

WEINREB GROUP PRESENTS

CSO BACK STORY II:
THE EVOLUTION
OF THE CHIEF
SUSTAINABILITY
OFFICER

fall 2014



WEINREB GROUP
Sustainability Recruiting

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FOREWORD: A RECRUITER'S PERSPECTIVE

I am pleased to present the Weinreb Group's 2014 update to *CSO Back Story: How Chief Sustainability Officers Reached the C-Suite*, originally published in 2011.

One of the reasons I began researching the rise of Chief Sustainability Officers (CSOs) was a personal aspiration to become *the* CSO Recruiter. The irony is the 2011 report taught me that I was not going to be the CSO Recruiter. Most CSO positions tend to be filled from within the company. On average, the rising CSO has been with the company for 10 years when he receives the CSO appointment.

As a recruiter and consultant who has specialized in CSR for 18 years, I talk to many aspiring CSOs. I am interested in the arc of a sustainability professional's career, and the CSO role appears to be at the apex of that arc. This report explores the evolution of the CSO role across industries. It looks at which CSOs have come and gone, and it examines where CSOs go when they no longer hold the title.

It is notable that the CSO role is now increasingly tasked with delivering collective benefit – both internally and externally, to the advantage of the company, the employees, and the community. To achieve this, CSOs are enlisting support across departments and functions, and building strong governance structures. Today's CSOs are orchestrating company-wide CSR efforts.

The CSO role is now increasingly tasked with delivering collective benefit – both internally and externally, to the advantage of the company, the employees, and the community.

The trends in this report reveal key functional information about CSOs and other sustainability leadership roles. By using this information, we can draw replicable working frameworks of how sustainability professionals can be successful across industries. With businesses increasingly embedding CSR across their organizations, a successful leader must demonstrate not only a solid understanding and background in sustainability systems, accounting, and related areas, but also an acute sense of how she can help create value – for her organization as well as social and environmental stakeholders.

I would like to acknowledge the Weinreb Group team and the CSOs for their participation in developing this report. Your engagement has been instrumental.

ELLEN WEINREB

CEO and Founder
The Weinreb Group



INTRODUCTION AND METHODOLOGY

The Weinreb Group released its first Chief Sustainability Officer report, *CSO Back Story: How Chief Sustainability Officers Reached the C-Suite*, in September 2011. *CSO Back Story* included a list of 29 CSOs and was the first data-driven analysis of the characteristics and evolution of the CSO title.

Since its release, the report has been widely read, and we have enjoyed receiving feedback from many people who benefited from it. It also led to the publication of a report about CSR leadership, *Making the Pitch: Selling Sustainability from Inside Corporate America*, coauthored with VOX Global and Net Impact, Berkeley, CA, in 2012.

The shifts in corporate CSR over the past three years prompted us to take a fresh look and capture the evolving nature of the CSO landscape in the United States. This report features an updated list of Chief Sustainability Officers as well as our perspective on the important shifts impacting the CSO role over the last three years. The data that fed these trends were gleaned from a survey completed by our panel of CSOs.

As with prior reports, to be eligible for the CSO list, professionals must:

- Be based in the U.S.,
- Work for a company traded publicly in the U.S.¹, and,
- Have “Chief Sustainability Officer” in their official current title.

A total of 36 CSOs were identified for this report. We are well aware that many sustainability leaders hold titles other than “Chief Sustainability Officer”. Consider this a study of U.S. heads of sustainability whose titles happen to be “Chief Sustainability Officer”. With that title is an implication that the position sits high in the organization and comes with a strong amount of authority in the company.

We first conducted comprehensive web and word-of-mouth research to identify the CSOs, and then confirmed their current title on their company’s website. We crunched the numbers to better understand the statistics that underlie this evolving landscape. Finally, we reached out to all of the CSOs to ask them to describe the shifts they have observed in the past 3 years. Those shifts are the foundation of this report.

In *CSO Back Story*, we highlighted 10 key findings about the CSO role. These findings revealed crucial trends associated with CSO career trajectories, responsibilities, and influence. Our current research reveals that, of these 10 findings, three remain highly relevant today:

1. THE SECRET SAUCE:

CSOs combine a unique blend of experience, skills, and talent. They are “business veterans who are good at leading new initiatives and cross-functional teams, and who understand how to translate external factors into internal opportunities.”

2. KNOWS THE BUSINESS:

The vast majority of CSO positions are still filled internally. Compared to the 2011 CSO report, the average number of years worked at the company prior to an appointment as CSO decreased from 16 years to 10 years.

3. FEW RESOURCES:

CSOs must typically rely on modest resources and a lean team of employees to make impacts company-wide. Many respondents indicated having 10 or fewer full-time staff members dedicated to CSR. Larger departments tended to include various related operations such as EH&S.

¹ Except Georgia Pacific, which is no longer publicly traded in the U.S.

EXECUTIVE SUMMARY

Our Key Finding

In the course of our research on CSO landscape shifts, one trend rapidly emerged as a fundamental reality: today, the CSO role has shifted toward *collective benefit*. The CSOs with whom we spoke are working at the intersection of business value and employee, customer, and community value.

Eclipsing the mission, vision, and policies of the businesses, this shift toward benefit creation has solidified the linkage of CSR with the core of the business. For companies producing consumer goods, this translates to products. It means incorporating sustainability in the innovation and R&D process, new

Today, the CSO role has shifted
toward collective benefit.

product development, sustainability criteria for materials within the supply chain, and new packaging and shipping requirements. For companies in the services and other industries, this translates to new approaches, offerings, incentives, and strategic goals.

The increasing drive toward broader, more inclusive benefit creation has also contributed to the CSO's importance as a strategic lynchpin. Beyond building the sustainability team, many CSOs are enlisting employees from tangential departments (think marketing, HR, supply chain, etc.) – and even the company as a whole – to participate in the company's CSR and sustainability goals. They have developed stronger governance structures to embed sustainability in the company. Within the past three years, more Sustainability Councils, green teams, employee engagement programs, and cross-corporate CSR committees have arisen. These matrixes and coordinated efforts create a sea change of support throughout the corporation.

What is different today compared to three years ago?

We report on five shifts which showcase the ways in which the CSO role has matured, evolved, or shown renewed emphasis over the past three years. These shifts are:

- 1. COLLECTIVE BENEFIT:** The role of the CSO has transitioned from a focus on the tactical implementation of environmental and social initiatives toward an emphasis on delivering benefit for stakeholders and shareholders simultaneously.
- 2. INNOVATION:** Thinking beyond incremental improvements, CSOs are spearheading innovation in order to meet the need for sustainably designed products and processes that meet radically different criteria.
- 3. STAKEHOLDER SIGNALING:** CSOs are actively engaged in signaling the company's commitment to sustainability across multiple channels. Communication of the sustainability agenda to external stakeholders such as customers and the media, as well as internal stakeholders such as employees, is a critical responsibility of the CSO.
- 4. ACCESS:** Regardless of its hierarchical position, the CSO role touches the business at all levels and works across organizational pillars. The CSO moves seamlessly from collaborating with employees across the business to influencing the company's core vision and strategy.
- 5. A TEAM SPORT:** The success of the CSO hinges upon the careful orchestration and engagement of multiple teams throughout the organization. By embedding sustainability into all corners of the business, the CSO empowers business leaders to own the company's sustainability achievements.



EXECUTIVE SUMMARY CONTINUED

By the numbers

Aside from a significant overall growth in the total number of CSOs appointed at top organizations in the U.S., our analysis revealed other important trends in this space. For example, the proportion of women in the CSO position has jumped from 28% in 2011 to 42% in 2014, which is a 52% increase in only three years. Only five, or 14%, of the 36 CSOs came in as new hires; they are Jackie Roberts (The Carlyle Group),

Our assessment reveals that that the CSO career trajectory is as unique as the individuals who take it on.

Gary Lawrence (AECOM), Linda Fisher (DuPont), Don Anderson (Blackstone), and Paul Gilman (Covanta). The corollary to this means that 86% were tapped internally for the CSO role. And on average, those CSOs have been working at their company for 10 years before they were tapped to be CSO. Three years ago, the CSOs had been with their company 16 years when they were tapped. This means the average number of years at the company before they were tapped decreased 36% since 2011, from 16 years to 10 years.

Our assessment reveals that the CSO career trajectory is as unique as the individuals who take it on. While five of the CSOs have retired in the past three years – Kevin Anton (Alcoa), Bill Kilbride (Mohawk Industries), Robert Bowman (Duke Energy), Celeste Clark (Kellogg) and Steve Kline (PG&E) – three others, such as Scott Wicker (UPS), changed roles within the company. Three former CSOs left their companies. Many have found their ways onto corporate, nonprofit, and professional association boards, supporting organizations focused on renewable energy (Linda Fisher at Covanta Holding Corporation), conservation (Kathrin Winkler at Ecologic Development Fund), and corporate philanthropy (Ezra Garret at ACCP), among others.

Looking toward the future

As we have seen, the CSO role is new and rapidly evolving. As more businesses seek candidates to fill this incredibly multi-faceted role, we will continue to learn about the characteristics that create success. By tracking this landscape, we can assess the structures and practices that are most conducive to broad value creation for the business as well as the customer, the employees, the community, and other stakeholders.

Most importantly, this report demonstrates that business' commitment to sustainability – as measured by the growth, elevation, and increasing strategic significance of the CSO role – is undeniably on the rise.



LIST OF CSOs

Company	CSO	Year Appointed
AECOM	Gary Lawrence	2010
Alcoa*	Kevin McKnight	2013
APS (Pinnacle West)*	Ann Becker	2012
AT&T	Charlene Lake	2009
Blackstone	Don Anderson	2011
Coca-Cola	Bea Perez	2011
Covanta Energy	Paul Gilman	2008
Dow	Dave Kepler	2007
Duke Energy*	Shawn Heath	2012
DuPont	Linda Fisher	2004
EMC	Kathrin Winkler	2008
Exelon	Chris Gould	2010
General Mills	Jerry Lynch	2010
Georgia-Pacific	Bill Frerking	2007
Green Mountain/Keurig	TJ Whalen	2013
Greif	Scott Griffin	2011
IHS Inc	Jane Okun Bomba	2011
Kellogg*	Diane Holdorf	2011
Marsh & McLennan	Elizabeth Barry	2010
MGM	Cindy Ortega	2011
Mohawk Industries, Inc.*	Dave Patton	2014
Nike	Hannah Jones	2014
NRG Energy	Leah Seligmann	2014
Oracle	Jon S. Chorley	2011
Owens Corning	Frank O'Brien-Bernini	2007
PG&E*	Ezra Garrett	2012
Praxair	Riva Krut	2013
RR Donnelley	Mike Manzella	2007
Smithfield Foods Inc.	Dennis Treacy	2010
The Carlyle Group	Jackie Roberts	2014
UPS*	Rhonda Clark	2014
UTC	John Mandyck	2013
Verizon	James Gowen	2009
West Marine	Laurie Fried	2007
YRC Worldwide	Mike Kelley	2008
YUM Brands	Roger McClendon	2010

* Companies on their second CSO

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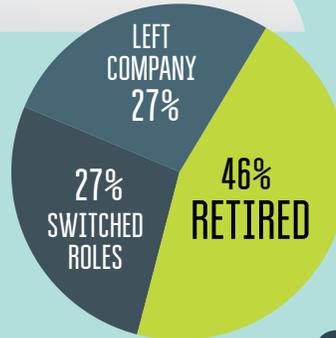
CHIEF SUSTAINABILITY OFFICER BACK STORY

THREE YEARS LATER

Chief Sustainability Officers have held their positions for more years even though the role remains nascent. The CSOs are starting their new roles with less tenure at their company.

36

OF CSOs
*up from 29
in 2011*



CSO CAREER TRAJECTORIES

For many, the job of CSO is the last before retirement.

YEARS AT JOB BEFORE THEY BECAME CSO

-36% since 2011

10

• AVG. NO. YEARS AS CSO •

3.6

up from 2 in 2011



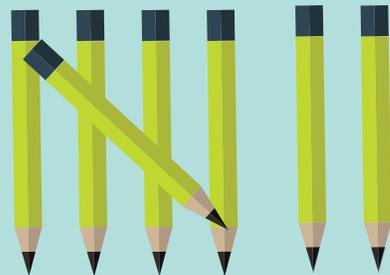
42%

FEMALE CSOs
*up from
29% in 2011*



CSO APPOINTMENTS PER YEAR

The rate of CSO appointment looks more like a sine wave than a bell curve. The first CSO was Linda Fisher for DuPont in 2004.



NUMBER OF COMPANIES ON THEIR 2ND CSO

up from just 1 in 2011





THE FIVE SHIFTS

As CSR increasingly integrates into business and mainstream consciousness, sustainability leadership roles are evolving in a variety of ways. To better understand these developments, the Weinreb Group asked the 36 leaders on the 2014 list of CSOs a series of questions.

Our analysis reveals five recent shifts in CSO roles:

1. Collective Benefit
2. Innovation
3. Stakeholder Signaling
4. Access
5. A Team Sport

1. COLLECTIVE BENEFIT

We asked CSOs to describe how their roles have changed over the last three years. While their responses did not explicitly use terms such as “value creation” or “shared value,” the concept of collective benefit emerged as a clear and common theme across the board.

In many settings, for example, CSR shifted from a focus on reducing energy usage, implementing recycling programs and cutting back on waste, to delivering benefit on an organization-wide, multi-

“It’s about providing our basic service but doing that in a way that adds value to the communities we serve.”

—EZRA GARRETT

stakeholder scale. As Ezra Garrett, CSO at PG&E, put it, “Several years ago, sustainability for many people meant a singular focus on environmental issues relating to the way a company operates its business. The way we define it now really spans the entirety of our efforts to provide safe, reliable, affordable, and clean energy to our customers. It’s about providing our basic service but doing that in a way that adds value to the communities we serve and creates economic opportunities for

our customers - while continuing to minimize our environmental impact.”

Many companies are applying CSR to simultaneously create business value and provide benefits

“Sustainability continues to drive the way we work and the products we bring to our customers.”

—KEVIN MCKNIGHT

for employees, customers, the industry, and the world today. Take Duke Energy, for example. We reached out to CSO Shawn Heath, who said, “A sustainability department has enabled the company to refine its focus on sustainability issues..., all done in the spirit of finding ways to deliver enhanced stakeholder value.” Simply put, CSR is good for business.

Or as Frank O’Brien-Bernini, CSO at Owens Corning, explained, “Our Operations Sustainability environmental footprint reductions have resulted in significant expense and capital cost reductions. On the expense side, this includes energy, water, and waste-to-landfill costs. On the capital side, this includes the benefits of emission source reductions rather than needing capital-intensive end-of-pipe solutions.”

Bea Perez, CSO at The Coca-Cola Company, backed this up: “We know that sustainability is helping to drive our business by generating topline growth and bottom line productivity savings.”

The trend toward collective benefit creation doesn’t seem restricted to consumer-facing companies like Coca-Cola. As Kevin McKnight, CSO at Alcoa, indicated, “Sustainability continues to drive the way we work and the products we bring to our customers. It also complements Alcoa’s portfolio transformation to aggressively build out its value-add businesses to capture profitable growth and create a lower cost, very competitive commodity business.”

Sustainability programs, reports and policies



attract employees who value a company with a strong sustainability story and commitment. “Our campus recruiters say that our sustainability position is the #1 reason job-fair students mention they are interested in Owens Corning,” said O’Brien-Bernini.

2. INNOVATION

Another emerging role shift for CSOs is a drive toward innovation across the business, and especially in products. Companies are introducing new, sustainably designed products and improve existing products through sustainability-oriented R&D.

This change is increasingly tied to the integration of CSR with areas like procurement, R&D, design, marketing, and waste management. For Cindy Ortega, CSO at MGM Resorts International, this integration led to a natural expansion of her role to “innovation across the company beyond environmental sustainability initiatives.”

As integration has accelerated, surveyed CSOs noted that by broadening their perspectives on sustainability, corporations can find new ways of designing their products to align better with a growing demand for a circular economy. According to McKnight, “For a long time, when people inside and outside of Alcoa thought about sustainability, the focus was

Corporations can find new ways of designing their products to align better with a growing demand for a circular economy.

always on environmental impacts. Establishing the CSO position as a separate and distinct role prompted people to think more broadly about everything that sustainability entails. Environmental impacts are still a significant piece, but we are also focused on product innovation.”

Customers’ needs also provide powerful inspiration and drive for innovation. As McKnight added, “It’s not the role of CSO but rather the customer demand for innovative, sustainable solutions that is

helping shape the business. We are growing in the areas the world needs most.”

Owens Corning has taken that concept to heart, using a “handprint impact” to conceptualize the products it offers to customers. By more closely integrating sustainability with aspects of product

“We are growing in the areas the world needs most.”

–KEVIN MCKNIGHT

innovation, the company can provide customers with innovative products that positively affect the environment. As O’Brien-Bernini explained, “EH&S and Product Stewardship were folded into the Sustainability team, and our Building Science capabilities have grown, resulting in an increased focus on growing the positive use phase impacts of our products.”

3. STAKEHOLDER SIGNALING

By appointing a CSO, a company provides internal and external signals that highlight its commitment to sustainability. Many of the CSOs spoke about the importance of both the external and internal aspects of their role.

External Broadcasting

Outward engagement featured in a majority of responses as a critical and growing element of CSOs’ roles. Effective CSR practices can send a powerful message to customers, consumers, and other external stakeholders about the company’s values and priorities – and these sustainability chiefs are increasingly leveraging their roles to expand on that.

“Being identified as part of the C-Suite in a large corporation signals to both internal and external stakeholders that the position is included in core decision-making at the senior-most levels of the company,” explains MGM’s Ortega. “In the area of environmental sustainability, this is an indication that



environmental responsibility is as high a priority as other company values.”

For many like Jane Okun Bomba, CSO at IHS, the title comes with its own calling card. Her title has

“Telling our story is an important pillar of our sustainability strategy.”

–BEA PEREZ

“helped give [IHS] customers someone with whom to speak, who is clearly responsible for this function.” It has also helped her network with other CSR professionals: “Externally, the title has helped me get plugged into the CSR community. I get a lot of emails and calls because of the title.”

As CSR becomes a larger part of the public consciousness, many consumers are more discerning about the products they purchase. This is particularly important for companies such as Coca-Cola. “From a broad perspective, consumers are demanding that the companies and brands they support demonstrate a commitment to sustainability... So telling our story is an important pillar of our sustainability strategy. We know that those who know about our sustainability efforts are more likely to trust us and become loyal consumers,” offered Perez.

Internal Alignment

The presence of the CSO role offers employees a clear perspective on where their employer stands on these issues – and what role it sees sustainability playing in its future. As Okun Bomba said, “When the company decided to name an executive to [the CSO] position, it certainly sent a strong message both internally and externally that we were serious about building excellence in the CSR area.”

As internal stakeholders, employees are particularly impacted by a company’s sustainability policies. They are often encouraged to drive and participate in sustainability initiatives. Their quality of work life is affected by these policies, as is their decision

to grow with their employer or depart for another. In addition to addressing environmental impact, Alcoa now focuses on internal issues such as “workplace safety, gender/diversity, human rights, and other material issues that are just as important,” said McKnight, adding, “The CSO role has definitely enabled that evolution, particularly with our employees.”

4. ACCESS

CSOs often spoke about the additional organizational access they experience as a result of their role – access which spans from the employees and vendors to the highest levels of leadership.

For example, it has offered Garrett “the opportunity to connect with our employees in new ways.” For others, it has opened doors to higher levels of leadership and prominence. Kathrin Winkler, CSO at EMC, said her position provided “access to execs

“A CSO can critically influence the development of the company’s vision and goals.”

–EZRA GARRETT

and policy makers.” Ortega said that she has “a seat at the table in developing company strategy,” while Okun Bomba benefited from “more board engagement” and “elevated...importance within the company.”

Indeed, because of the complexity of sustainability strategies, a CSO can critically influence the development of the company’s vision and goals, according to Garrett. “Over the past few years, my role has evolved to correspond with PG&E’s expanded definition of corporate sustainability,” she said.

For MGM’s Ortega, “In the past my work was more focused on developing and executing sustainability initiatives throughout the organization. I now rely more upon my team in these areas and dedicate more time to our conceptual direction. This includes a greater focus on identifying market transformational opportunities and evaluating MGM’s readiness to embrace change.”

5. A TEAM SPORT

We asked CSOs to quantify how their title has created value for the company. Contrary to our expectations, respondents didn't take the bait. Rather, CSOs chose to focus on the collaborative aspects of their role. This echoes our findings in *Making the Pitch*, in which sustainability leaders identified effective interpersonal skills as the most crucial quality for

“Results are driven by our system and partners working together and believing in sustainability as a way of doing business.”

–BEA PEREZ

succeeding at their job. These skills included the ability to communicate and cooperate effectively with internal and external stakeholders. Indeed, the requirement for effective cross-organizational engagement and deep understanding may be the reason why many newly appointed CSOs are long-term company employees.

Instead of focusing on their personal roles in achieving CSR success, CSOs credited the assistance of their team and company. Diane Holdorf, CSO at Kellogg Company, said, “Our commitment to sustainability begins with the creation of a senior position followed by the support of a dedicated team. We wouldn't be able to accomplish as much as we have without this level of endorsement from the company.”

Winkler was less subtle. “Claiming that employee engagement all happened because I had an exec title would be arrogant and selfish,” she responded.

For Coca-Cola's Perez, the question wasn't about personal metrics. “It's impossible to link any specific metric to just my role because this is such a team sport.... Yes, we set a clear strategy and established ambitious but achievable commitments, but results are driven by our system and partners working together and believing in sustainability as a way of doing business to grow and lead,” she said. In fact, this approach may be essential to the success of the post, as Charlene Lake, CSO at AT&T, suggests: “We try very hard to push out the credit to my business unit colleagues. No business is

truly sustainable without the buy-in and hard work of leaders throughout the company. To credit any one title with the success would create a setback to our progress and the cause.”

Perhaps by leading a systems change across the organization, CSOs are becoming the glue that bonds the CSR team with the company and its community – and in the process, promoting cohesion and collaboration. As O'Brien-Bernini offered, “In our employee surveys, our employees say they are proud of our sustainability work and many are involved in local initiatives.” Perez seconded this: “We're now working with leaders and teams around the world to continue embedding Sustainability in our business to drive growth and to positively impact people and communities.”

CONCLUSION

The sustainability discourse in politics, the media, and the public sphere has gained momentum and is now a permanent feature on the business landscape. Businesses are responding by weaving sustainable, value-aligned activity into their core strategies and throughout their business units. By placing sustainability executives into the C-suite, companies are developing internal structures that make leadership and proactive movement possible. The growth and maturation of the CSO position signals the elevation of the importance of social and environmental priorities and a fervent effort by businesses to create collectively beneficial outcomes.

At the same time, a number of questions remain. Will businesses continue to place responsibility for sustainable action in the hands of a C-level executive, or will it become part of each executive's role? Will sustainability executives increasingly come from within the business, or will businesses seek outside professionals? How will the responsibilities and characteristics of this position change as the field matures? By exploring these questions in years to come, we will continue to gain invaluable insights relevant to sustainability professionals and business executives alike.



ABOUT WEINREB GROUP

We are a retained search firm founded by Ellen Weinreb. We've been in the sustainability and corporate responsibility space for 18 years. Our search clients include Walmart, KKR, Owens Corning, Sears Holding, Edelman, Patagonia and Nestle Waters.

WHY RETAIN WEINREB GROUP FOR YOUR SEARCH NEEDS?

As an executive search and consulting firm, Weinreb Group understands our clients' challenges and delivers effective solutions. Clients receive the following:

EXPERIENCE AND EXPERTISE: With 18 years' sustainability and corporate social responsibility experience, we understand the issues and know the people to meet your needs.

SUPER CONNECTORS: Between our 15,000+ social media followers, the resumes in our database and the network established from 18 years in the field, we have the most extensive network in the industry.

THOUGHT LEADERSHIP: We don't follow the industry, we *influence* it. We've spoken at Fortune Green, Sustainable Brands, Sustainable Apparel Coalition, and GreenBiz. Contributions include Forbes, GreenBiz, and NPR Marketplace.

FASTER, EASIER, BETTER: Slate presented in 3 weeks.

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