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I. Why Have a CSO?

- a. **Corporate financial returns** • Studies show that corporations demonstrating a commitment to sustainability have better financial returns than those that don't.¹²³ "Our investment conviction is that sustainability- and climate-integrated portfolios can provide better risk-adjusted returns to investors. And with the impact of sustainability on investment returns increasing, we believe that sustainable investing is the strongest foundation for client portfolios going forward." – Larry Fink, Letter to CEOs, 2020⁴
- b. **Visible, credible leadership** • In-house adoption and success is critical to fostering confidence in corporate commitments, partnerships, innovation, and external sustainability services.
- c. **Organizational change management** • A change agent is required to foster, develop, and deepen a cross-company "culture of sustainability" that is baked in, not bolted on.
- d. **Align sustainability strategy with the business strategy** • When CSOs have a seat at the executive table, they are more effective at de-risking strategies for stakeholders and advancing corporate goals.
- e. **Operational cost savings** • Resource reductions save money (for example: Google Data Center Efficiencies⁵⁶).
- f. **Hiring** • "As more Millennials and Gen Z job applicants seek to work for companies that share their values, sustainability leaders are in a unique position to help align CEOs and their employees toward common environmental and social causes."⁷
- g. **Market resilience**⁸ • "When the full extent of the pandemic became clear in early March, **ESG-aware companies outperformed other stocks** by up to 5.7%, HSBC found⁹...Morningstar's head of sustainability research, Jon Hale, said that has a lot to do with the underlying principles of ESG-focused companies, which place customers and employees at the fore. 'It's very simple, really – companies truly focused on the well-being of their workers and customers are able to make the right decisions more quickly in a major crisis like this one,' Hale told CNBC Make It."¹⁰
- h. **Reputation resilience** • "The current pandemic makes clear that environmental risks are almost always social risks as well. Post-COVID, public companies will be evaluated in terms of their broader ESG strategy, with an increased emphasis on their social actions, initially in terms of how they treated employees, supply chain partners and other key stakeholders during a global pandemic."¹¹
- i. **Move beyond competitive requirements** • ESG reporting and climate-related reduction, once a competitive advantage, are now table stakes.

II. What Does a CSO Do?

Responsibilities

- a. **Innovation** • “Sustainability is a **driver** of innovation. We need to move outside the mindset that it is a cost center; it is a revenue generator. Linking customer needs to next-gen products is the secret sauce.”¹² Act as the bridge between internal innovation sources and corporate hierarchy.
- b. **Organizational change** • Integrate sustainability into the core of the business in ways that transform the company; identify and connect with internal champions to create a company-wide culture of sustainability.
- c. **Consensus building** • Connect the dots, integrating internal subcultures within an organization. Connect initiatives across functions and geographies; speak all the languages inside the organization.
- d. **“Chief Stakeholder Officer”**¹³ • Sustainability efforts often look to address bigger problems in society, including climate change and water management. Engage with internal stakeholders such as other executives, as well as with external stakeholders such as trading partners, regulators, industry groups, certification bodies, and the media.

Strategy & Development

- a. Develop a comprehensive Strategic Sustainability Plan including goals, public sustainability commitments, priorities, and implementation plans. Develop plans to advance, measure, and communicate sustainability efforts.
- b. Create transformational strategies to embed sustainability into the heart of the business.
- c. Bring a sustainability lens to business strategy and product development.
- d. Develop capacity, catalyze conversations and behavior change, and collaborate across departments, industries, and sectors.

Implementation

- a. Lead the effort to integrate sustainability practices into internal operations.
- b. Oversee and build involvement and support for sustainability efforts across departments and staff.
- c. Develop and implement education and training corporate-wide.
- d. External stakeholder/consultant/partner oversight.
- e. Manage sustainability operating budget, teams, training and leadership program.

- f. Manage the specialists: develop standards, Best Management Practices, processes and policies for:
 - Compliance
 - Supply Chain
 - Energy
 - Data
 - Communications
 - Project management
 - Internal/operations sustainability, including rating systems such as LEED, Living Building, Fitwel, and WELL

Reporting

- a. Achieve regulatory environmental compliance in all geographies.
- b. Create and maintain internal/external environmental scorecards for internal/external sustainability commitments.
- c. Manage the monitoring and documentation of overall sustainability performance.

Communications

- a. Develop and implement a communication plan for sustainability efforts.
- b. Translate data and metrics into clear and compelling stories.
- c. Serve as internal subject matter expert.
- d. Demonstrate thought leadership through research, publications, public speaking, articles, and presentations.

Ideal Attributes of a CSO¹⁴

- a. Has brilliant emotional intelligence.
- b. Has deep business knowledge: “understands the beating heart of the company.”
- c. Has organizational intelligence: is able to connect the dots between internal entities, external organizations and requirements, and multiple shifting data points.
- d. Understands business partnerships.
- e. Is able to say, “where do we want to be in 10 years as an organization” and work backwards.
- f. Courageous.

III. What the Lead Sustainability Role Looks Like in Large Corporations¹⁵

- a. **CEO Engagement and CEO Visibility** • 43% of large corporation (defined as >\$1B) sustainability leads rate their CEO's engagement at either 6 or 7 (owns it, very engaged on a scale of 1-7). 77% of sustainability heads regularly report to the board of directors, an increase from 68% in 2018.
- b. **Title/Hierarchy** • The lead sustainability role is moving higher up with "a significant increase in the number of large-company sustainability programs being led by a vice president or senior vice president." 47% are Vice President or Senior VP in 2020. In tech, 3% report directly to the CEO, 51% report to an executive who reports to the CEO.
- c. **Salary** • Average salary: \$237,638 for Vice Presidents or Senior Vice Presidents in all sectors. Average salary: \$168,607 Directors and Senior Directors. Total compensation ranges widely. "Technology companies tend to pay higher salaries for sustainability leaders."
- d. **Budget**
 - 22% of large companies have budgets between \$1M and \$10M for sustainability and 11% have budgets over \$10M.
 - Half of large companies increased their sustainability budgets in the last two years; 88% have either held the line or increased their budgets.
 - 50% of large companies' sustainability departments are increasing their funding for communications, and 46% are increasing their supply chain and employee engagement budgets.
 - In tech companies, 61% are increasing their budgets for sustainability services and product innovation.
- h. **Staffing** • 22% of large companies have over 20 people working full-time on sustainability. 33% of technology companies have over 20 people dedicated full-time to sustainability, with an additional 15% of tech companies having 11-20 full-time sustainability positions.
- i. **Specialization** • "We believe there will always be a leadership role for a centralized sustainability executive overseeing an ever-changing landscape of environmental and social challenges and opportunities. But the profession has evolved from its tactical origins of reporting and stakeholder engagement to that of business strategy, change management and on-the-ground execution."¹⁶
- j. **Outside Hire vs. Inside Hire** • When it comes to getting a job in sustainability in a large organization, one trend continuing to increase is hiring from outside the organization. This trend is seen in large companies, where 69% of managers were hired from the outside, as were 65% of directors and 77 % of vice presidents. This is a consistent finding across all industry sectors.

IV. Best Practices (How to Implement a CSO Position)

- a. **Have a CEO who is all-in and gives the CSO the mandate to succeed.** This is not the same as pushing sustainability down from the top, but rather gives the CSO the internal capital to start the conversations and build engagement. CSO advocacy, as well as the CEO's vision for becoming a sustainable company, precipitate the process of change.¹⁷
- b. **The CSO should report to the CEO and sit on the executive team.** This positioning gives the CSO not only legitimacy, but also access to the decision-makers so that the CSO can be an advocate for sustainability in the decision-making process and can provide input on market-driven strategies. The physical presence of the CSO at the C-suite table keeps sustainability on the agenda and is a key voice in business strategy.¹⁸ Leading sustainability is not primarily about implementing technical efforts or reporting, although those are key tasks; it is about achieving the organization's goals in a sustainable manner.
- c. **The CSO should be an agent for transformational change.** The CSO is in the position to develop organizational alignment across functions and geographies. To "bake in" a sustainability culture, the CSO should not only understand sustainability in technical terms but, more importantly, be an effective change agent. "Baking in" sustainability is all about organizational change.
- d. **Corporate strategy: both a top-down and bottom-up approach that works best.** For example, "When Paul Polman came into Unilever the company was under-performing...a largely bureaucratic, internally focused approach which was taking a short term approach to market needs and not investing in future growth. This was just after the global financial crisis, so it was a time when most companies were focusing on cost cutting and just trying to survive. He knew he needed to first gather the elements to stimulate a force for change. He focused on transforming the organization from internally focused to externally focused through 1) starting with the corporate heritage...(he then) 2) worked to identify the company's core strengths and 3) brought in strategic foresight on macro trends to help to think about the company's future role in society. His CSO used this work...in which the team engaged people from board level to field level within the organization and brought in experts and NGOs to help create this vision. The company saw incredible increases in employee engagement and retention, innovation and customer loyalty. Eventually sustainability became everyone's mandate." – Christa Gyori¹⁹

- e. **CSOs should focus on a prioritized set of sustainability issues.** IKEA CSO Steve Howard says, “You can’t transform everything at once. The hardest thing about leading the change is managing the complexity ...”²⁰ “There will be compromises; you can never achieve complete sustainability, but look at how much can you accomplish in a year.” – Bill Weihl²¹
- f. **The CSO should speak many languages as they develop a common language.** The CSO needs to be able to discuss the sustainability strategy of the firm with investors by using the language of the capital markets, but also facilities, operations, sales, marketing, etc.²²
- g. **CSOs should have their finger on the pulse, the “beating heart,” of the company culture.**²³ Understand company history and what motivates employees to devise a strategy for implementing change that aligns with the workforce. A keen sense of the culture is critical, as is a sophistication in both understanding and implementing change through a complex organization.²⁴
- h. **The CSO should be able to develop and articulate compelling business cases.** The business case is the starting point for making the strategy understandable and relevant to internal stakeholders. “CSOs are often challenged with pushing company leaders out of the “trade-off” mentality. ‘For years there was this institutional logic that says if you do the right thing, your competitiveness will be hurt and it will come at a cost to the firm,’ Serafeim says. ‘People don’t understand that if you do things strategically, you can create significant value for the firm. The CSO is in the best position to change this perception, but he needs to have the data and the tight business case to communicate that.’”²⁵

V. CSO Examples

Microsoft	
Headline	Microsoft will be carbon negative by 2030 Brad Smith – President
Public sustainability commitments/news	Take part in AI for Earth, Be a part of Microsoft AI's initiative for environmental innovation.
	Microsoft is focused on biodiversity and ecosystems as the next step in sustainability strategy
	We're increasing our carbon fee as we double down on sustainability
	Making progress on our climate commitments
Chief sustainability individual	Lucas Joppa
Chief sustainability position title	Chief Environmental Officer
Outside/internal hire	Internal
Google	
Headline	100% renewable energy since 2017
Public sustainability commitments/news	At Google, we strive to build sustainability into everything we do.
	The Internet is 24x7—carbon-free energy should be too
	10 ways Google tries to make its campuses around the world more sustainable
Chief sustainability individual	Kate Brandt
Chief sustainability position title	Chief Sustainability Officer
Outside/internal hire	Outside, prev. Federal Chief Sustainability Officer
SAP	
Headline	Our Purpose: Help the world run better and improve people's lives.
Public sustainability commitments/news	SAP Global Environmental Policy
	Environmental Performance
Chief sustainability individual	Daniel Schmid
Chief sustainability position title	Chief Sustainability Officer
Outside/internal hire	Internal

Salesforce	
Headline	RE100: "Step Up Declaration"
Public sustainability commitments/news	The environment is a key stakeholder.
	Environmental Policy Statement
Chief sustainability individual	Patrick Flynn
Chief sustainability position title	Vice President, Sustainability
Outside/internal hire	Outside, prev. IO
Amazon	
Headline	Bezos unveils "sweeping plan to tackle climate change"
Public sustainability commitments/news	The Climate Pledge - Paris 10 Years Early
	Our progress on the Climate Pledge
Chief sustainability individual	Kara Hurst
Chief sustainability position title	Vice President, Amazon & Head of Worldwide Sustainability
Outside/internal hire	Outside, prev. The Sustainability Consortium
HPE	
Headline	HPE Commits to 100% renewables energy with RE100
Public sustainability commitments/news	HPE Environmental Footprint
Chief sustainability individual	Christopher Wellise
Chief sustainability position title	Chief Sustainability Officer
Outside/internal hire	Internal
Apple	
Headline	Apple Now Runs on 100% Green Energy
Public sustainability commitments/news	Apple CEO; 'the time for climate inaction has passed'
	Exceeds clean energy goal, spends \$2.5 Billion in Environmental Initiatives
Chief sustainability individual	Lisa Jackson
Chief sustainability position title	VP of Environment, Policy and Social Initiatives
Outside/internal hire	Outside, prev. Administrator of US EPA

VI. References & Resources

Contributors - many thanks to:

- **Mike Barry**, Director, Mikebarryeco, prev. Director of Sustainable Business at Marks & Spencer
- **Christa Gyori**, CEO & Co-founder, **Leaders on Purpose**
- **Leith Sharp**, Director, **Harvard Executive Education for Sustainability Leadership**
- **Mike Stopka**, Associate Principal, **BuroHappold**
- **Bill Weihl**, Founder & Executive Director, **ClimateVoice**, prev. Director of Sustainability at Facebook, Green Energy Czar at Google
- **Ellen Weinreb**, Founder & Managing Director, **Weinreb Group**
- **Christopher Wellise**, Chief Sustainability Officer, **HPE**

Resources:

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- **The CEO Study 2019** by **Leaders on Purpose**
- **State of the Profession Report 2020** by **GreenBiz**
- **CSO Research 2018 Update** by **Weinreb Group**
- Black Rock Sustainability FAQ's: www.blackrock.com/corporate/literature/investor-education/sustainability-faqs-global.pdf (*hyperlink not permitted*)

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