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BE **MORE** THAN

The future of the chief sustainability officer

What's next for the CSO?



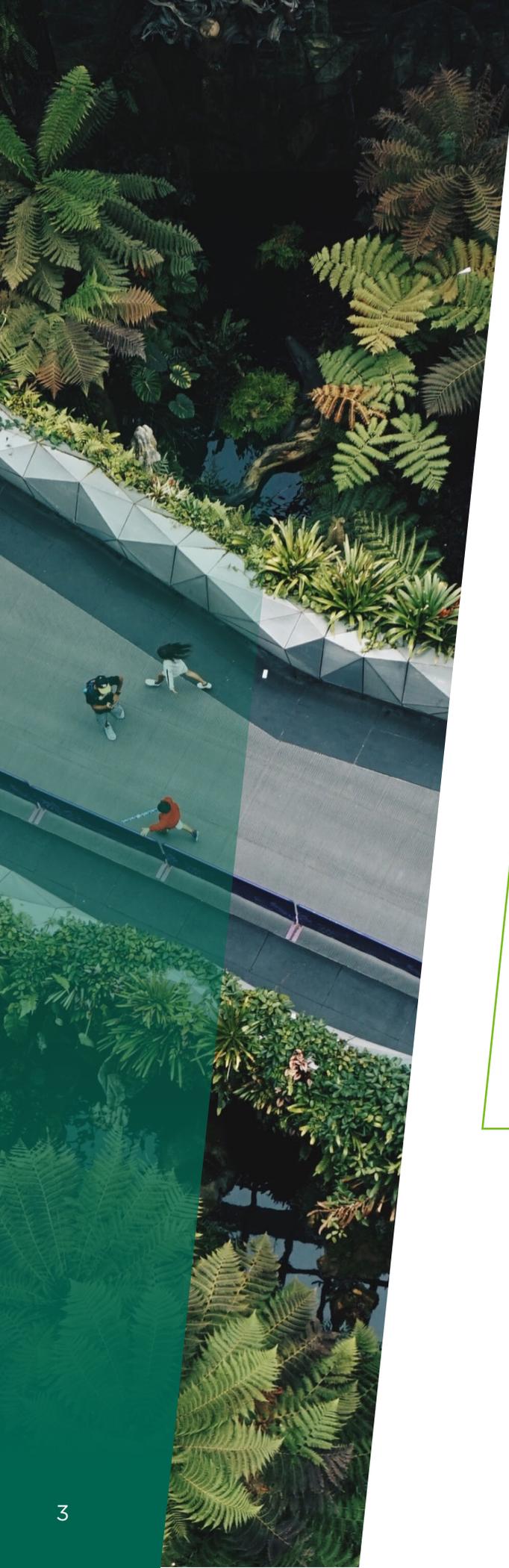
It's a dynamic time to be a Chief Sustainability Officer

Is the role of the CSO only getting harder?

There's growing conventional wisdom backed up by data that embedding sustainability into corporate strategy makes good business sense. Done well, your environmental, social, and governance (ESG) and sustainability strategy will identify risks to mitigate. Done very well, your sustainability strategy will unlock strategic and competitive business benefits, including enhanced innovation, supply chain resilience, brand and reputational lift, consumer preference, and increased profit or share price. A recent Harvard Business Review article captured the spirit of this moment by identifying sustainability as “the new digitalization but with even more impact on competitiveness.”

As if expectations weren't already high, the job of the CSO is only getting harder. Corporate leaders must navigate increasing complexity and pressure from all sides. Concerns about greenwashing on environmental and purpose-washing on social issues persist. Political and social polarization means you can't please everyone all the time. Regulations are in flux.





For this whitepaper, an update from our 2021 paper, *The Rise of the Chief Sustainability Officer*, we spoke to leading CSOs across industries to understand the landscape and asked them some tough questions. Should CSOs be working themselves out of a job? What practical and actionable insights do CSOs have for avoiding siloed sustainability strategies? How do they instead create sustainable business strategies?

We wanted to know if CSOs must report to CEOs to be effective. And what they are looking for in next-generation talent.

And they told us.

The Future of the Chief Sustainability Officer whitepaper is an update from our 2021 paper, [The Rise of the Chief Sustainability Officer](#).

For this 2022 update, we talked to the senior people responsible for developing and implementing their organization's sustainability strategy. While we use CSO throughout this document, not everyone has that specific title, reflecting a broad trend. Some titles are now reflecting ESG either in place of or in addition to sustainability.



Who are the CSOs of today?

From agitators
to changemakers

Once thought of as internal agitators with deep technical expertise, CSOs are now stepping up to lead transformation at scale. Many, who have been in their roles for several years, are charged with embedding ESG & Sustainability more deeply across the business. Armed with clear and approved ESG strategies, the work is about moving from intention through action and, finally, to impact. CSOs today must manage change, drive cultural adoption, embed sustainability throughout operations, and partner with the finance organization to measure the financial return on sustainability investments.

It is not about building bigger sustainability teams; it's about every employee taking ownership. That cohesion demands everyone across the organization speak the same language—that everyone understands the philosophy, and the practicality, of sustainability.

Efforts are underway to infuse traditional business training with greater sustainability expertise. But, there is more to be done to educate the next generation of leaders amid a serious battle for sustainability talent.

So, what did the top CSOs have to say?



Our four key findings

1.

There will always be a need for the CSO role

2.

CSOs must work at the level of culture

3.

Reporting to the CEO is powerful

4.

There's not enough talent

There will always be a need for the CSO role

However, the function is, and must be, dynamic

Most CSOs did not believe the goal was to work themselves out of a job, but if success is embedding sustainability into the business, why have a CSO role at all?

The most often cited rationale for retaining the role and function is the pace of change in sustainability. CSOs track ongoing evolutions in the regulatory and reporting environment, identifying what this means for disclosure and strategy. They also engage stakeholders, interpret feedback, and adapt to meet shifting expectations. CSOs should also look ahead, staying on top of new technology and innovations, figuring out how to push boundaries and accelerate progress against targets.



First it was that sustainability is done by the CSO and everything else is in the business. We own sustainability and the business owns day-to-day. We now have ESG goals that are entirely owned by the business, paid for by the business and are part of the P&L. That is the direction we are headed.”

Alison Taylor, Chief Sustainability Officer at ADM



- 1 Basic
- 2 Progressing
- 3 Advanced
- 4 Leading Edge

With Korn Ferry's ESG & Sustainability Maturity Model, companies can understand their organization's readiness across five key areas: risk management, awareness, talent integration, operations integration, and market integration. We're offering this as part of a Materiality+ Assessment, where we not only identify the most material issues, but also unpack structural and behavior barriers and opportunities, setting an organization up for greater success in embedding the ESG strategy throughout the organization.



CSOs must flex different skills, build fit-for-purpose teams and engage the broader organization as the organization and strategy mature. The first phase, Sustainability 1.0, is about understanding the current state, aligning stakeholders, and deep listening internally and externally to understand the material issues. The goal is to create an actionable and effective strategy. CSOs leading in organizations during this phase need technical knowledge or will otherwise have to construct a team that contributes environmental science knowledge. They need to understand the environmental challenges and what is possible in decarbonizing their value chain.

“Leaders have to navigate dilemmas as decision-making around sustainability are not black or white. With the systemic and transformational challenges we face, there is so much complexity and potential trade-offs, and you have to be willing to have those conversations and navigate through the decisions. Technical knowledge is helpful, but 80% of this is leadership, emotional intelligence, resilience and listening.”

Simon Henzell-Thomas, VP of Global Public Affairs, Advocacy & Transparency at IKEA

Technical skills alone are not enough. Change management, influence, and persuasion are needed to bring leadership, and the rest of the organization, along with the vision.

Diplomacy is another vital skill because a CSO is pitching that what's come before needs to change.

The second maturity phase (2.0) offers a clearer understanding of materiality and an approved strategy. The CSO and the sustainability function (if there is a broader team yet) must now flex strong project management skills while demonstrating continued change management skills. Success is transforming the strategy into effective projects, embedding ownership throughout the organization, securing budgets, solving data voids, and tracking and reporting progress. Essentially, getting an entire organization rowing together.

Many CSOs are now entering a new phase that we can consider Sustainability 3.0. They have successfully created the sustainability strategy, stood up the

project management operation, and are communicating effectively with innovative culture programs necessary to drive new behaviors at scale. Now, the challenge is proving the financial value and driving continued innovation, often on more complex technical challenges.

Like in other phases, there are new skills to flex. Continued technical knowledge helps because, typically, the CSO has leveraged all the low-hanging fruit at this point. CSOs must anticipate where regulations are heading, what investors are now demanding, and what future sustainability innovation could supercharge decarbonization efforts. At the same time, they must master the spreadsheet, measuring risks averted and value created.

There is no established roadmap for this sustainability and CSO journey phase. Effective partnership with the CFO is vital, with each playing their part. The CFO brings existing processes and technology to understand the return on investment and impact on business; the CSO brings continued innovation, pushing boundaries beyond compliance and the status quo. The culture and communications efforts don't stop at this phase either.

It's a benefit if the CSO has a good business mindset. At a minimum, this is about speaking the right language and being credible to corporate leaders. However, this requires the CSO to understand each business unit's unique pressures profoundly and be adept at finding solutions that smartly balance sustainability with business needs.



Embedding sustainability work in the business is key, but still requires a central Sustainability Team to drive the overarching strategy to provide deep subject matter expertise.”

Adam Elman, Head of Sustainability, EMEA at Google



It's both executional and entrepreneurial, which is an unusual combination. Sometimes people are successful to a point because they are excellent at project management. You need to execute really well, you also need to be open to twist and turns. It's about rapid prototyping, not designing to death. Sustainability is changing fast. You need to find a way to get in the game, working with colleagues, clients, so you get in the cycle of action, learning, iterating, growing and scaling."

John Goldstein, Head of the Sustainable Finance Group at Goldman Sachs



Creating a partnership with the finance organization:

Integrating ESG into capital deployment decision making

J.M. Huber Corporation (Huber) is one of the largest family-owned businesses in the United States. Operating for nearly 140 years, the portfolio of companies creates products that are used in a broad range of applications, including personal care, food and beverage, agriculture, building materials and sustainability forestry services.

Like many family companies, Huber thinks in terms of generations, not quarters. For that reason, there has been a strong commitment to sustainability since the company's inception, even before the term was used broadly in business. When Don Young joined the company over eight years ago as the chief sustainability officer, he was charged with building on that commitment and embedding ESG further into how the company operates.

He found an ally in the chief financial officer, and together they saw an opportunity. To rebuild the capital deployment processes, teams not only had to provide traditional financial analysis, but also quantify their project requests' social and environmental impacts.

Turning ESG ambitions into action requires both structural and behavioral changes. For Huber, the structural solution was to create an analytical tool to understand the financial and non-financial impacts of projects. The behavioral aspect is making sure the tool is used. If a team showed up to pitch a project without an ESG assessment, the CFO and CSO asked them to go back to the drawing board and rebuild the pitch.

This is now standard behavior, with teams embracing the fact that Huber can impact society and the planet and advance the ESG strategy and purpose of the company. Tangible evidence of this is reflected in the data - over 82% of Huber's capital projects in 2021 demonstrated ESG attributes.

This is just one example of why Huber was recently awarded the prestigious IMD -Pictet award as the most sustainable family business globally.



CSOs must work at the level of culture

Sustainability is fundamentally a culture and change management job

Every CSO we talked to cited soft skills or emotional intelligence as critical skills for success. Some realize that culture is becoming a core competency as they drive the adoption of their strategies and change across the organization.

The CSO job is fundamentally a change management role. For every structural and technical challenge, there is also an old behavior to change or a new behavior to incentivize. CSOs must balance being relevant and influential internally, while bringing in new ideas and a willingness to experiment. A good CSO will know when they must advocate, champion, warn, nudge, encourage or cheerlead for change.

The culture work is about the right moments to push for change, momentum to keep progressing, and celebrating accomplishments. Many CSOs talked about the enthusiasm employees have working



for a company that takes its sustainability and social responsibility seriously. But more work must be done to map how everyone's role meaningfully delivers on sustainability strategies. Putting ESG metrics into compensation and performance evaluation helps signal that the strategy is business-critical while amping up participation.

One barrier is employee bandwidth. Many companies have significantly invested in diversity, equity, and inclusion (DE&I) in the last few years. But it can be confusing for employees to connect the dots between environmental sustainability efforts, DE&I programs, and other pre-existing programs, like corporate philanthropy and corporate social responsibility. A CSO must be able to communicate the broad vision effectively. An active, strong culture is a backbone to build upon, embedding sustainability into existing processes and ways of working.

“It starts with aligning to our purpose and connecting the dots for our employees so that they get passionate and a sense of pride around what we are doing. Communication, messaging, and telling the narrative about how we are helping the bigger challenges in the world is absolutely key.”

Diane Kappas, Vice President, Global Sustainability at PPG

Effective CSOs maintain strong external relationships by networking and sharing best practices and learnings. Many are experts at managing conflict as they seek external critics, engaging naysayers to understand potential pushbacks. This intel can be a helpful reality check on marketing campaigns and internal chatter. It can also help fine-tune strategy.

A fail-and-try-again mentality is ideal. Cultures that reward ambition and a willingness to experiment are more likely to succeed, especially since technology is changing rapidly. Sustainability is a grey area where solutions, such as decarbonization, may change, not be apparent, or be nonexistent. Leaders often need to create a strategy with the current information while building room for technological advancements and innovation.

Two key internal partners exist for CSOs: **The CHRO and the CCO.**

The chief human resources officer can help spur training programs to reskill or retrain workers, identifying and bringing in the right talent across the organization to deliver on the strategy. The chief communications officer can help tell the right story, internally and externally, of what the company is doing, how it's progressing, and where they are heading.

Many CSOs highlighted skills critical to their success, including the ability to communicate effectively, inspire people, and influence where they have no formal authority. But this has been a steep learning curve for CSOs focused on deep environmental science expertise. The composition of the supporting team is critical. CSOs with robust change leadership skills can surround themselves with teams that possess deeper technical knowledge and vice versa.

Building an ESG-enabled culture

To succeed, you need to weave an ESG culture through the entire organization

Adam Heltzer, Managing Director and Head of Environmental, Social, and Governance at Ares Management, has reflected a lot on building an ESG-enabled culture. He believes that for this work to be successful, it must be woven through the organization's fabric and not delivered by only a centralized team of "ESG specialists." ESG and sustainability must be democratized and culturally diffused.

Adam sees culture as an emerging core competency of his role and builds it into his team's development and growth trajectories. One of the reasons he came to Ares was that the company's CEO and president, Michael Arougheti, understood the value of a decentralized and distributed model. This drives local accountability and fosters co-creation within specific business units as a global strategy.

Adam has successfully mobilized ESG champions and now has 130 throughout the firm, embedded across lines of business and around the world. They have become the extended army of his now 10-person ESG team.

This was the "first wave" of engagement. The ESG champions got passionate about the local impact they could have on their respective teams and took on extracurricular activities. However, he saw a more significant impact when he assembled groups of champions to come together to work on shared problems.

Last year, he gathered approximately 40 business leaders and ESG champions for their first climate change offsite based in the Ares New York office. The participants came from different business functions, roles, and geographies. Some passionate team members met each other for the first time to understand and gain a greater perspective on the complex problem. Of the many positive outcomes, one was the opportunity to share their individual experiences in promoting ESG and the clear potential for making a greater impact collectively.

Ares is looking to replicate that model and address other ESG-related topics beyond climate change, like DE&I and ESG data. These areas could quickly become siloed workstreams without a clearly articulated strategy. Instead of jumping to the tactical execution to meet the one-off client or shareholder requests, he encourages people to step back, see the bigger picture and ask themselves what could happen if we manage this issue well. He believes this allows for greater ambitions and fosters a more ESG-enabled culture.



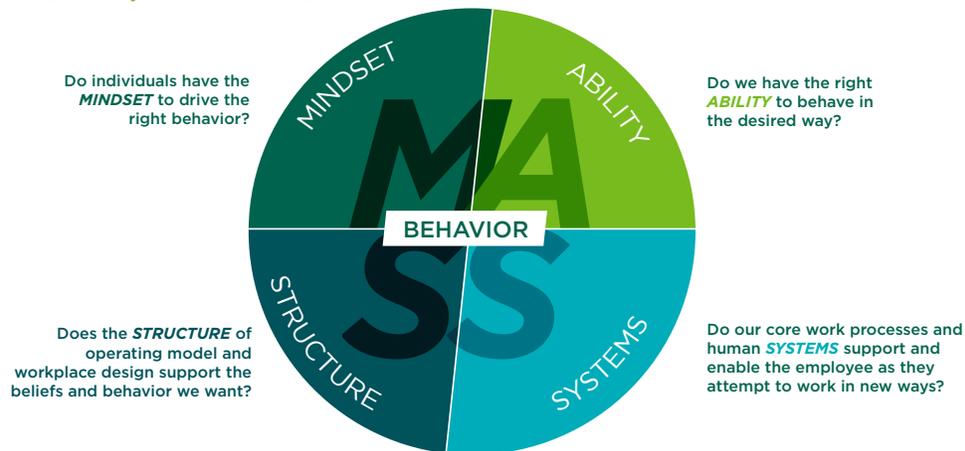
Don't assume that everybody speaks the same language in terms of sustainability. Understand that audiences are at different levels of understanding the problem. It's your job to level set. Speak to it with facts, don't speak in technical terms."

Susan Uthayakumar, Chief Energy and Sustainability Officer at Prologis

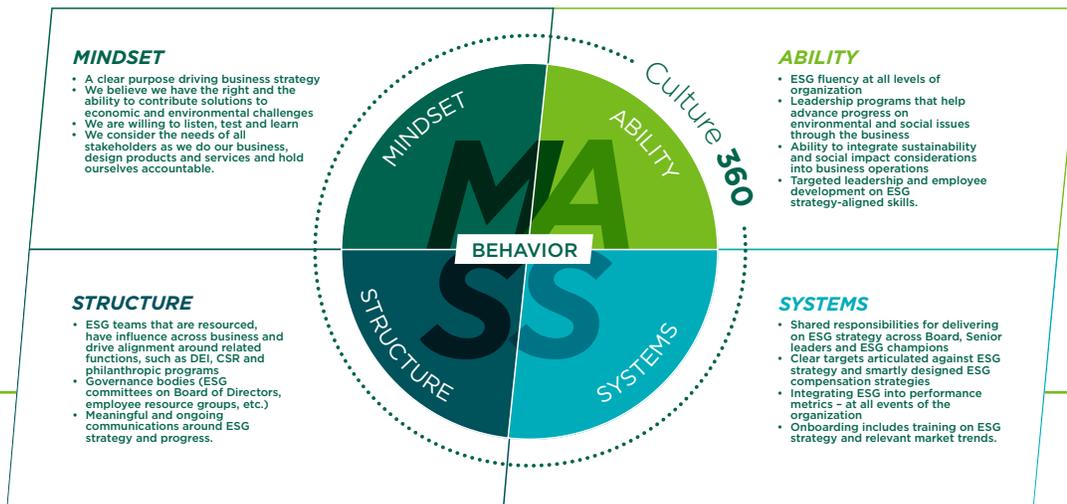
MASS Model

We have designed our MASS Model to help shape behavior change at scale. It empowers teams and individuals by supporting all the aspects that need to transform for change to stick—influencing mindsets, developing new abilities, and adopting new structures and systems. This is what the MASS Model looks like for leading ESG & Sustainability companies.

We shape behavior change at scale by influencing Mindsets, developing new Abilities, and adopting new Structures and Systems – to create an ESG-enabled culture.



The cultural MASS tipping point for ESG





Reporting to the CEO is powerful

But if you don't, aligning with the correct function is essential

Reporting to the CEO can be a big help because it offers insight into business decisions. The CEO's backing is an unambiguous signal that sustainability is a priority and can accelerate progress across the organization. For this reason, most CSOs prefer to report to the CEO or, at a minimum, have access to the meetings where business decisions are being discussed and made.

“

There's more than one way of structuring an organisation, but the key principle is that the CSO should have a close relationship with the board, the CEO, and directors to set and drive the sustainability ambitions, maintain strategic direction and promote agile decision-making with all stakeholders.”

Rossella Cardone, Director, Group Sustainability Head at Jaguar Land Rover

If the CSO doesn't report directly to the CEO, they at least must be aligned with the proper function. For example, reporting into operations rather than strategy may be more impactful in an industrial company. However, aligning to strategy for a consumer goods company might provide an opportunity for upstream impact on product development. If you work in private equity, you want a seat at the table when investment decisions are made.

A few CSOs we spoke to have dual-hatted roles. There are advantages to having an additional line of sight into the business. The most common was strategy, where a CSO gains visibility across the organization and insight into business strategy that can translate into a more significant impact.

“Understanding and embracing ESG can be confusing so having senior/executive level support is critical in the successful implementation of ESG practices.”

Sanaz Raczynski, Managing Director and Head of Sustainability at Kohlberg & Company

Regardless, the function must decide when and how to embed ownership across the organization in a distributed matrix and when to own a few specific responsibilities. Business-specific tasks related to the day-to-day operations can reside in the individual business units. If things need to be done consistently across the business (e.g., lifecycle analysis), it's helpful to have that responsibility within the sustainability function, reporting to the CSO.

“Organizations should use caution when centralizing ESG as accountability for ESG outcomes needs to be embedded in business leaders' incentives across the enterprise. Strategy, targets, reporting, and stakeholder engagement are elements that can be brought together in a centralized role.”

Virginia Tenpenny, Chief Global Social Impact Officer at Starbucks

The benefit of agility

Increasing business connectivity through double hatting the CSO

Tetra Tech, Inc. (Tetra Tech) is a leading provider of high-end consulting and engineering services in water, the environment, sustainable infrastructure, renewable energy, and international development. Inherent to the solutions that Tetra Tech provides to its clients is a solid commitment to advance sustainability and deliver positive impact through all its projects.

Dr. Leslie Shoemaker, President and Chief Sustainability and Leadership Development Officer of the company for over a decade, has successfully driven sustainability and recognized the impact of projects throughout the organization by wearing multiple ‘hats’ simultaneously. As the president, Leslie is responsible for the company’s day-to-day operations. Leslie also acts as the CSO and works on corporate strategy with the CEO.

She shares three advantages of “double hatting” the CSO role with operations. Most importantly, it helps her understand the big drivers moving the business. Having a line of sight into operations allows sustainability solutions to integrate fully into the business.

Secondly, double hatting advances a seamless integration of ESG reporting into operations. She has successfully created buy-in, not by burdening the business with additional data requests, but by leveraging existing data and extracting what ESG reports need. By doing this, the company avoids a common pitfall, i.e., no separate data infrastructure putting an unnecessary burden on the organization to report.

Finally, double hatting leverages a reality; the CSO role often and should shift over time. Leslie believes the CSO evolves from a full-time job in the early stages of developing the strategy and setting up the team into a smaller role once the plan matures and the business adopts it.

“If the CEO is not likeminded, it will not work. You can’t be successful if you don’t have support of Management”

Leslie Shoemaker, Chief Sustainability and Leadership Development Officer at Tetra Tech



There's not enough talent

The pros and cons of hiring up and why building the talent pipeline requires more work

A common answer to whether to hire in or hire up is “it depends.” You need people who know their stuff on sustainability—who are steeped in emerging trends, can read signals, and understand environmental science. On the other hand, hiring up promotes people who deeply understand the organization, know how to get things done, and ensure cultural alignment. They don't need an MBA, but they do need business acumen.

Many CSOs, regardless of whether they were hired in or up, said that the number one thing that makes them effective in their job is that they know the internal culture. That knowledge helps them navigate the power dynamics and translate ideas into relevant ways to engage internal stakeholders and to get things done.

And a few CSOs noted that people have expectations of what the role might be, and sometimes these don't match the reality of the job. For example, there are times when the effort required is wrangling data in complex spreadsheets, rather than speaking at conferences or leading internal

communications. Sustainability requires people who have both solid strategic and tactical skills and can constantly pivot between the two.

CSOs all cited skills like empathy, navigating ambiguity, demonstrating personal integrity, the ability to become a trusted partner to the business, and strong communication, as vital to the job. Resiliency is essential, as this can be a challenging area to work on with a clear impact coming over time. You may have to deliver difficult feedback or speak the truth to the C-suite and board. CSOs must represent different stakeholders and share what external critics are saying. And finally, a sense of humor can help. As much of the role is influence and not control, you want to be someone with whom people want to work.



Actively listen and engage with folks proactively, despite the value you may bring to an organization from previous experiences. Constantly projecting views of your past may be construed as offsetting and signal to your fellow teammates that you don't appreciate the great work that the organization achieved prior to your arrival."

*Kris Vaughn-Morico, Vice President
Environment, Health, and Safety &
Sustainability at Baxter International*

There's a need for more professional development. CSOs can benefit from meeting with peers and addressing complex and everyday challenges. This networking can also spark collaboration across sectors, which is sorely needed. Investing in CSO leadership development is also necessary to support them as they navigate the paradox of performing for today's business environments and transforming for what comes next.



We need to prepare the sustainability professionals of the future with financial acumen. They need to be able to speak the language that decisions are made in."

*Christina Amorim, Global Head,
VP Sustainability at Genentech*





Creating future-ready CSOs

We interviewed CSOs who have delivered competitive advantage through sustainability. Leaders who have invested in sustainability understand the potential value for their business. But creating a strategy and operationalizing it are two different things, requiring leaders to flex specific skills and build teams that can deliver.

CSOs have to break down business silos and build relationships with leaders across multiple areas; they need to engage the entire organization, often changing the culture as they go. They must challenge existing thinking, tear down assumptions, and engage disparate stakeholders. And they need to build a strong team that complements their strengths and balances their weaker areas. It's a big ask of any person, especially when sustainability talent and expertise are scarce.

This is why a people strategy is critical as more companies move to take action on their sustainability strategies and demonstrate impact across all ESG factors. Moving from intent to action demands companies focus on skills, talent, leaders, and culture, as well as the technical aspects of sustainability.

Our purpose is to support organizations to create actionable talent and leadership blueprints. We have created fit-for-purpose success profiles for key sustainability and ESG roles. We will help you find the talent you need and develop the talent you have, supporting your efforts on all levels of organizational design, succession, culture-building and leadership development as you build a disruptive sustainability function - a function that is ready and able to focus the business on the vital environmental and social agenda.

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Cristina Amorim
Global Head,
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Rossella Cardone
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Head at Jaguar Land Rover

Elizabeth Carlson
Chief Sustainability Officer
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Leslie Shoemaker
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Apollo Global Management

Alison Taylor
Chief Sustainability Officer at ADM

Virginia Tenpenny
Chief Global Social Impact Officer
at Starbucks

Scott Tew
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Korn Ferry is a global organizational consulting firm. We work with our clients to design optimal organization structures, roles, and responsibilities. We help them hire the right people and advise them on how to reward and motivate their workforce while developing professionals as they navigate and advance their careers. Our 11,000 experts in more than 50 countries deliver on five core areas: Organization Strategy, Assessment & Succession, Talent Acquisition, Leadership & Professional Development, and Total Rewards.