

EgonZehnder

Elevating the
CSO's
Voice

Chief Sustainability Officers share how they are transforming their organizations—and what they need from boards and CEOs to make their vision a reality.

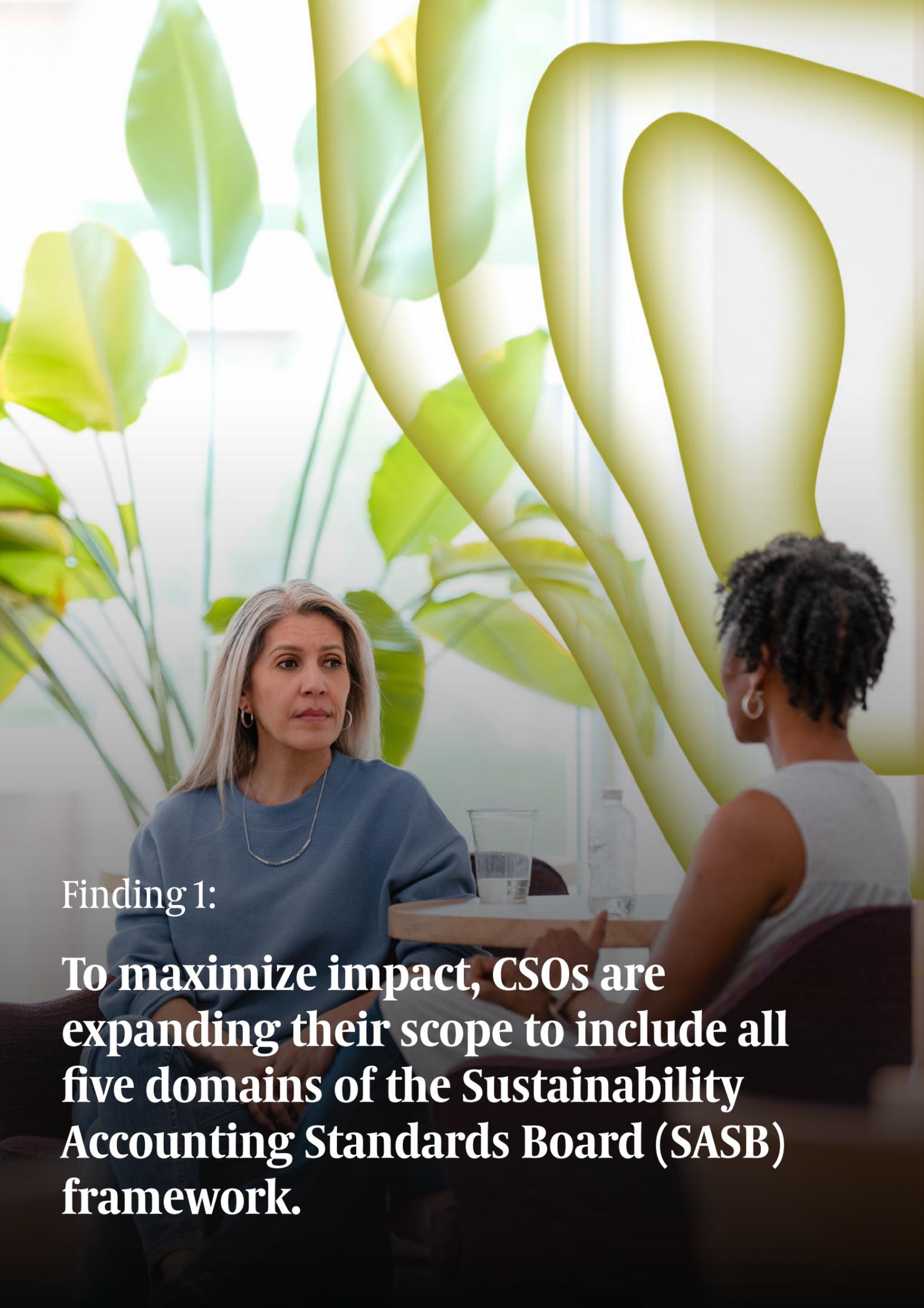
The sustainability transformation currently underway is unlike any other in corporate history. Leading this novel transformation takes a novel leader—a Chief Sustainability Officer (CSO)—in partnership with a board and CEO who support the effort. But not every organization has a CSO, and those that do may not be fully empowering them.

We have sought out the perspective of CSOs across a range of industries and regions. Our finding: What sets CSOs apart as leaders is their commitment to the long-term sustainability journey from day one on the job. To sustain such a commitment, these leaders possess resiliency, courage in managing ambiguity, systems thinking skills, and the ability to engage collaboratively in change management.

Like most boards and CEOs today, CSOs are working within the context of multiple polarities:

- Short-term KPIs and long-term impact
- Risks of change and possibilities brought by innovation
- Expectations from shareholders and stakeholders
- Global and local tensions

Since our [2021 Sustainability Survey](#), companies have matured in sustainability. Now, CSOs must detach from constantly operating in “survival” mode to being strategic with priorities and investing in their own ongoing development. This year, we explored how CSOs are elevating their voices in their organizations, sharing what they need from boards and CEOs to transform their businesses.



Finding 1:

To maximize impact, CSOs are expanding their scope to include all five domains of the Sustainability Accounting Standards Board (SASB) framework.

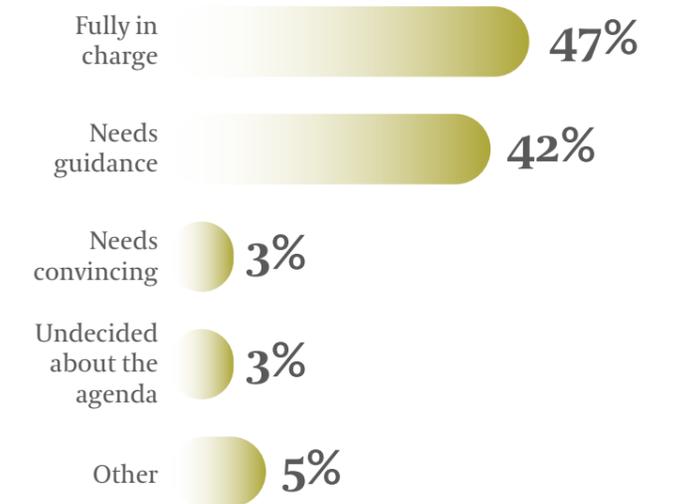
Our data reveal that three-quarters of our respondents oversee all five key domains outlined by the Sustainability Accounting Standards Board (SASB) framework, including Environment, Social Capital, Human Capital, Business Model & Innovation, and Leadership & Governance. This is significant progress from our previous survey in 2021, when many companies were still defining what sustainability meant for their organizations and their KPIs.

Additionally, half of the CSOs in our survey indicated that they report directly to the CEO—a key relationship that can spur meaningful progress. However, there is a caveat to this reporting structure. Our data show that CSOs who exclusively concentrate on sustainability are less likely to report to the CEO (38% report to the CEO) than those with combined roles (71% report to the CEO), which include Chief Human Resources, External Affairs, and Growth Officers, as well as others with a sustainability attribution under their scope. While it may not be possible for every CSO to report to the CEO, a true collaboration among these leaders is essential. “The partnership between the CSO and the CEO is absolutely central, but it’s the reality of that partnership that matters more than the formal reporting line,” notes Viveka Hirdman-Ryrberg, outgoing Head of Corporate Communication and Sustainability at Investor AB.

Furthermore, our data reveal that companies make quicker strides in sustainability transformation, handle a wider range of priorities, and seamlessly integrate sustainability into their core operations when CSOs concentrate exclusively on sustainability and don’t have dual roles.

Without support from the CEO, the CSO’s job is nearly impossible, resulting in a potential loss of motivation and momentum. If a CEO hasn’t fully bought into sustainability, that sentiment often trickles down into other C-suite roles, leaving CSOs to tackle transformation alone. According to CSOs, nearly half of their CEOs (47%) fully own the agenda while 4 in 10 CEOs rely on guidance from their CSO. In organizations where the CEO is fully in charge, CSOs believe sustainability is more embedded at the core of the company and is less considered solely as a compliance mechanism. They also believe that the pace of transformation is faster compared to that of their peers.

Which best describes the level of involvement of the CEO in the sustainability transformation agenda?



Speed is of the essence when it comes to the sustainability transformation. Unfortunately, given the level of complexity and challenge with a fast-approaching Paris Agreement 2030 deadline to reduce emissions by 45%, CSOs are often operating in a state of “survival,” meaning that pushing for top-level support and embedding sustainability into KPIs is a faster road to progress than deeper integration. While these core factors matter, efforts should run in parallel with the overall talent strategy and agenda—focusing on a culture that integrates sustainability versus focusing on compliance.

What factors drive the sustainability transformation in your organization?

1. C-suite commitment
2. Aligning sustainability goals with financial performance and KPIs
3. Board sustainability governance and supervision
4. Core business innovation
5. Access to talent
6. Financial resources
7. Employee voice and empowerment
8. Access to technology

“The partnership between the CSO and the CEO is absolutely central, but it’s the reality of that partnership that matters, more than the formal reporting line.”

- Viveka Hirdman-Ryrberg, outgoing Head of Corporate Communication and Sustainability at Investor AB

Our Take:

CEOs should gradually and consciously move toward full sustainability and business integration—and ensure that leaders throughout the organization have done the same. Our [CEO study](#) found that financial metrics and growth continue to top their priorities with ESG ranking last. Working in connection with the CSO and the board, CEOs must help the entire company move from viewing business performance and sustainability transformation as trade-offs to understanding that to perform is to transform.

“The CEO has an important role to play in making the link and creating impactful touchpoints between the board and the CSO, especially in businesses where the CSO doesn’t have regular, formalized attendance at full board or committee meetings,” says Pia Heidenmark Cook, non-executive director at BUPA, member of the advisory board at Decathlon, and former Global Chief Sustainability Officer of IKEA.



Finding 2:

Boards must be more aware of the tension between short- and long-term results and how that impacts the CSO’s work.

Sustainability transformation cannot happen overnight, and it may take more investment upfront and a longer timeline until results are visible. Boards must fully understand this and support the CSO in navigating this balance. One way to do this is to ensure CSOs have greater exposure to the board.

Our survey revealed that 40% of CSOs have direct exposure to the board, with an additional 28% integrated as part of the board’s Sustainability Committee.

This growing involvement underscores the significance of having a CSO who can effectively collaborate with both executive management and the board. “Sustainability is always on the board’s agenda,” says Justin Skala, Executive Chairman of Standard Building Solutions, at Standard Industries, and former CEO of the BMI Group. “The CSO is part of the agenda at most, if not all, board meetings—whether they contribute with their

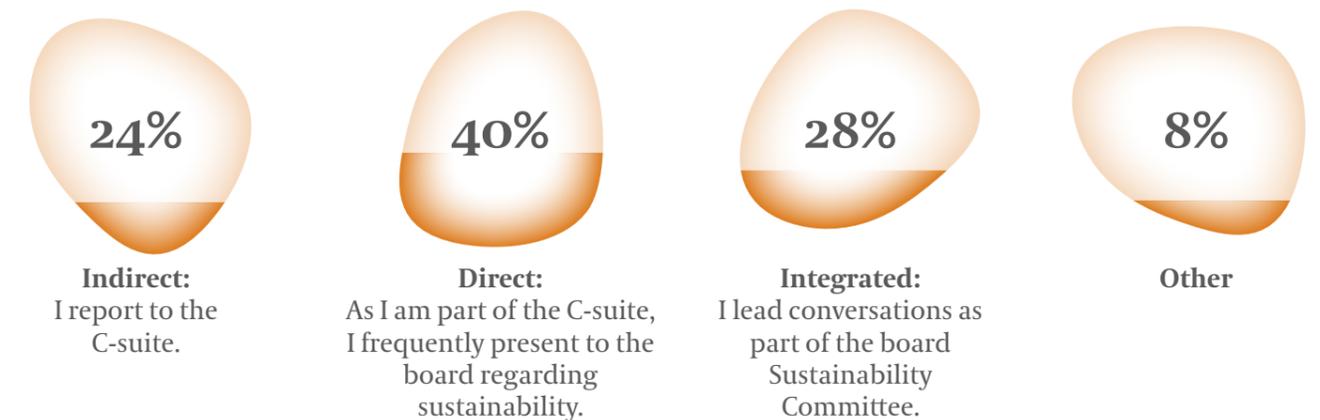
expertise and insights on new initiatives or with discussing where the company is on larger-scale projects.”

Our work with board chairs has shown that a heightened awareness of sustainability at the board level has translated into tangible measures, including:

- the appointment of an Environmental, Social, and Governance (ESG) expert among directors
- the chair mandating fundamental ESG education for all members, equipping the entire board with ESG expertise
- establishing a dedicated ESG committee

These approaches are not only rooted in purpose but also in risk mitigation—the absence of a dedicated expert could be perceived as a governance failure.

What is your level of exposure to the board?



This access to the board can manifest in many ways. Christina Friberg, EVP and Head of Sustainability at SSAB, notes that she can engage with the board as needed. “I have direct access to the full board when I need to update them or anchor relevant issues, such as our sustainability strategy, and on reporting I can attend the Audit Committee meetings when needed,” she explains. “I have also seen value in one-to-one touchpoints, where board members can be more open about sustainability knowledge gaps and we can address them in a tailored way. This helps raise the collective level of sustainability knowledge, which in turn advances the quality of sustainability stewardship by the board.”

At Schneider Electric, sustainability is formally embedded into the Governance Committee. “The CSO has exposure to the board by presenting the status of the union to the committee from time to time,” Xavier Denoly, Sustainable Development Senior Vice President/Corporate Sustainability Officer at Schneider Electric, explains. It is noteworthy that the company has created an advisory committee led by external experts, which is tasked with questioning and challenging the ESG strategy, providing recommendations directly to the board. “Sustainability can’t be the afterthought for leaders after they’ve finished planning their own functions. The only way to change it is to make sustainability the core and foundation for any other activities,” Denoly asserts.

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- Xavier Denoly, Sustainable Development Senior Vice President/
Corporate Sustainability Officer at Schneider Electric

Our Take:

Board members must personally embrace sustainability while including the CSO in the boardroom. As our [2022 Stepping Up as Stewards of Sustainability report](#) describes, board members exhibit different “spans of influence” in terms of their understanding of and engagement with sustainability, ranging from some interest to active, systems-wide transformation.

To truly maximize the impact of these roles, it is imperative that the CSO becomes an integral part of the board’s agenda. This integration is the key to turning commitment into real transformation. “Boards should be asking CSOs how sustainable growth will drive innovation, customer and employee engagement, and reduce risks and liabilities for the company,” says Roberto Marques, former Chair and CEO of Natura &Co.

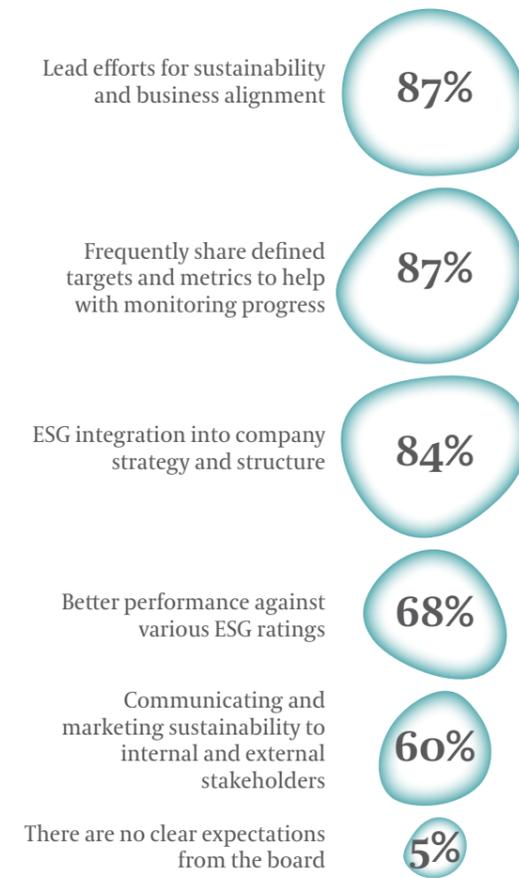


Finding 3:
CSOs seek clear expectations from management and the board in return for their commitment to advancing sustainability.

Organizations make swifter progress toward their sustainability goals when they set comprehensive and explicit expectations for CSOs. When it comes to board expectations, CSOs are expected to lead efforts for sustainability and business alignment (87%), followed by sharing targets and metrics (87%), and ESG integration into the company structure and strategy (84%), among others. Interestingly, in our previous global CSO survey, we found that the lack of universal metrics was a major challenge

for most organizations. Now, with boards rightfully ensuring that sustainability is embedded into business goals as well as availability of more consistent global sustainability standards (led by ISSB), CSOs can feel even more empowered to act.

Board expectations as reported by CSOs:
Share of CSOs reporting each expectation

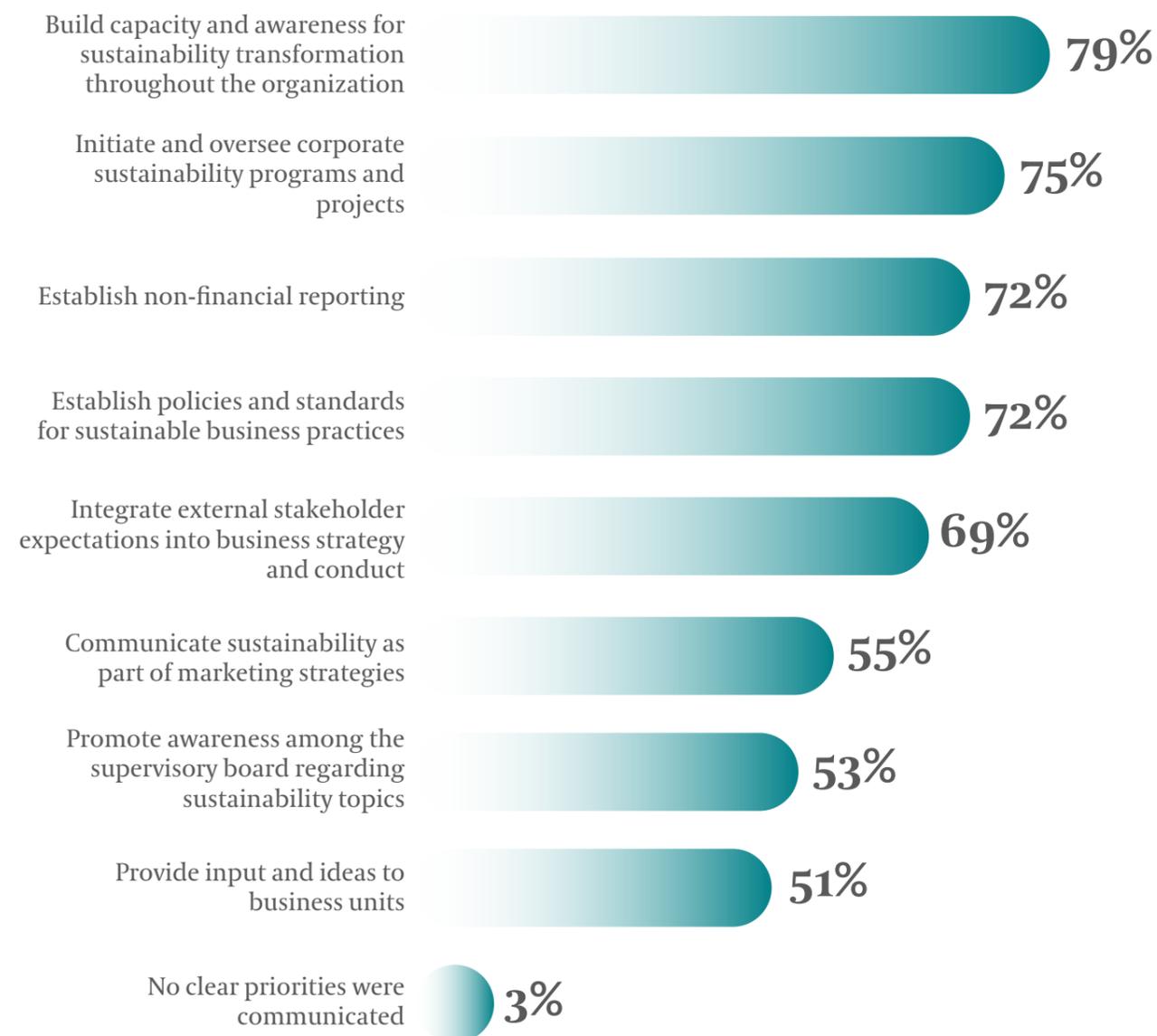


Boards in organizations that are making faster progress on sustainability goals often selected all the expectations we offered as choices in our survey. On average, CSOs who perceive faster progress toward sustainability goals report having slightly more expectations from their board than those who perceive slower progress.

When it comes to expectations from the C-suite, the top priorities CSOs are tasked with include building capacity and awareness throughout the organization (79%), initiating and overseeing corporate sustainability programs and projects (75%), establishing non-financial reporting (72%), and establishing policies and standards for sustainable business practices (72%).

What do the CEO and C-suite consider as priorities of the sustainability mandate?

Share of CSOs reporting each priority



Our Take:

CSOs should pursue strategic sustainability goals without overcommitting. The role already faces a high-pressure environment to deliver while constantly pushing for top-level support and a seat at the board table, which can become unsustainable in the long run. This reinforces the importance of having clear expectations from senior management and the board. This is especially true for organizations that don't have full commitment from the CEO to integrate sustainability into the core of the business. Without full support, CSOs are left to walk the tightrope between striving to meet goals without overreaching, which underscores the need for CSOs to be strategic with priorities.

True front-runner companies successfully integrate sustainability goals and tasks in more mature functions with compatible infrastructure. For example, much of the ESG reporting tasks can be covered by finance while elements of human and social capital can be integrated into the HR function. This leaves the CSO with more headspace to focus on the strategic side of the sustainability transformation such as business model innovation.

How Will the CSO Role Evolve?

We asked CSOs to reflect on the future of the role. Although each had a unique perspective, a common theme emerged: For sustainability to make a significant impact, it must become an integral part of the core business strategy. Within this group, three key messages resonated:

39% of CSOs believe the role is becoming more **strategic**.

“The role has gone from advocacy and coordination to strategic advisor, connecting the dots between different trends, opportunities, risks, and business line integration.”

“The role would become more integral to company strategy and operations as it becomes business critical to embed ESG into the company agenda.”

“I see my role evolving to become more of a chief strategy officer as the firm integrates sustainability into the core processes.”

13% believe the role will become more **cross-functional**.

“[My hope is] that sustainability ceases to be a stand-alone function and becomes fully integrated into each and every function of the organization, that every decision made by the business unit will incorporate sustainability aspects and metrics.”

“Sustainability will always be a cross-functional topic that requires a coherent and consistent approach throughout the organization. Hence, the CSO role and function will remain a key role in organizations at least for the next decade.”

“We will see greater stakeholder engagement to align company programs with strategy and enhance legal/admin/IT/operations coordination to strengthen reporting systems.”

6% believe the role should **disappear**.

“It will disappear as sustainability is truly integrated into business strategy. Planned obsolescence is a mark of success.”

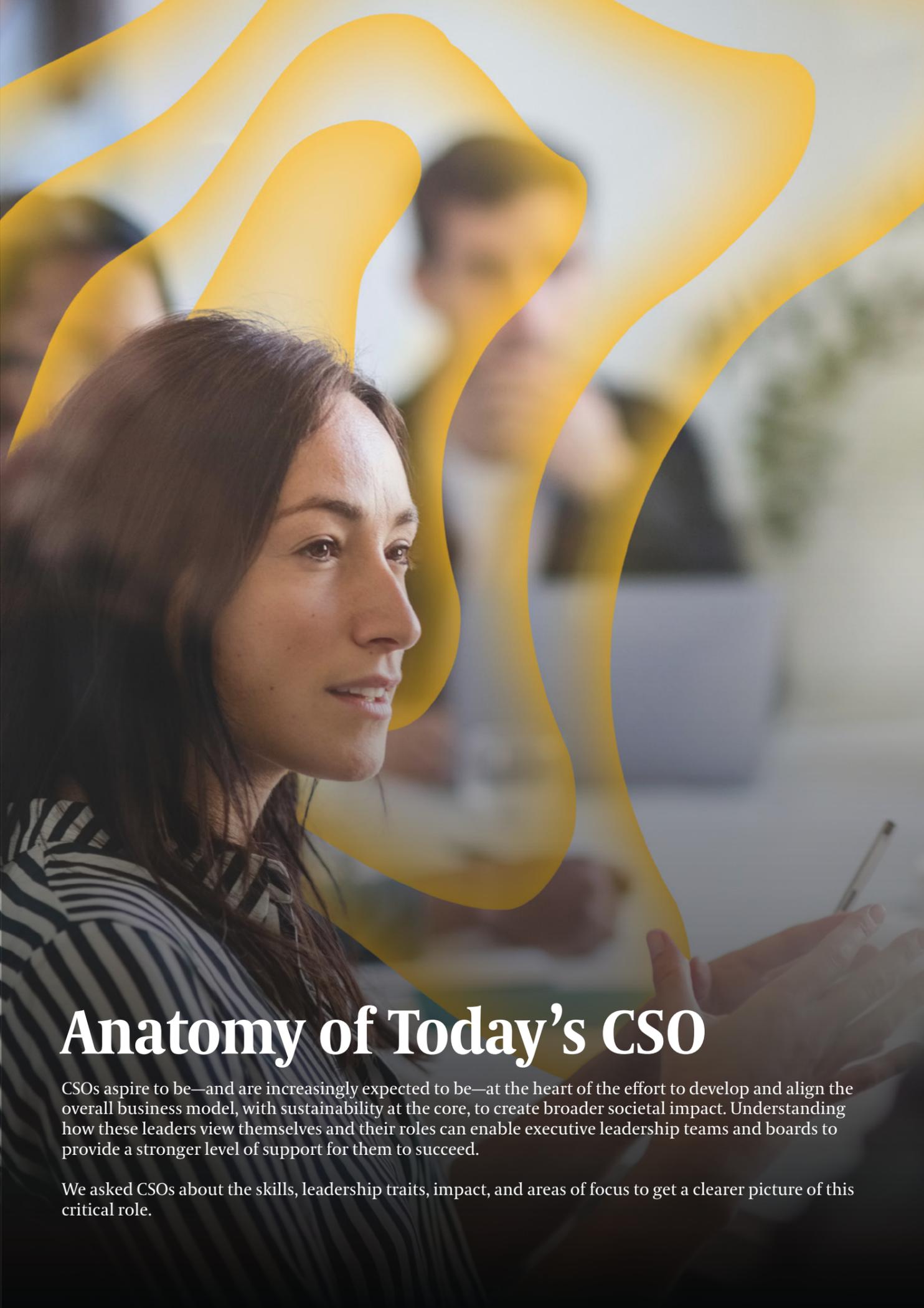
“It should disappear over time, being fully incorporated into day-to-day management and strategic development.”

“At some point, sustainability should be integrated in all departments and businesses, resulting in the disappearance of the role.”

While the evolution of the role will depend on multiple factors, the core ability to transform an organization will remain relevant. “An effective CSO must be a change agent at heart,” Hirdman-Ryrberg says. “Having the courage to challenge legacy thinking, and the resilience to keep this mindset over time while advancing incrementally through collaboration is absolutely essential to having a sustained impact.”

This sentiment resonates with Skala: “The next iteration of the CSO is that of a business leader who can navigate the complexity of the stakeholders, both internally and externally, as well as the needs of the organization in a rapidly changing global landscape.”

In addition to becoming increasingly strategic, a defining trait of the CSO role is its pluralistic nature. “There are now so many ‘roles within the role’ of the CSO that, while its focus may change, I don’t see it becoming redundant,” emphasizes Heidenmark Cook. She adds: “As sustainability becomes integrated into the business, the implementation-focused aspect of the role may be transitioned to other parts of the organization. However, retaining a CSO in full command of the complex, evolving sustainability agenda within the executive management team will continue to hold significant value.”



Anatomy of Today’s CSO

CSOs aspire to be—and are increasingly expected to be—at the heart of the effort to develop and align the overall business model, with sustainability at the core, to create broader societal impact. Understanding how these leaders view themselves and their roles can enable executive leadership teams and boards to provide a stronger level of support for them to succeed.

We asked CSOs about the skills, leadership traits, impact, and areas of focus to get a clearer picture of this critical role.

Leadership Traits and Skills

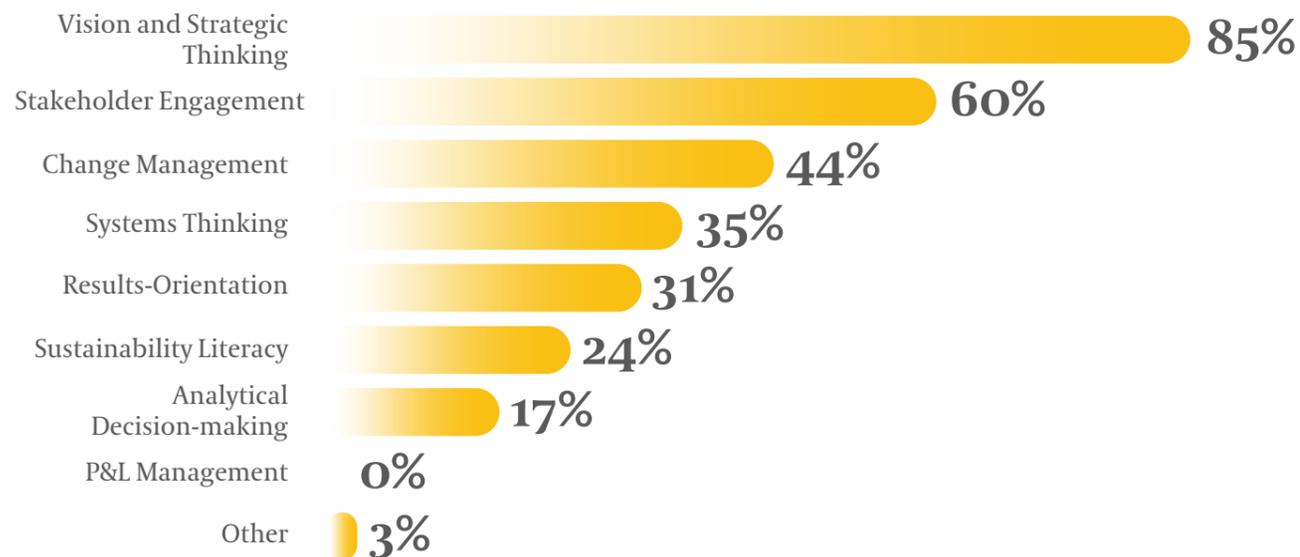
The role of the CSO has undergone a significant transformation. It has shifted from a compliance task to a pivotal force that drives business decisions and shapes the very core of a company. Considering this evolution, 80% of CSOs ranked strategy as a top skill for the role. Stakeholder engagement and change management followed as the second and third most important skills, demonstrating that CSOs must be able to both strategize and execute the vision. However, vision alone is not enough; effective CSOs will engage others in that vision and then drive the changes needed to bring it to life.

In addition, there are essential leadership traits closely linked to sustainability transformation. The top-ranked traits for performing the job effectively were collaboration (85%), resilience (51%), and engagement (32%). Notably, collaboration emerges as a standout trait, emphasizing that the CSO's role extends beyond individual efforts and underscoring the importance of commitment from the C-suite in driving transformation.

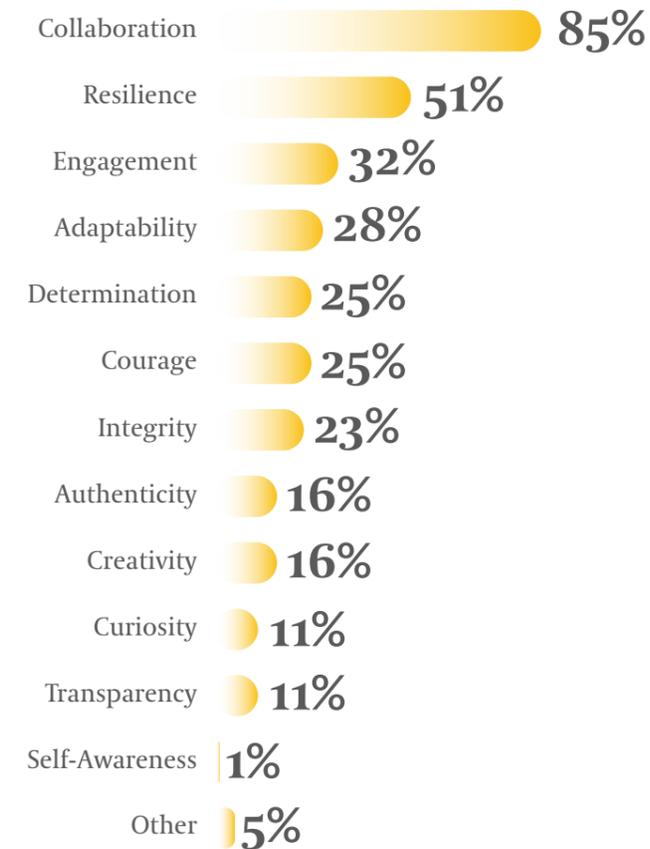
Colgate provides an example of how CSOs are leveraging collaboration across the company. The company's Chief Sustainability Officer, Ann Tracy, understands the importance of cross-functional collaboration and knows that building these relationships with every function in the company is important toward achieving targets. That includes collaborating with IT to develop an integrated sustainability data architecture, which is a key element of the organization's overall digital transformation. "Beyond data traceability, we want to build data management and analytics tools to help us with important work such as scenario planning for scope 1, 2, 3 and reducing our plastic footprint," she explains.

While being driven by strategy and collaboration, CSOs shouldn't neglect deep analytical and perception skills. "This role involves huge influence, and negotiation skills. This includes being able to reconcile sustainability with the biggest business priorities. For Colgate, it is oral health and hygiene for children, and climate and water programs," Tracy says. "Sustainability is now becoming part of growth strategy, and we will continue refining what that means."

Which leadership skills do you consider most critical for driving the sustainability transformation?



Which leadership traits are most critical for driving the sustainability transformation?



Although curiosity, transparency, and self-awareness ranked at the lower end, they synergize with the top-ranked traits (collaboration, resilience, engagement) to truly enable a CSO to transform the organization. "The CSO is someone who enjoys new challenges and keeps having curiosity and keeps learning, as sustainability in business has been updated and requires lots of academic literacy and information selection," says Akiko Nakamura, Vice President of Sustainability for Shiseido Co.

From the very beginning of their tenure, CSOs are deeply committed to a long-term vision and goal. Their primary focus is on engaging with stakeholders and garnering the necessary support. However, as they tap into their critical skills and leadership traits, every CSO should also embrace personal growth. Emerging research suggests that the more advanced a leader's personal development, the more sustainable leadership practices they tend to exhibit. This is where personal development, curiosity, and authenticity emerge as the defining factors for CSOs' success.

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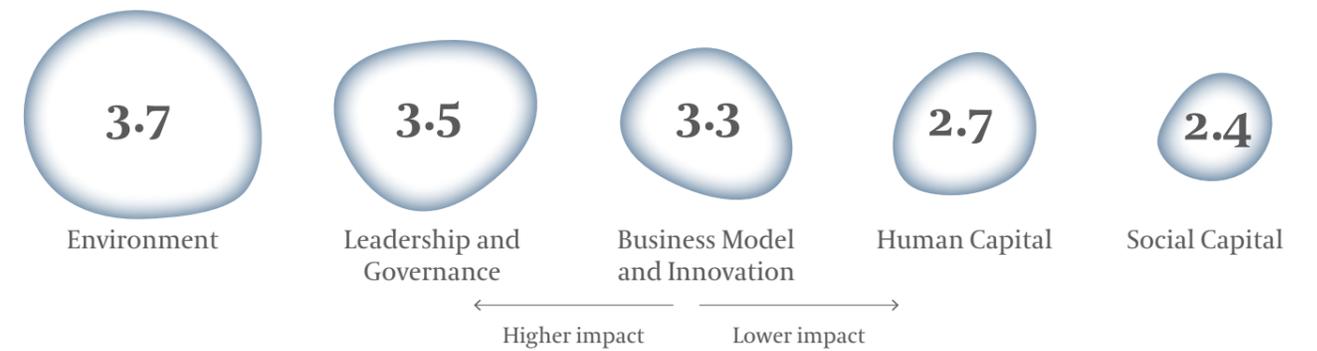
The Sustainability Journey

It is noteworthy that 44% of CSOs have already embraced an integrated strategy (where sustainability enhances company value/prosperity), while 39% have progressed to the purpose and core business phase of the sustainability journey. This finding underscores that CSOs, with their long-term commitment, are actively driving their organizations toward sustainability objectives. They recognize the importance of integrating sustainability into the fabric of the business, and many have already reached the stage where sustainability is not merely an add-on but an

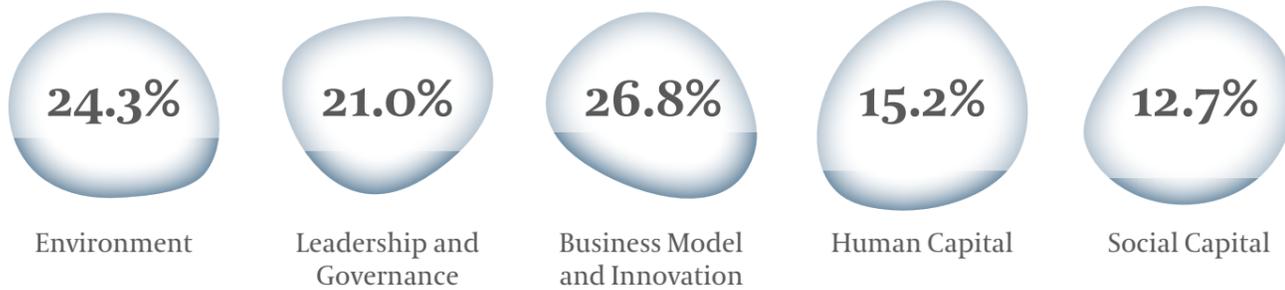
intrinsic part of their core business operations. While CSOs feel most impactful on environmental sustainability and leadership and governance issues, their perceived impact on human and social capital is comparatively lower. Interestingly, a majority of CSOs acknowledge that human and social capital are within the scope of their responsibilities.

However, their time allocation in these areas is quite revealing: CSOs aim to allocate approximately 15% of their time to human capital and around 12% of their time to social capital.

From a scale of 1 to 5, this is how CSOs rate their impact on the following areas:



What percentage of your time would you ideally allocate to each area as part of your organization's sustainability transformation agenda?

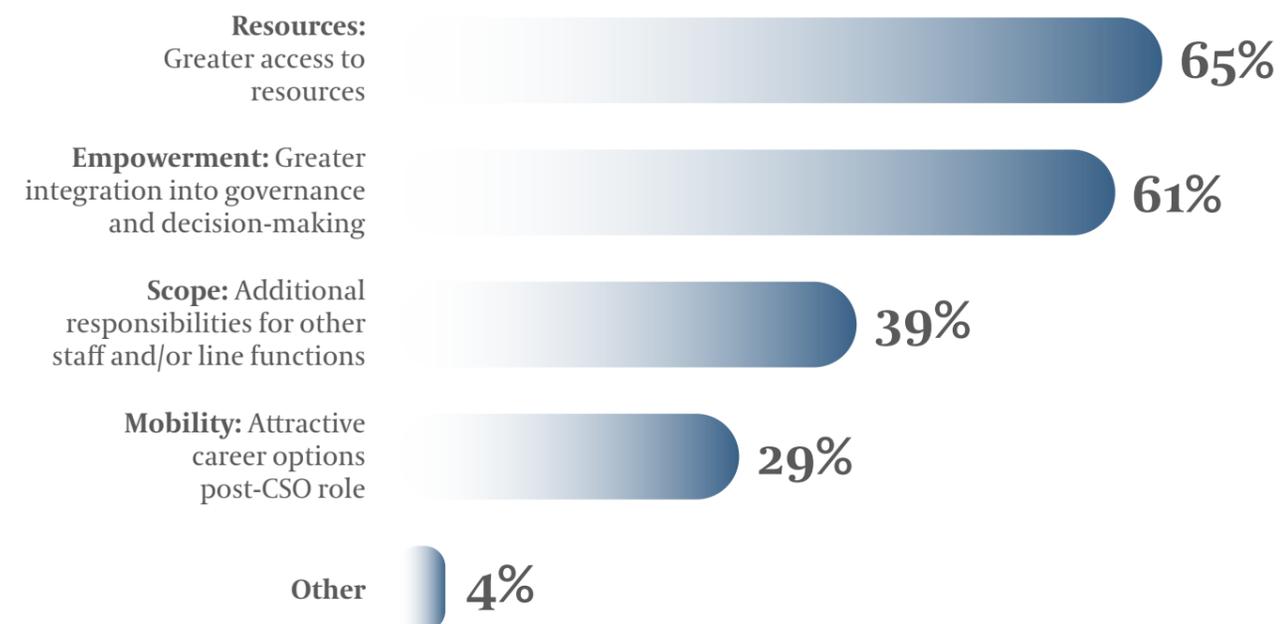


This discrepancy in prioritization could partly stem from contextual factors, such as regional nuances or industry specifics. In certain countries or sectors, human and social capital may not hold as prominent a place on the agenda, affecting their prominence in the CSO's efforts. However, this doesn't hold true in all companies. Shiseido prides itself on helping to enhance people's quality of life and fulfillment through its business. "We regard our people as the enablers of solving sustainability

issues, so we put lots of effort into human capital," explains Nakamura.

CSOs also selected the elements necessary for greater impact in their role, highlighting greater access to resources (65%), empowerment (61%), and additional responsibilities for other staff (39%), followed by attractive career options post-CSO role (29%).

What support do you require to enhance the impact of your role as CSO?



Cultural Shift

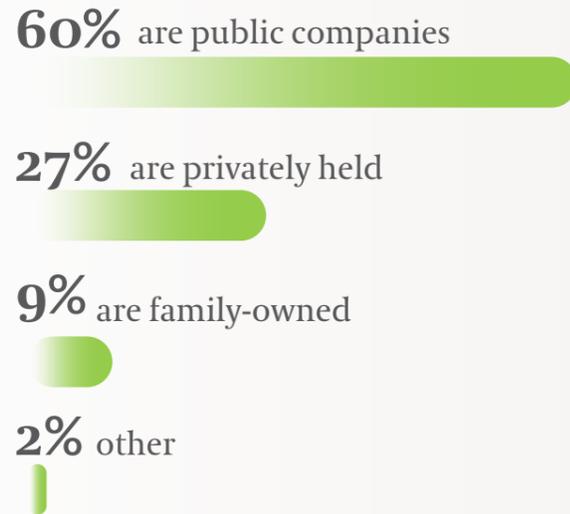
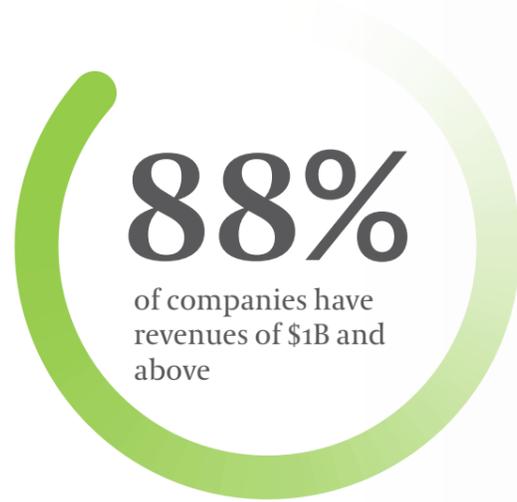
The CSO is undeniably transformative in an organization. But going from “good” to “great” requires more than hard skills, resources, or organizational structures—it takes a cultural shift from the entire organization.

The more employees at all levels of the organization are engaged, the bigger impact you can have. Jing Liao, Chief Administration Officer of Solera Inc., shares that her organization is committed to “building an organization that will flip the pyramid at every level.” “We continue to have an abundant supply of change agents developed at every level of leadership to pass the baton so we can scale,” she explains. “This focus has given us a healthy and sustainable culture—our badge of honor!”

Three key components are part of establishing that type of culture: enhancing literacy at the company level through sustainability education initiatives, a task that CSOs will have to lead alongside the CHRO; making the case of sustainability as an opportunity for the organization; and embarking on a journey of personal growth through leadership development.



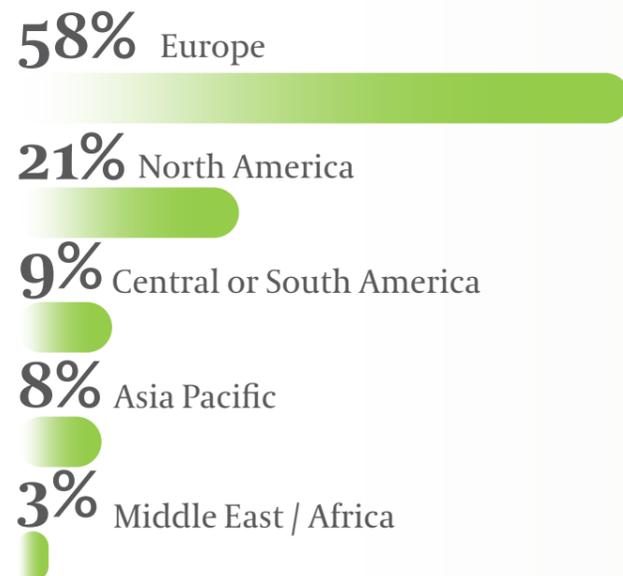
Demographics:



Which of the following is your organization's primary activity?



Where are your headquarters located?



In this research effort, it has been our immense privilege to elicit personal reflections and insights from Chief Sustainability Officers across every industry and region.

Our hope with this report is to spark a reflection about CSO leadership, as well as how boards and CEOs can support the sustainability transformation for their organizations, stakeholders, and society.

We also hope that the broader conversation about the underway transformation in CSO leadership continues to receive the attention it needs and deserves.

Your peers have much more to say on the topic. As we share more of these insights, we would love to hear from you. Please get in touch with us.

**With thanks and best wishes,
Egon Zehnder**

For more information, visit egonzehnder.com and follow us on LinkedIn and Twitter.

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