



The Voice of the Chief Sustainability Officer

RRA Sustainability Leaders Survey 2022



Executive Summary

Chief sustainability officers and heads of ESG tend to have more success in their roles when they adopt a value creation approach to sustainability strategy, and report directly to the CEO.

What does a best-in-class CSO look like?

An effective chief sustainability officer (CSO) can have a substantial impact on organizational success. Setting CSOs up for success can be achieved by considering the structure and responsibilities of the role, their reporting structure, their inclusion on the executive leadership team, and their relationship to the rest of the business.

Organizations looking to appoint a head of sustainability for the first time may be asking themselves:



“How do I structure and support this role to ensure it’s effective?”



“What relationship should this individual have to stakeholders, other members of the executive team, the board of directors?”



“What should I even call this person?”



Russell Reynolds Associates (RRA) recently surveyed over 50 chief sustainability officers and heads of ESG from around the world and discovered some interesting nuances within the role and key indicators of a successful sustainability strategy.

In order to set a Chief Sustainability Officer up for success, there are six components related to role design and support that are important to consider. We share more details on these in the following sections:

What does a best-in-class CSO look like?	01 Role Structure	02 Role Mandate and Stakeholder Engagement	03 Profile, Experience, and Relationship to Company
	04 Barriers and Enablers to Success	05 Impact and Engagement	06 Current and Future State of Role

When appointing a CSO, aligning them appropriately to the CEO and rest of the C-suite and building out a sustainability function are the first steps in enabling them to develop a long-term sustainability strategy. Going beyond the role structure and mandate, organizations need to consider what other facets of the organization will ensure the CSO is successful in their role: is the remainder of the executive team committed to, and working towards their own departmental sustainability goals? Are the CEO and board committed to sustainability?

01 Role Structure

CSO empowerment relies on access to the CEO

When considering role structure and responsibilities, decisions should be grounded in your organization's current and future sustainability goals. This will help you align your CSO to the correct department and design the core focus of the role to be effective long-term. Organizations whose sustainability goals are primarily around internal processes may want to position the CSO near operations leadership, whereas organizations whose sustainability goals revolve primarily around product design and usage may position the CSO near the product leadership. CSOs may be embedded in different departments as makes sense for their industry, but RRA's [recent research](#) found that overall, CSOs are most effective when they report directly to the CEO.

Role Structure



- 76% of sitting CSOs are the first person to serve in their current role
- More than half sit in a dedicated sustainability function
- On average, CSOs have 6 direct reports

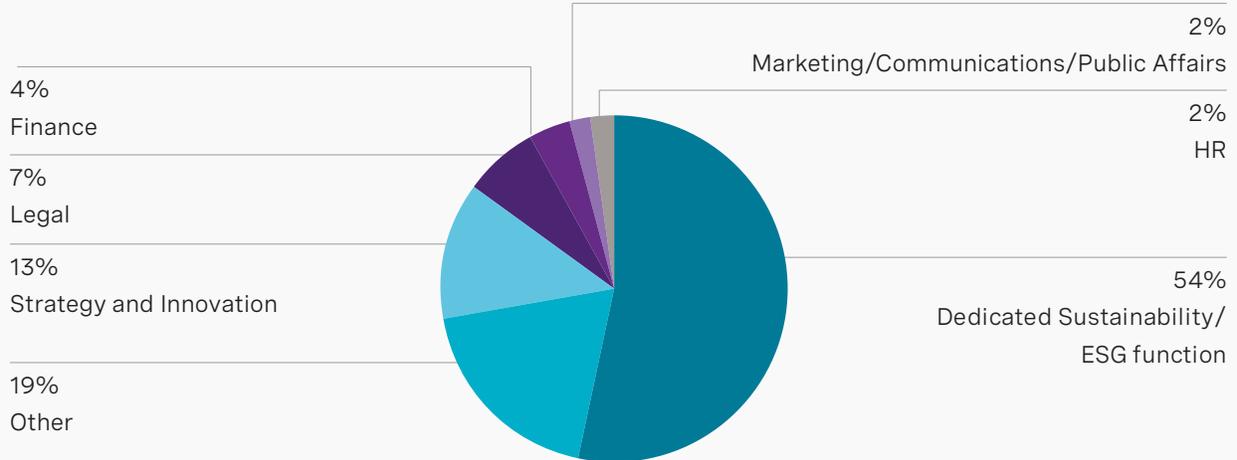
Source: RRA Sustainability Leaders Survey, 2022. N = 56 global executives

The majority of organizations have a dedicated sustainability team that CSOs lead, with an average team size of six direct reports. Having a dedicated sustainability function helps companies have a clear point of contact for sustainability strategy.



Where does your role sit?

% of sustainability leaders that sit in each function



Source: RRA Sustainability Leaders Survey, 2022. N = 56 global executives

Role title and scope vary significantly across sustainability leadership, reflecting the myriad potential focus points for a sustainability leader: environmental protection, ethical supply chains, product design and access, operational efficiency, regulatory oversight, corporate responsibility, brand management, and more. As more organizations look to appoint a head of sustainability and elevate them to the executive team, the role’s title can have significant implications for how the sustainability leader is perceived – both within and outside the company.

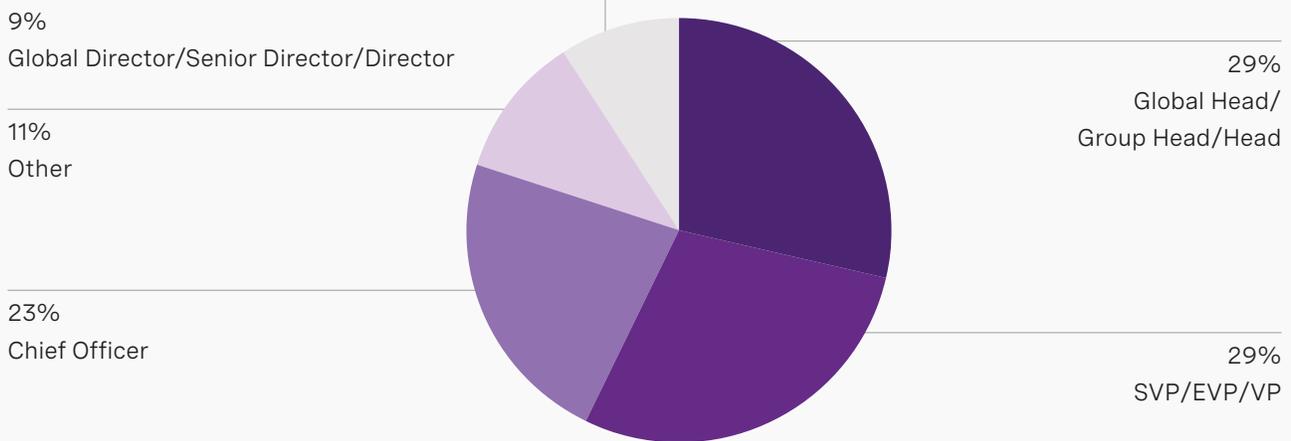
Under the umbrella of sustainability leaders, we see a wide range of terminologies in job titles. This is indicative of the varied remits leaders may have within these roles, ranging from strategy to policy to—of course—sustainability.

The varied remits of sustainability leaders



Note: The size of word represents the frequency of the remit in our data
 Source: RRA Sustainability Leaders Survey, 2022. N = 56 global executives

Sustainability Leaders Seniority Level



Source: RRA Sustainability Leaders Survey, 2022. N = 56 global executives

CSOs sit at a variety of levels within the organization. Around three quarters hold either a chief officer title, global/group head, or senior VP/VP title. Approximately half of sustainability leaders report into a C-Level executive other than the CEO, and 22% to an individual at the executive level. In our recent research, RRA found that heads of sustainability are more effective when reporting to the CEO—therefore, we’ve named individuals with this reporting structure **“Empowered CSOs.”** We found that these Empowered CSOs had 1) greater access to opportunities to help them grow as a leader and 2) more access to information needed for strategic decision making. More importantly, these Empowered CSOs were 50% more likely to say their company is on track to meet their sustainability targets, compared to organizations with other reporting structures.

Sustainability Leader Reporting Structure



Source: RRA Sustainability Leaders Survey, 2022. N = 56 global executives

CSOs who report to the CEO

CSOs who report directly to the CEO enjoyed a number of outcome-related benefits that their counterparts did not experience, including:

- Their organizations are 50% more likely to say they are on track to meet sustainability targets
- They are 20% more likely to say they have access to the opportunities that will help them develop faster as a leader, and 30% more likely to say they have access to the information needed to make good decisions
- They are 50% more likely to be on the executive leadership team and 50% more likely to present at board meetings.

Vocal CEO commitment often dictates CSO success

Russell Reynolds Associates' [2022 Global Leadership Monitor](#) also found that CEOs who are committed to sustainability provide better outcomes, highlighting that CEO commitment and involvement in the sustainability agenda of the organization is critical to CSO and sustainability success.

- Organizations with CEOs who made a public announcement in support of sustainability reaped a variety of rewards, including more confidence in leadership's ability to effectively embrace sustainability opportunities and outperform against competitors.
- They also feel more confident in their leadership team's ability to deal with climate change and damage, and prioritized climate change issues slightly higher than individuals where CEO commitment to sustainability remains absent or unclear.

CEO Commitment to Sustainability and Outcomes on Sustainability Issues

% of leaders who selected each item



Organizations with publicly committed CEOs were 24% more likely to outperform against total shareholder returns than those with non-publicly committed CEOs.

Russell Reynolds Associates Global Leadership Monitor Survey, 2022. N = 1,590 global executives

02 Role Mandate and Stakeholder Engagement

CSOs navigate a wide range of stakeholders, regional contexts, and priorities

The role of the CSO is complex and juggles many different priorities; interacting with internal and external stakeholders, staying abreast of quickly changing market and social contexts, and balancing a strategy for sustainability goals that includes both short-term solutions and long-term progress. Moreover, the sustainability strategies that a company adopts can yield significant differences in how CSOs spend their time.

Role Mandate



- **25%** of CSOs have P&L responsibility included in their role responsibilities
- CSOs have the highest level of significant engagement with the Strategy/Innovation department (25% of CSOs), Marketing/ Communications (22%), and Legal (16%), and less engagement with HR (6%), Procurement (6%), and IT/Technology (4%)
- **90%** of CSOs report that oversight of sustainability strategy implementation lies with them
- **83%** of CSOs say reporting and measuring sustainability metrics lies with them
- **70%** of CSOs report that identifying sustainability risks and opportunities lies with them

Stakeholder Engagement



- **68%** of CSOs report that engaging with stakeholders lies with them
- CSOs with value creation as their driver tended to spend more time on people (skillsets, organization structures, and leadership culture) than those with other sustainability drivers

Source: RRA Sustainability Leaders Survey, 2022. N = 56 global executives

CSOs do not operate in a vacuum and need to be fully integrated into the executive team to be effective. Reaching sustainability goals is not the job of one person; rather, it needs to be integrated across departments and agendas to be effective for organizations holistically. CSOs need to have access to the right stakeholders to further sustainability progress and have the buy-in of those stakeholders to be effective and build lasting relationships.

Incorporating value creation into the CSO remit

Embracing sustainability strategy as a value creation activity over a brand management/risk mitigation tactic requires dedication and commitment to sustainability principles, not just from an ethical but from a business perspective.

There are several lenses through which to approach your overall sustainability strategy, including: value creation, impact reduction, risk avoidance, and brand management. While all important, **54% of CSOs reported that value creation was the primary driving force behind their organization's sustainability strategy.** A look at those prioritizing value creation over other sustainability lenses showed us that those organizations performed better on multiple metrics, including feeling more positively about access to opportunities and information that allow them to make good decisions and grow as a leader.

54% of CSOs reported that value creation was the primary driving force behind their organization's sustainability strategy

What is the primary driving force behind your company's approach to sustainability?

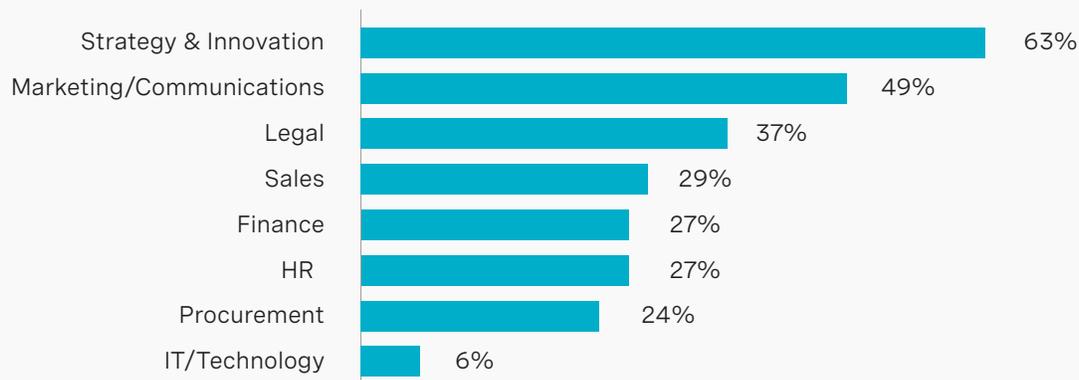


Source: RRA Sustainability Leaders Survey, 2022. N = 56 global executives

In addition to liaising with internal and external stakeholders, CSOs interact with different departments to varying degrees across the organization. They reported that they have the most interaction with strategy and innovation, and marketing and communications. This makes sense, as these are the two functional areas where the majority of CSOs focused (besides sustainability) in their careers.

To what degree does your team engage on sustainability with the following functions/departments in your company?

% of sustainability leaders who selected "significant engagement or some engagement"



Source: RRA Sustainability Leaders Survey, 2022. N = 56 global executives

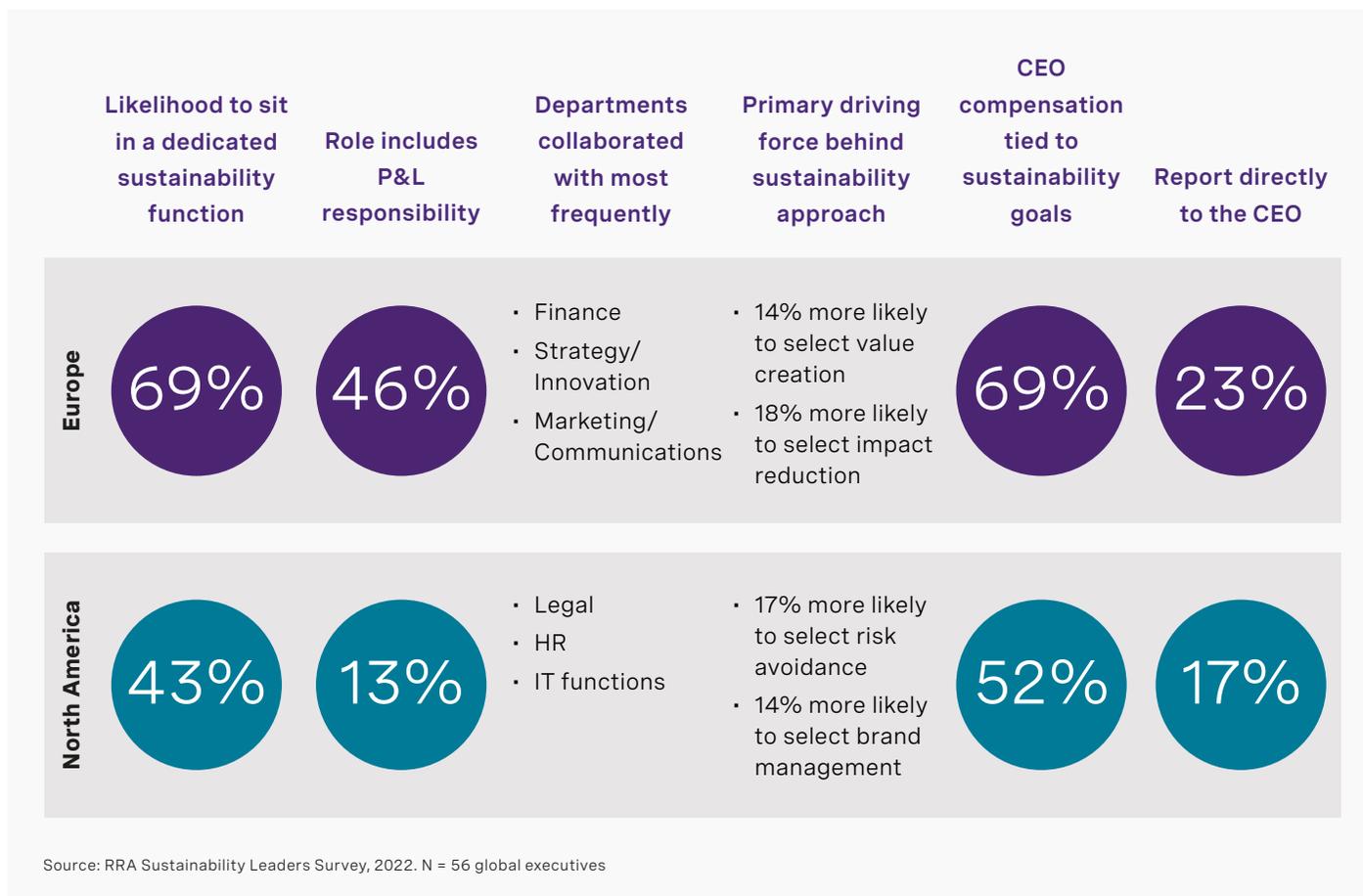


Regional differences in role mandates

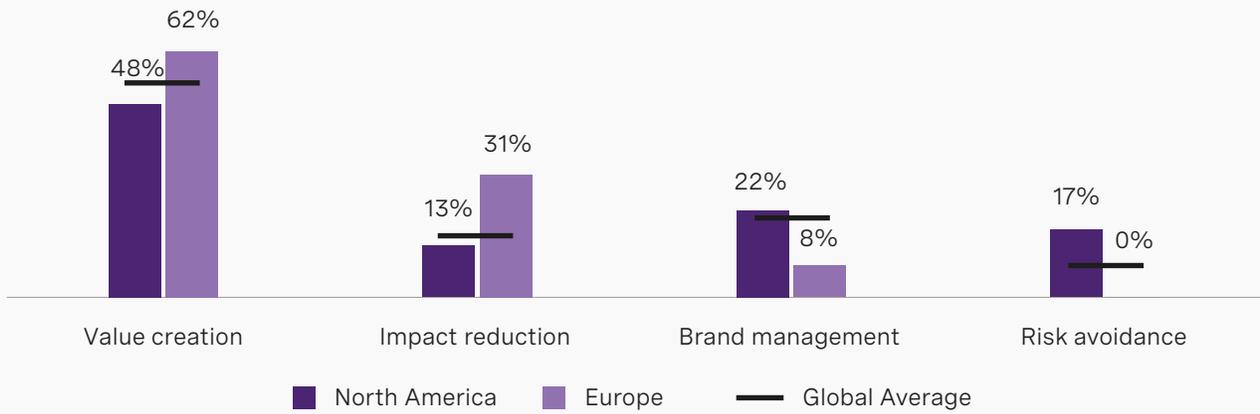
Sustainability is a global issue, and approach varies by country based on different laws, regulations, and stakeholders. Europe and North America have long had differing approaches to sustainability strategy, as regulations in Europe have tended towards being more proactive and prescriptive. As North America looks to generate more concrete results, there are strategic differences leaders should be aware of.

Sustainability leaders in Europe are more likely to sit in a dedicated sustainability function, significantly more likely to hold profit & loss (P&L) responsibility and tie compensation to sustainability goals, and are more likely to report directly to the CEO.

Their sustainability lens differs from their counterparts in North America as well. They are more likely to adopt value creation as their driving force for sustainability and tend to spend more time liaising with partners (suppliers, clients, and other collaborators) than those in North America.



What is the primary driving force behind your company's approach to sustainability?



Source: RRA Sustainability Leaders Survey, 2022. N = 56 global executives



03 Profile, Experience, and Relationship to Company

Selecting and retaining the right CSO

Knowing what capabilities, skills, and experiences to prioritize when developing your sustainable leadership pipeline is crucial to structuring the CSO role in a way that will continue to be effective as your sustainability goals grow and change.

CSO's relationship to their company includes several facets: whether they are a member of the executive leadership team, whether the board has a dedicated sustainability committee, and the frequency that the CSO presents to that committee, and the board overall.

The majority of surveyed CSOs have previous sustainability experience, with over half bringing experience working in three or more functions, in keeping with the multi-faceted nature of the role. Other common areas of professional experience include strategy, innovation, marketing, and communications, highlighting how key strategy-setting and internal/external communication is to achieving sustainability goals.

Profile and Experience



- 68% of CSOs' immediate prior role was a sustainability-related position
- 63% of CSOs immediate prior employer was in the same or an adjacent industry, 38% were in an unrelated industry
- 55% of CSOs have experience in 3+ functions

Relationship to Company

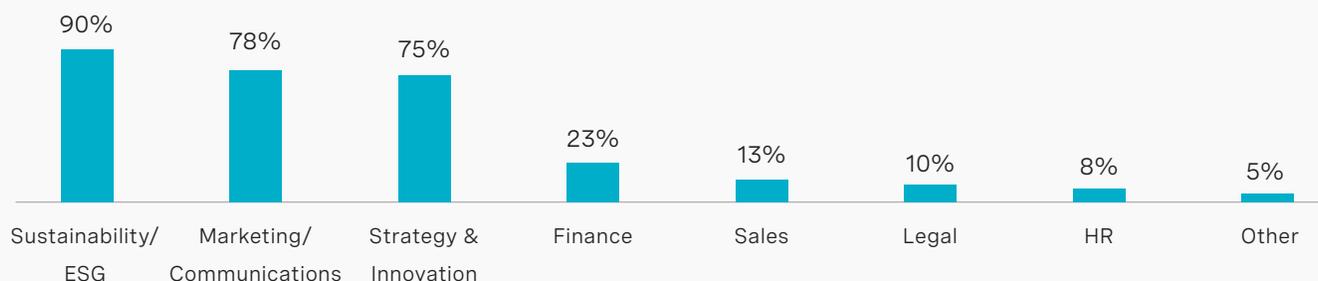


- On average, CSOs have been in their role for four years
- 43% of CSOs are members of their company's executive committee or equivalent leadership team.
- 41% of CSOs present to their board of directors at least once per year, with 24% saying they present at most board meetings
- 65% of CSOs have a dedicated board sustainability committee at their organization; and 43% say they present to the committee at every meeting

Source: RRA Sustainability Leaders Survey, 2022. N = 56 global executives

Do you have professional experience in any of the following functions?

% of sustainability leaders with professional experience in each function



Source: RRA Sustainability Leaders Survey, 2022. N = 56 global executives

How does the CSO make an impact?

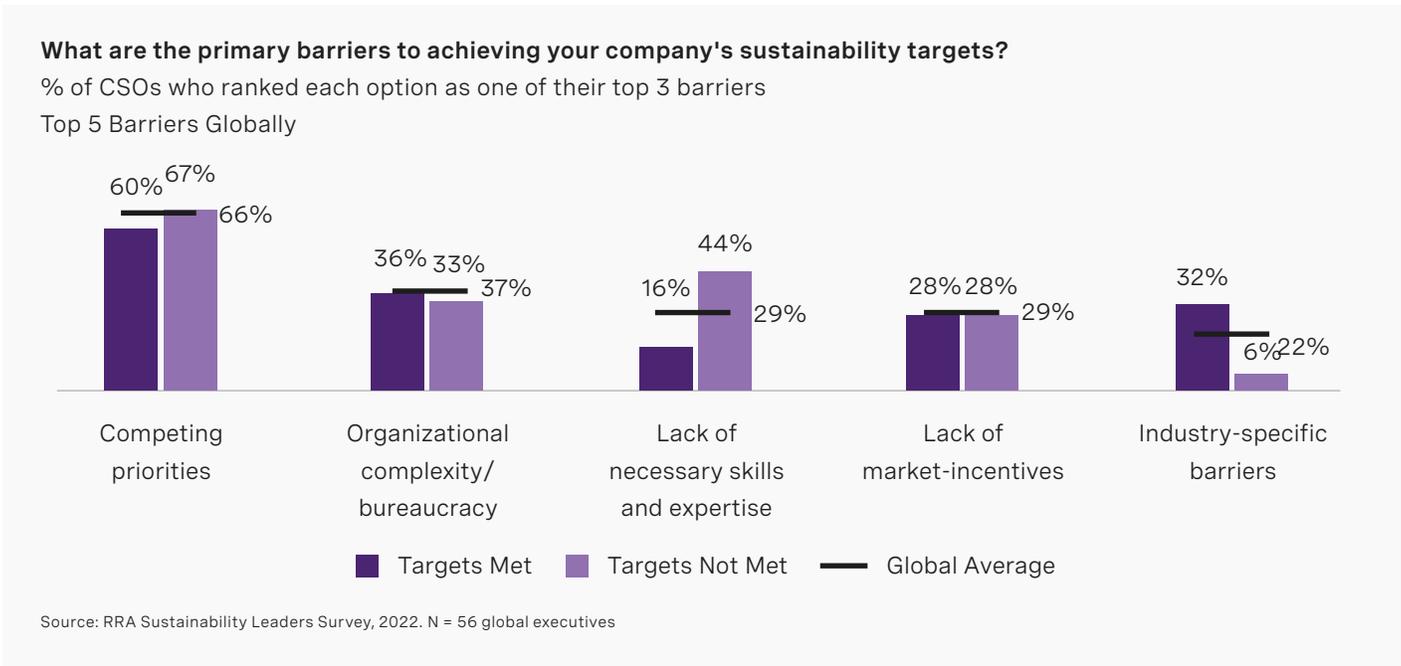
Finding the right CSO is only one piece of the puzzle—setting them up for success is another. Sustainability is a broad field with many facets, and it can be challenging to determine where to focus your limited time and resources. Setting CSOs up for success by having key stakeholders aligned and committed to sustainability ensures more smooth and efficient progress towards overall goals, allowing organizations to respond faster and with more agility.

04 Barriers and Enablers to Success

The biggest things standing between you and your goals is whether you have the right leadership

Sustainability often encompasses priorities such as diversity, equity, and inclusion, employee engagement and well-being, and motivation. Organizations need to “walk the walk” and incorporate these values all the way to the top if they want their sustainability strategy to be effective. As the head of sustainability progress, CSOs should be a champion of the company's core values and vision

The majority of CSOs reported that competing priorities was the number one barrier to their company achieving their sustainability targets, followed by organizational complexity/bureaucracy, and lack of necessary skills and expertise. Those who believe the majority of their sustainability goals will not be met are especially concerned with the availability of talent, as this was the largest differentiator between those who are on track to meet their goals and those who are not.



This highlights that the CSO is only as effective as the organizational environment they exist within, and that organizations should set clear and realistic priorities within a defined structure as much as possible. While it is challenging to keep goals both clear and flexible, adapting to the ever-changing nature of the global economy and environment is key to success, and further proves why finding the right CSO is so important.

CSOs who prioritize value creation are 18% more likely to engage with investors, 19% more likely to engage with customers, and 9% more likely to engage with employees than those who adopt other sustainability drivers. Non-value creation CSOs engage with NGOs and advocacy organizations 17% more, suppliers and regulators 12% more, and lobby groups and associations 3% more than value creation CSOs.

Enablers for Success



- **73%** see their CEO as personally committed and making progress
- **55%** of CSOs say their CEO's compensation is tied to sustainability outcomes



05 Impact and Engagement

Impact and Engagement



- **36%** of CSOs say their companies have outperformed against total shareholder return benchmarks in their industry over the past two years

Value Creation-driven CSOs

- Feel **33%** more positive about access to opportunities that will help them continue to develop as a leader
- **23%** more positive about access to information to make good decisions than Non-Value Creation-driven CSOs

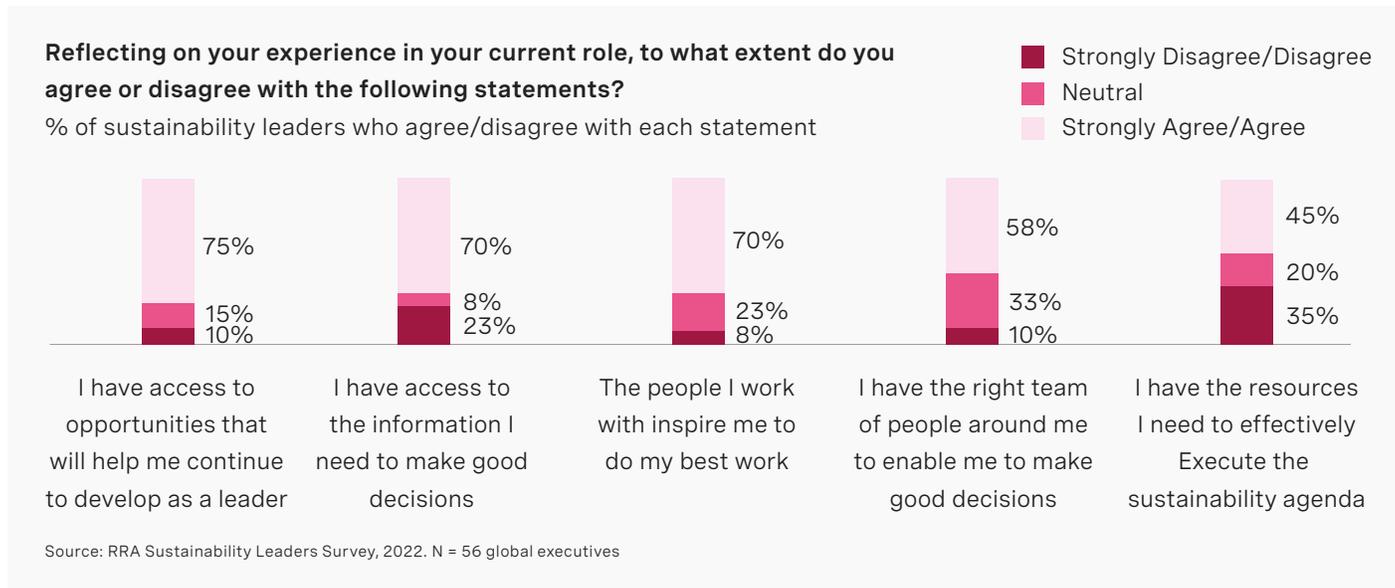
Non-Value Creation-driven CSOs

- Feel highly motivated by organization's mission and purpose, but lacking in resources and support to execute effectively

Source: RRA Sustainability Leaders Survey, 2022. N = 56 global executives

Information, accessibility, and people are key

The majority of CSOs surveyed reported that they have a significant impact on both their organization's approach to sustainability and external sustainability outcomes, illustrating that though organizational constraints are a constant of any executive officer, they feel prepared to navigate around them and move sustainability goals forward. CSOs also report a high level of motivation, and their biggest concern is having the resources and information to effectively execute the sustainability agenda and make good decisions.



06 Current and Future State of Role

Looking toward a sustainable future

Sustainability is a long-term issue that requires immediate-term action. Part of effectively setting and following through with sustainability strategy is not only considering the immediate needs and resources of the business (and indeed the pressing and immediate nature of responding to sustainability issues), but also planning for the future. This allows an organization's sustainability strategy to scale effectively over time without the growing pains.

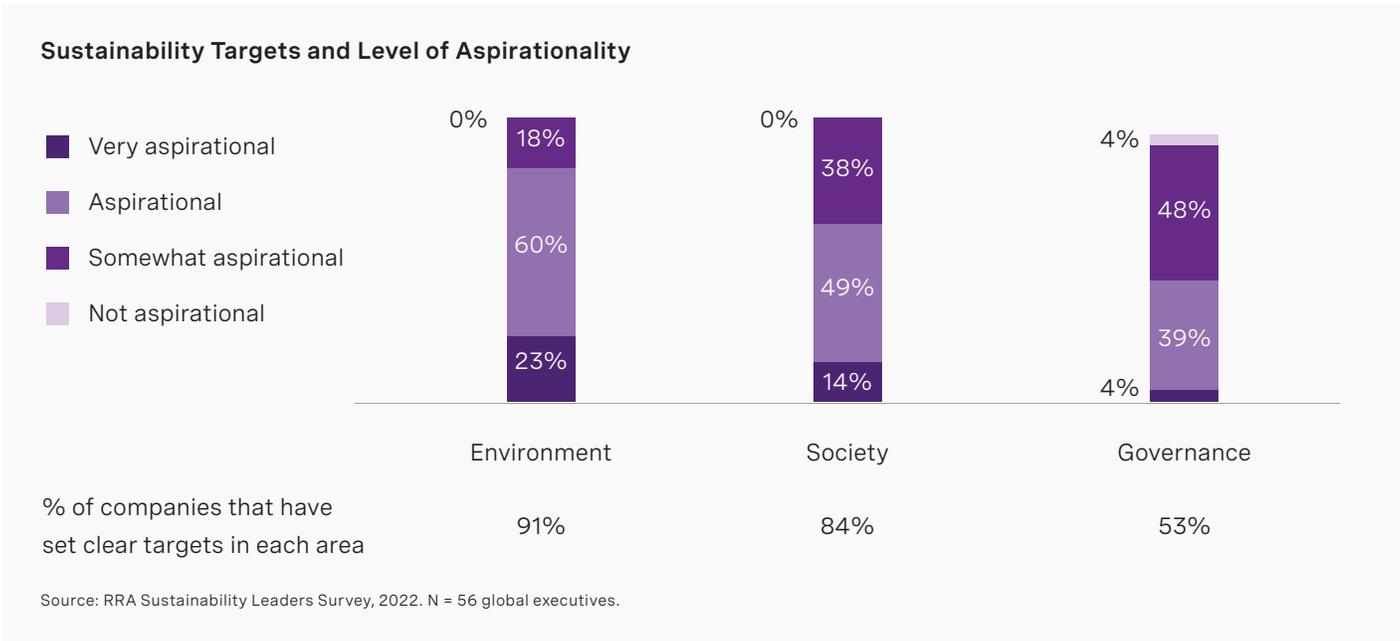
Current and Future State of Role



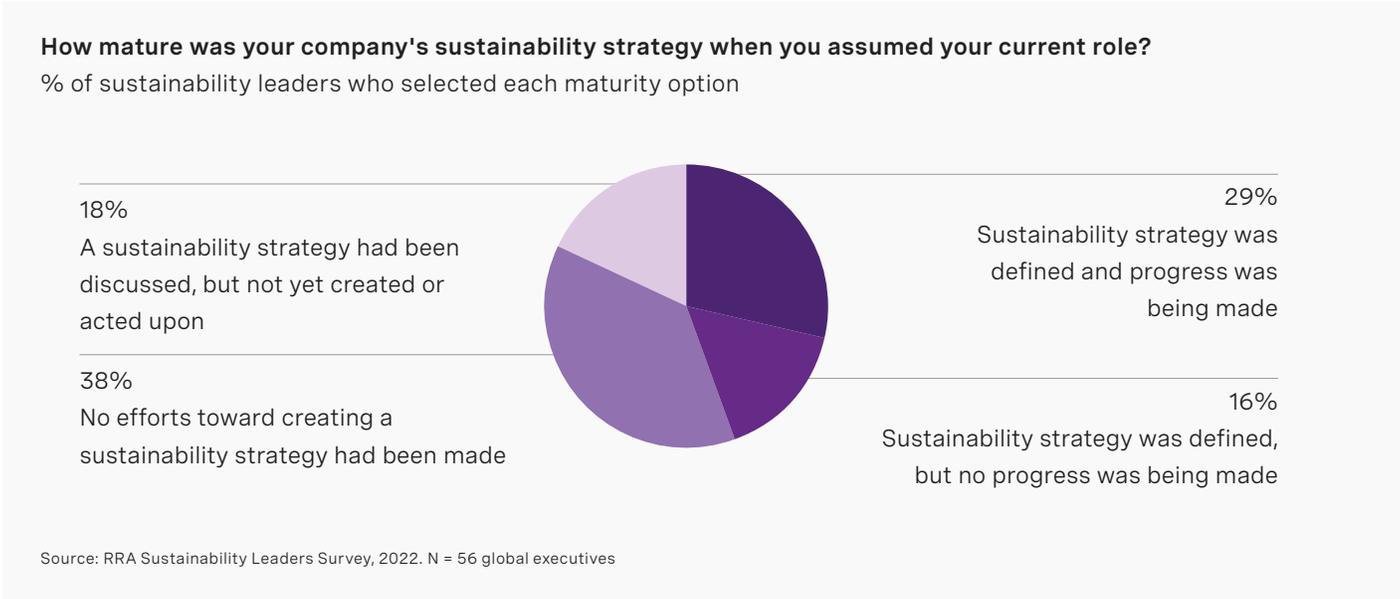
- **29%** say strategy was defined and progress was being made before they assumed role; 38% say strategy had been discussed but not created or acted upon
- **91%** have Environmental targets, 84% have Society targets, 53% have Governance targets; 7% have no targets
- Environmental targets are most aspirational, Governance targets the least
- **58%** say majority of targets will be met

Source: RRA Sustainability Leaders Survey, 2022. N = 56 global executives

While 91% of sustainability leaders surveyed indicated that they have set environmental sustainability targets, and 84% have set social sustainability targets, governance goals are less common, with only 53% of companies setting governance targets. In addition, environmental and social targets are typically more ambitious than governance outcomes, with a higher percentage of sustainability leaders rating them as very aspirational—23% for environmental, 14% for social, and 4% for governance.



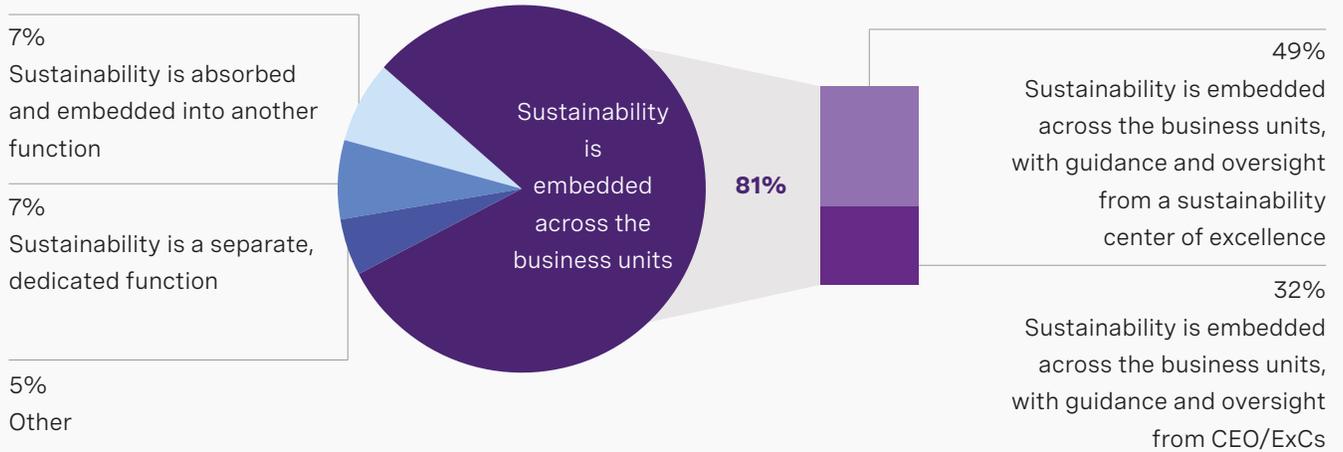
The reasons for bringing on a CSO to drive sustainability strategy can vary. The CSOs we surveyed were brought on for a variety of reasons. Some joined fully fledged organizations with a defined sustainability strategy; others joined companies where sustainability strategy had been defined, but needed an expert to execute the implementation. Finally, others needed to build sustainability from the ground up. The right CSO can make the difference on whether an organization becomes a sustainability pro.



Current sustainability leadership overwhelmingly agrees that the most likely future for sustainability strategy will be to embed the practice across business units, with oversight coming from a dedicated sustainability center for excellence, or the CEO and executive leadership team.

What is the likeliest pathway for the sustainability function at your company to evolve over the next 5-10 years?

% of sustainability leaders who selected each evolution option



Source: RRA Sustainability Leaders Survey, 2022. N = 56 global executives



How do companies set the CSO up for success?

Recommendations for leaders looking to structure CSO roles effectively



Connect your CSO to business decision making

Position the CSO as close to the center of core decision-making as possible. Best-in-class CSOs are multi-level systems thinkers, able to identify risks and opportunities other leaders may miss. For the CSO function to contribute as much value as possible, they must have the opportunity to bring a sustainability lens to bear across all aspects of the organization.



Resource the CSO

Ensure the CSO has adequate access to the right people, resources, and information to be effective in their role.



Anchor in the core of the business

To yield maximum benefits and eliminate accusations of "greenwashing," anchor sustainability strategy around creating value from the core of the business. If the strategy is not changing what you sell, how you sell it, and to whom, it's not close enough to the core.



Ensure strong CSO and board alignment

Ensure the CEO and board are aligned around the importance and potential of sustainability. Without visible and authentic buy-in from the top, a CSO's impact will be constrained. Both should regularly review progress against tangible - and ideally science-based - sustainability targets.



Define clear metrics and communicate progress

Measure progress towards your goals often and communicate them with internal and external stakeholders such as the board, C-suite, employees, consumers, regulators, and investors.



Empower and mobilize next-generation leaders

Empower next generation leaders to become strong champions of sustainability. Millennial and Gen Z employees care more than previous generations about working for ethical and sustainable employers - these employees are your next generation of sustainable leadership and should be cultivated now.

The structure and deployment of the sustainability function may vary based on individual organization needs, but the need for sustainable leadership applies to all.

Methodology

Russell Reynolds Associates debuted their first sustainability leadership survey in Spring of 2022, a survey of global sustainability executives. The survey asked respondents to share their background and career experiences, current role and responsibilities, access to opportunities and information, and the level of support they receive. It also surveyed executives' engagement with external and internal stakeholders, and the plans for their position to evolve. Executives shared their thoughts on the barriers and enablers of success for sustainability leader roles, as well as the impact of their position on organizational sustainability goals.

Group	Number	Percentage of Total
Overall	56	100%
Industry		
Consumer	12	30%
Financial Services	9	23%
Industrial/Natural Resources	7	18%
Technology	4	10%
Other	4	10%
Healthcare	2	5%
Professional Services	2	5%
Region		
North America	23	58%
Europe	13	33%
Asia	4	10%
Gender		
Female	22	58%
Male	15	39%
Prefer not to specify	1	3%
Company Financing Type		
Publicly traded	29	74%
Private equity backed	3	8%
Other private ownership	3	8%
Family controlled	2	5%
Partially state-owned enterprise	1	3%
Fully state-owned enterprise	1	3%

Related Reading

- [Chief Sustainability Officers Have More Impact When They're Aligned To The CEO](#)
- [Next-Generation Sustainable Board Directors](#)
- [Leadership for the Decade of Action](#)

RRA Services/Consultants

[Learn more about our sustainability practices](#)

With organizations under increasing pressure to deliver long-term value for all stakeholders, business leaders must take concerted action to integrate sustainability across the business strategy. We support organizations at every phase of their sustainability journey, identifying gaps in leadership approaches and offering comprehensive guidance on embedding sustainable leadership across strategy, operations, and culture.





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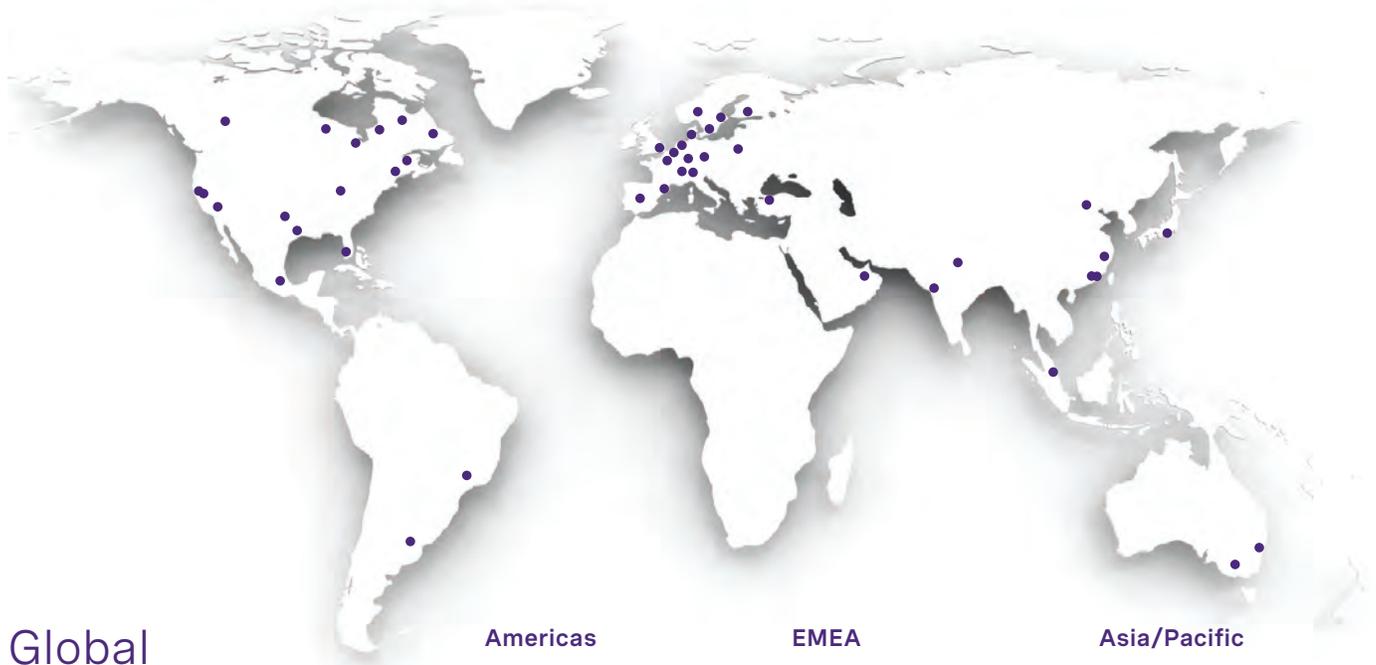
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About Russell Reynolds Associates

Russell Reynolds Associates is a global leadership advisory firm. Our 600+ consultants in 47 offices work with public, private and nonprofit organizations across all industries and regions. We help our clients build teams of transformational leaders who can meet today's challenges and anticipate the digital, economic and political trends that are reshaping the global business environment. From helping boards with their structure, culture and effectiveness to identifying, assessing and defining the best leadership for organizations, our teams bring their decades of expertise to help clients address their most complex leadership issues. We exist to improve the way the world is led.

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