis on environmentally friendly energy or housing alternatives, and incentives for employees to select environmentally conscious items as part of their package, trip planning, or move.

⁷ Climate change and corporate value: What companies really think (Eversheds Sutherland and KPMG International, 2020)

Supporting environmental efforts: Questions for mobility leaders

- Do you have systems for measuring the environmental impacts of business travel and moves?
- What data can be leveraged to better understand your organization’s carbon footprint?
- How are mobility teams and mobility vendors contributing to decarbonization goals?
- What opportunities exist for virtual assignments?
- Have you explored opportunities for carbon offsets?
- What policies and processes are in place to get employees involved in making smart environmental decisions?
- What internal policies can help the broader organization contribute to your vision?

Social

Mobility can also have significant influence on the social channel of ESG, both through its own programs and through its connectedness to the wider HR and talent group. By ensuring ESG values are incorporated into employee policies and procedures, mobility can contribute to areas of social impact such as employee care, DE&I, and organizational culture.

For one, mobility teams can protect the health and safety of international assignees and their families by designing relocation processes and policies with health and safety benefits in mind.

Next, mobility can play a strategic role in executing DE&I policies through the entire employee journey. This includes how assignees are selected, how they are supported on assignment, how they are transitioned

back to their home country, and what the roles they take on after repatriation. For example, mobility can evaluate pockets of underrepresented talent and place them in locations that help bolster their networks, improve their access to resources, and enhance their professional experience, helping promote diversity and close representation gaps at all levels of the organization.

Finally, working as a strategic adviser, mobility can analyze how ESG principles can create a more inclusive and productive work environment that not only promotes employee well-being and retention, but also helps the organization achieve business goals. For example, mobility can consider whether assignments are an effective way to develop international talent, answering questions such as: Does the assignee advance the vision, values, and strategy of the company?

Supporting social efforts: Questions for mobility leaders

- How can mobility bridge the gap between HR DE&I efforts and the rest of the organization?
- What are the demographic gaps of your mobile population?
- How can your mobility program be more attractive, accessible, and equitable to a broader group of people?
- How are you ensuring parity in assignment selection, support, compensation, and promotion?
- How are you regulating mobile employee health and safety?
- How are you ensuring that vendors maintain the highest labor standards and that you maintain diversity in your vendor selection?
- How do policies and processes foster a sense of community in placement countries?
- Have you explored local talent as best as you can?
- Do your policies reflect an intentional employee experience?
- How are you protecting employee data throughout the mobility process?

Governance

Mobility teams can play a key role in ensuring organizational practices align with high-level ESG targets, strategies, and goals.

For one, mobility can design policies and processes to embed ESG principles into mobility and other partner operations. For example, mobility can help write “Future of work” or “Work anywhere” policies that manage both employee expectations and organizational exposure.

In addition, mobility can analyze and report ESG metrics to help ESG initiatives stay on track and drive strategic decision-making for the organization by bringing together a varied data set that includes information from talent, HR, and other business functions.

Mobility can also help the organization improve tax and regulatory transparency, an area under increasing public scrutiny. Leveraging mobility data can help shine a light on the organization’s compliance with tax-related rules, policies, and codes of conduct—all critical to a company’s commitment to paying a “fair share.”⁸

Another potential mobility contribution—especially relevant in the new world of work—is helping track the location of employees around the world to ensure remote and flexible work policies maintain payroll compliance.

Finally, governance of employee salary and incentive structures is critical to upholding the ESG strategy. As companies reevaluate rewards to reflect the needs of the future worker, this is yet another area of increasing importance that mobility can influence. A recent study found that when companies adopt equity-focused compensation plans, they struggle to set the right targets, identify the appropriate metrics, and outline the time horizon to impact.⁹ Mobility can help, contributing valuable data and insights on evolving employee needs and gaps in equitable benefit administration across different locations and employee populations. These insights can help companies promote pay equity and fairness and can even assist in tying long-term incentives to ESG goals.

⁸ Employers Focus on Environmental, Social, and Governance Strategies (Worldwide ERC, January 2021)

⁹ Ibid.

Supporting governance efforts: Questions for mobility leaders

- How does your mobility strategy help your organization ensure regulatory and tax compliance?
- To what degree are you transparent about your operations and processes?
- What policies do you have in place in terms of labor sourcing, antislavery, bribery, and corruption? Do your vendors and all global locations adhere to these standards?
- Are processes in place to equitably consider candidates for moves?
- Are you equitably compensating people on moves and when they return?
- What is your decision-making process around bonuses and executive pay?
- How do you set and measure ESG targets and collect, assure and report ESG data to the broader organization?

Final thoughts

As organizations look for more from their internal functions, it is essential that mobility leaders create new ways for their departments to add strategic value. ESG presents them a prime opportunity to do so using tools that are already available and used by global mobility today.

By emphasizing three core competencies—their position in the organization, coverage of all three ESG lenses, and robust data—mobility functions can expand their mandate and illuminate areas for change and improvement across the broad organization. In this way, delivering “global illumination” enables mobility to directly contribute to the success to ESG initiatives.

About KPMG Global Mobility Services

ESG is only one area of focus for today's organizations and mobility managers. The demands on the global workforce are quickly evolving. How will your mobility program respond? Is your talent and business strategy future ready?

The KPMG Global Mobility Services practice is focused on innovation that helps make us and our clients future ready. We want to take global mobility from evolutionary to revolutionary. We have the insight, people, and experience to provide your organization with integrated, technology-enabled strategies designed to address your business challenges and seize new opportunities.

Together, we can give your organization a competitive edge—managing risk, reducing costs, enhancing the employee experience, and attracting and retaining top talent.

We provide tools and critical business insight that empower you to manage your mobile workforce with confidence. Our services and capabilities include:

Technology

Business travel

Tax

Compensation

Payroll

Rewards

Outsourcing

Compliance

Learn more at <https://tax.kpmg.us/services/global-mobility.html>.



Authors



Bob Mischler
U.S. Principal in Charge
Global Mobility Services
KPMG Tax
T: 212-872-3174
E: rmischler@kpmg.com



Garth Roark
Principal
National Technology and Innovation
KPMG Tax
T: 206-913-5034
E: groark@kpmg.com

Bob Mischler is U.S. principal in charge for KPMG Global Mobility Services. He has more than 30 years of experience providing multinational companies with tax and advisory services in the area of global mobility. Bob has served some of the most prestigious KPMG clients. He works closely with all KPMG International member firms in setting the strategy and vision relating to ways to help our clients manage the challenges associated with a mobile workforce.

Garth Roark is a principal in the KPMG National Tax Technology and Innovations (“Ignition”) practice. Garth consults with a broad range of companies on the development of technology-enabled strategies and solutions focused on driving operational improvement within the tax function. He works with businesses to design and implement leading tax practices related to intelligent automation, data and analytics, and process improvement to enhance efficiency, reduce risks, and enable better business alignment.

Contributors

Alexander Elias, Manager, KPMG National Tax Technology and Innovations

Tara Malloy, Senior Associate, KPMG National Tax Technology and Innovations

Elise White, Senior Associate, KPMG National Tax Technology and Innovations

Robert Smith, Senior Manager, KPMG Global Mobility Services

Some of the services described herein may not be permissible for KPMG audit clients and their affiliates.

kpmg.com/socialmedia



The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

© 2022 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization. NDP349096-1A