



Weinreb Group presents

CSO BACK STORY

How Chief Sustainability Officers Reached the C-Suite

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Weinreb Group
Recruiting and Consulting
Specialists in Sustainability, Supply Chain, and External Affairs

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TABLE OF CONTENTS

FOREWORD.....	3
EXECUTIVE SUMMARY: TOP 10 FINDINGS & A CALL TO ACTION.....	4
INTRODUCTION: 29 CHIEF SUSTAINABILITY OFFICERS	6
THE FIRST CSO	7
CSO Profile: Peter Graf, SAP.....	9
CANDIDACY: WHAT MAKES A CSO?.....	10
CSO Profile: Charlene Lake, AT&T.....	12
CORPORATE GOVERNANCE AND STRATEGY: WHERE DOES THE CSO FIT?.....	13
CSO Profile: Scott Wicker, UPS.....	15
ORGANIZATIONAL STRUCTURE: THE NUTS AND BOLTS OF THE CSO'S TEAM	16
CSO Profile: Kathrin Winkler, EMC.....	18
MAKINGS OF A SUCCESSFUL CSO	19
CSO Profile: Linda Fisher, DuPont.....	22
BEST PRACTICES: THE CSO	23
RANKINGS VS. TITLE: IS GREEN THE RIGHT MEASURE?	25
CALL TO ACTION: COMPANIES.....	26
CALL TO ACTION: SUSTAINABILITY MANAGERS.....	27
METHODOLOGY	28
ACKNOWLEDGEMENTS	29
APPENDIX.....	30



Foreword By Ellen Weinreb CEO, Weinreb Group

The person in charge of corporate sustainability and corporate social responsibility has evolved, from a largely director level position, to vice president to chief, over the last decade. As the sustainability function crept up the corporate ladder, so has the caliber of the person leading it. Thus we have the title “Chief Sustainability Officer,” which implies the senior-most sustainability leader in the senior-most possible position.

Two years ago, the *New York Times* called this emerging role a “swelling of the C-suite¹.” But nothing out there defines or questions the role’s scope. As an executive recruiter² who has watched and worked in the sustainability field now for 15 years, I have seen firsthand the evolution of this profession from a discretionary cost to a strategic necessity. However, little attention has been paid to this title – no data, no definition, no best practices.

In 2010 I wrote an editorial for *GreenBiz*, where I questioned the definition and this varying use of the term “Chief Sustainability Officer³.” I even made an early attempt at the definition, which just scratched the surface. It was then that the idea for CSO Back Story was born.

I felt that companies struggle with what to call it, where to put it, and who to lead it would appreciate some real data. Even a list of CSO’s does not exist to date. It was my intention in CSO Back Story to conduct exhaustive research to generate 1) a CSO list, and 2) a study of how they arrived to their role today.

To structure the research, I created specific criteria. I decided to focus on U.S.-based individuals who had “Chief Sustainability Officer” in their title at a company traded publicly in the United States.

My team and I found 29⁴.

While the criteria for the research required the title “Chief Sustainability Officer,” there are many sustainability leaders who hold other titles. Because titles remain diverse across industries, this report develops best practices for those in the senior-most role regardless of their official title.

My research uncovered several startling facts and identified a roster of best practices that the profession sorely requires.

In the next few pages, you will see the first-ever data driven report of its kind analyzing and encapsulating the essence of a crucial and emerging executive role: the Chief Sustainability Officer. You will understand this role in its entire complexity and scope, learn from examples, see firsthand the evolution of these chiefs, and gain valuable perspectives into how organizations define and implement sustainability.

We owe many thanks to the people who supported the methodology, research, content, editing and reviewing of CSO Back Story.

¹ Companies Giving Green an Officer <http://www.nytimes.com/2007/07/03/business/03sustain.html?pagewanted=2>

² The Weinreb Group <http://weinrebgroup.com/>

³ In search of the elusive CSO: <http://www.GreenBiz.com/blog/2010/04/01/search-elusive-chief-sustainability-officer>

⁴ We included Georgia Pacific even though it is not publicly traded. We felt compelled to include GP because of its sheer size and the fact that it had been public until 2005, when it was acquired by Koch Industries for \$21 Billion.

EXECUTIVE SUMMARY:

TOP 10 FINDINGS & A CALL TO ACTION

For years, businesses have pursued sustainability. Perhaps not the green, social or environmental kind but certainly the economic kind. Their shareholders have made sure of it. Now, another kind of stakeholder has emerged, that influences corporate behavior. They push corporations to recalculate the social and environmental consequences of doing business.

And some companies respond by rethinking how they strategize for the long term. As SAP's Chief Sustainability Officer Peter Graf says, "Make your corporate strategy a sustainable one." Therein comes the latest executive to join the powerful C-suite: the Chief Sustainability Officer.

Lack of Clarity: Who is a Chief Sustainability Officer?

Further, no one has come forward to suggest standardized guidelines on the scope and authority of the role. Where do the vice-presidents, directors, and managers rank in authority, power and leadership alongside the sustainability chief? How should companies choose?

For example, there aren't many roles in the pantheons of corporate leadership that require the healthy dose of humility and anti-hero capabilities that we found CSOs to hold. One CSO even calls it having a "very low score on the megalomaniac meter."

Or that holds responsibility for internal behavioral and cultural change while

also being the external representative of the company.

Sustainability Chiefs by Another Name

This report, then, provides a comprehensive look at the role of a Chief Sustainability Officer by charting the evolution of the 29 executives who hold this title among US public companies and analyzing their responsibilities.

We focused on researching those who specifically hold the title "Chief Sustainability Officer" because we assumed that this select group would be at the executive level - close to the CEO, and perhaps on an executive team involved with all corporate strategic decisions – to support our efforts to glean best practices.

We understand that the senior-most sustainability executive might have another title that is equally as powerful and influential and acknowledge that there are heads of sustainability that are not on this list of 29, yet who follow all the best practices laid out in this report.

This report is aimed for not only the growing group of sustainability managers but also companies who are looking for examples, best practices and precedents in charting their own sustainability strategy.

In the following chapters, you will get a taste of the role, a sense of its scope,

and an understanding of its importance in today's complex corporate structure. Independently verified, the data was collected through publicly available documents and vetted with the CSOs themselves.

A Call to Action

While research-based, this report also serves as an important call to action: For companies and sustainability professionals.

As businesses, senior leadership must recognize that for sustainability to be truly and effectively embedded within an organization, it must be rooted in top leadership and given the same strategic elevation as other operational functions.

As for sustainability professionals, only 29 companies among the roughly 7,000 publicly traded companies [listed on the NYSE or NASDAQ] in the U.S. have instituted Chief Sustainability Officers. That's a big opportunity for sustainability professionals.

Use this report and the successes noted in these pages to make your case as a sustainability manager. Don't use the CSO term lightly. Share this report with your colleagues and senior leadership. Question the current reporting structure, pry apart linear hierarchies, and understand how sustainability can become your company's differentiator over the long term.

EXECUTIVE SUMMARY:

TOP 10 FINDINGS & A CALL TO ACTION

Key Findings

While each finding represents a crucial element of how business is conducted when sustainability is an integrated process, here are our top 10 findings that form the basis of the chapters that follow:

- 1. Emerging Executive Role:** There are 29 CSOs (people with that title) at publicly traded companies in the US.
- 2. The Secret Sauce:** Chief sustainability officers 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.
- 3. More CSOs Appointed Each Year:** This role is emerging. Linda Fisher was the first CSO, appointed in 2004 at DuPont. Next to follow was Ed Fox at Pinnacle West in 2006. Kellogg's CSO Diane Holdorf is the first CSO to succeed another CSO, Celeste Clarke who is set to retire later this year.
- 4. Knows the Business:** These executives know the business. They have worked their way up through the ranks and were at the company for an average of 16 years before being given the CSO title. Twenty-five out of the 29 were selected internally for this role. Only four were new hires.
- 5. Strong External Affairs Background:** Of the 25 CSOs (we did not include the four CSOs who were new hires), nine held an external facing role prior to being named CSO.
- 6. Few Resources:** With an average of 4.2 direct reports, these CSOs run nimble operations with few resources but a growing, often company-wide, team supporting their efforts
- 7. Operational Freedom:** All 29 have their own budget but not necessarily their own P&L.
- 8. Close to the CEO:** Ninety percent of CSOs are one or two steps removed from the CEO, with 10 out of 29 [35%] reporting directly to the CEO. A further 16 [55%] are no more than two degrees removed, reporting to another C-level executive such as the COO or CMO.
- 9. Not Many MBAs:** The group's educational background is diverse; as their highest degree of education, nine hold a bachelor's degree, 17 hold a master's degree and three hold PhDs. Of the Master's, there are four MBAs, five JDs, three graduates of public policy, and seven science graduates.
- 10. Involved in overall corporate decision making:** Twelve of the surveyed CSOs sit on an executive committee responsible for all corporate strategic decisions, not just sustainability.

INTRODUCING 29 CHIEF SUSTAINABILITY OFFICERS

We hereby present the current list of 29 Chief Sustainability Officers in order of company size. These CSOs are based in the United States and work for companies publicly traded in the United States.

Chief Sustainability Officer	Company	CSO since	Revenue (\$M) ⁶
Charlene Lake	AT&T	2009	124,280
James Gowen	Verizon	2009	97,354
Dave Kepler	Dow	2007	57,514
Scott Wicker	UPS	2011	51,486
Edwin Pinero	Veolia Water North America ⁷	2010	46,099
Bea Perez	Coca-Cola	2011	35,119
Linda Fisher	DuPont	2004	32,733
Bill Frerking	Georgia-Pacific ⁸	2007	27,000
Kevin Anton	Alcoa	2007	21,013
Kathrin Winkler	EMC	2008	17,015
Peter Graf	SAP ⁹	2009	16,517
Jerry Lynch	General Mills	2010	14,797
Steve Kline	PG&E	2009	14,628
Roberta Bowman	Duke Energy	2008	14,272
Diane Holdorf	Kellogg	2011	12,397
Dennis Treacy	Smithfield Foods Inc.	2010	12,203
Roger McClendon	YUM Brands	2010	11,343
John Gardner	Novelis	2011	8,673
Gary Lawrence	AECOM	2010	6,546
Bill Kilbride	Mohawk Industries, Inc.	2009	5,319
Frank O'Brien-Bernini	Owens Corning	2007	4,997
Mark Greenlaw	Cognizant	2010	4,592
Cynthia Curtis	CA	2010	4,429
Mike Kelley	YRC Worldwide	2008	4,335
Edward Fox	Pinnacle West	2006	3,524
David Clary	Albemarle Corporation	2008	2,363
Paul Gilman	Covanta Energy ¹¹	2008	1,582
Jack Rizzo	ProLogis	2009	909
Laurie Fried	West Marine	2007	623

⁶Source: Hoovers ⁷European company traded in Europe and the United States ⁸We decided to include them on our list even though they are not currently publicly traded. They have been publicly traded for much of their history. ⁹European company traded in Europe and the United States ¹⁰Diane is Kellogg's second CSO. Celeste Clark took on the role in 200 and will retire this year. ¹¹The parent company is Covanta Holdings. Majority of Covanta Holdings is Covanta Energy.

THE FIRST CSO

The title, Chief Sustainability Officer, connotes different things to different people -- and across industries. With industry-specific variations common, companies tend to seat this role in a number of departments, including compliance, marketing, public affairs, and operations.

What to call the leader of this function varies. The options are long and complicated with no formal guidelines dictating a sustainability chief's scope of work. Many refer to the term "chief sustainability officer" as the senior-most executive in charge of a company's sustainability activities. To narrow our research, we wanted to study senior-most sustainability leaders who were also at the very senior seats offered at their company. We chose CSOs who formally hold this title "Chief Sustainability Officer."

In 2010, Ellen Weinreb wrote a GreenBiz article¹² questioning the semantics of the title, CSO. She confessed that the first time she had heard about the title -- and she has been in this space for almost 15 years -- was from a reporter back in 2006 who was developing a story on the emergence of the CSO.

At that time, Ellen told the reporter that the title did widely not exist, and the story was dropped. However, the position did exist, and has continued to evolve with a widely diverse palette of duties and no defined parameters of job responsibilities since. Writing in 2010, she ended with a hopeful prediction:

"Few big companies operate without a CEO, COO (chief operating officer) and CFO (chief financial officer). Many have CMOs (chief marketing officer). When they are joined in the C-Suite by the CSO, we'll know that sustainability has finally become integral to the core of business."

As she had predicted, some companies were starting to take note. In 2004, DuPont¹³ appointed Linda Fisher as its Chief Sustainability Officer, making her the first CSO among America's publicly traded companies. Today, there are 29. Fisher, who graduated with a Bachelors degree in History and later went on to earn an MBA and a JD, is one of only eight women Sustainability Chiefs. An industry veteran, Fisher, unlike most other CSOs, was an external hire. Before joining DuPont, she served as the Deputy Administrator for the U.S. Environmental Protection Agency (EPA). Her expertise: Environmental, Health and Safety.

The past seven years have seen Fisher's work constantly increase in scope. Today, she is not only in charge of environmental health and safety but also owns DuPont's CSR reporting process, compliance and government affairs, as well as its product stewardship and regulatory affairs.

There has been no one true and tested path to the chief sustainability officer's chair.

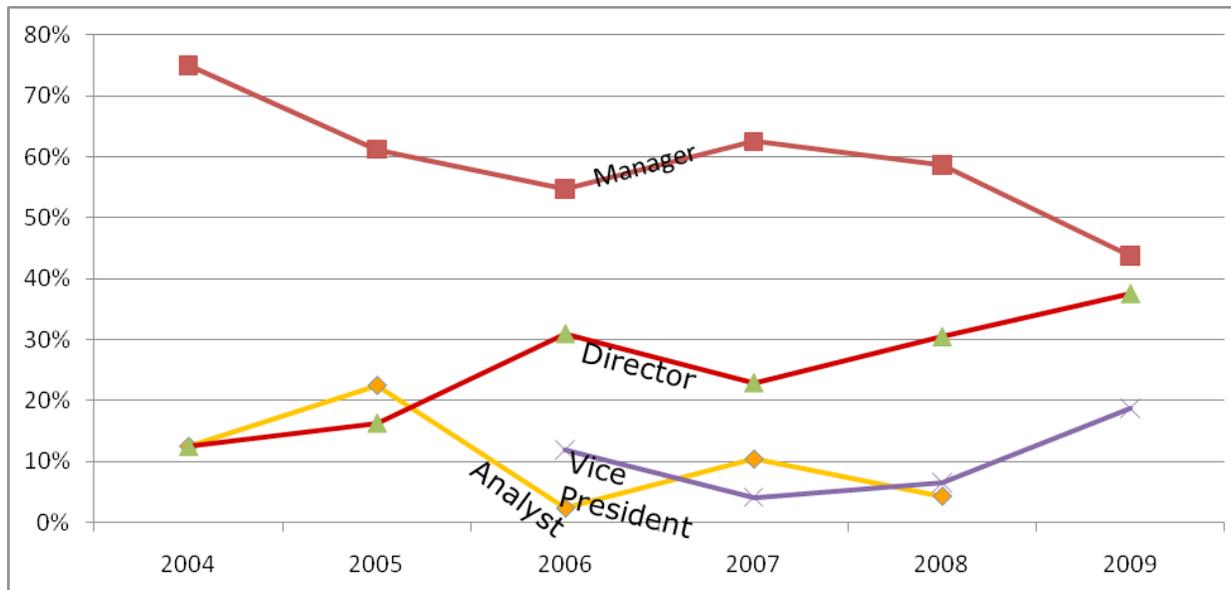
However, as you will see magnified frequently in the next few pages, there has been no one true and tested path to the chief sustainability officer's chair.

Being a leader in an emerging sector brings with it several challenges, but most importantly, a lack of precedent; i.e., there are no guidance or success models to follow. Fisher's mission was clear: to tie the sustainability strategy to the company's overall strategy.

For Fisher, the position evolved from decades spent in environmental research, safety and policies. For PG&E's Steve Kline, the path involved international politics, economics and a Master's in Diplomacy. Today, he reports directly to the CEO and handles the company's federal affairs as well.

What is clear, say Fisher, Kline and the other CSOs we interviewed, is that the strategic necessity of their role is increasingly becoming obvious to organizations.

CSR Rising through the Executive Ranks



Source: 2009 CSR Jobs Report: The Weinreb Group¹⁴

The diagram above shows the promotion of the sustainability function from 2004 and 2009. Based on Weinreb Group's research, we found that the number of Vice President and Director level job postings on the rise from 2007 to 2009. This suggests the promotion of sustainability and corporate social responsibility within the corporation. It is a natural progression for the Chief title to come next.

Another driver for this sustainability role becoming more senior is the increasing complexity of the Global Reporting Initiative

(GRI). In fact, CSR and sustainability reporting might be one of the primary factors -- if not the main one-- for this emerging executive role.

As UPS CSO Scott Wicker put it, "GRI is asking for such complex data and accountability, that it requires a top down deliberate focus on sustainability. We were constantly hunting for data in an uncoordinated manner. As the questions became more and more sophisticated, we realized that our governance structure had to change as well."

In the next segment, we examine the candidacy of the CSO: What have been some of the commonalities in their career tracks; are they sustainability experts or business insiders; and is an MBA key for this position?

¹⁴2009 CSR Jobs Report: Weinreb Group <http://weinrebgroup.com/wp-content/uploads/2008/01/CSR-Jobs-Report-2009-FINAL.pptx>



Peter Graf, SAP: Business Veteran, Sustainability Ambassador

Peter Graf, 44, loves teaching, public speaking and technology. His father, a science teacher by profession and a technophile at home, taught Graf to embrace change and to appreciate the value of resources. “We weren’t the most well-to-do but he really added depth of thought to everything we consumed,” he says.

Graf went on to a master’s degree in computer science, a master’s in engineering and topped it off with a PhD in artificial intelligence.

With this understanding of processes and systems, today Graf leads software-maker SAP’s sustainability team and is the company’s first Chief Sustainability Officer. A company veteran, he started working at SAP in 1996, and most recently served as its EVP for Marketing before being named CSO.

While he wasn’t an external hire for the CSO role, the title was, in fact, a new venture for SAP, a strategic decision in response to market forces, according to Graf. “It was clear from the start that the sustainability topic is going to be big,” he says. What followed was a one-hour meeting with SAP’s CEO in 2008 and a six-month exploration of the opportunities around sustainability.

“I met [the CEO] in July 8, 2008. My new role was then publicly announced on March 2, 2009.”

We asked Graf to describe the indicators that something is going to be “big”. “Sustainability is similar in impact and transformational power as previous business megatrends such as globalization or the introduction of the internet in business. They are inevitable, irreversible and foundational. That’s why building sustainability into SAP solutions can really change the world,” he says. Also starting to become clear was the intense competition brewing in the software sector to push sustainable products out to the market. “As the market leader in enterprise software, we are condemned to stay ahead of the curve,” Graf acknowledges.

“The real challenge is making your corporate strategy a sustainable one rather than only creating a sustainability strategy.”

-Peter Graf

Graf’s ability to observe external forces and leverage them into internal opportunities isn’t the only quality that makes him an ideal CSO candidate. His tenure at the company was crucial in driving sustainability on the board’s

agenda -- and today helps him get stakeholders on the table and programs into implementation faster.

“The ability of a CSO to influence and drive sustainability is correlated to their ability to drive value for the company,” he says. To date, SAP has avoided a quarter of a billion dollars in costs due to its internal sustainability efforts. But it has also helped create the market for sustainability solutions for its customers. “SAP’s corporate mission of helping the world run better ties perfectly into sustainability. In fact, we see sustainability as our purpose,” he says.

His advice for aspiring sustainability managers and directors: “The real challenge is making your corporate strategy a sustainable one rather than only creating a sustainability strategy.”

CANDIDACY: WHAT MAKES A CSO?

Outward-facing road map

When we launched our research, we expected the path to the CSO title to have included a major component of Environmental, Health and Safety (EHS) responsibilities. We were very wrong. Instead we found several CSOs who had previously held external facing roles.

Of the 25 CSOs (we did not include the four CSOs who were new hires), nine (36%) held an external facing role prior to being named CSO. Four of those nine were environmental external affairs. This brought us to the conclusion that the candidates picked for the CSO role tend to have outward facing external affairs experience rather than a strong EHS background.

With much being said in the media about sustainability increasing as a strategic function, we also expected to see a majority of former SVPs and VPs of sustainability being promoted to CSO. Not so, say our 29 CSOs. Of course, there are many more VPs, directors and managers of sustainability and CSR than CSOs, and while no less important, these titles remain distanced from the authority of the C-suite. While many report into the C-suite, their potential remains underexploited.

Unsurprisingly though, we also found that the vast majority (86%) of the respondents were selected internally.

While their previous titles represent a wide diversity of experiences and knowledge, here is a list of our respondents with their most recent titles before CSO:

Previous Title	Total
External Affairs	5
Environmental Affairs	4
Research	4
Operations	3
Marketing	3
Head of Business Unit	2
Finance	1
Legal	1
Sustainability	2
Grand Total	25

Surprisingly, only two CSO's had sustainability roles before the CSO title.

For example, Bill Frerking, the CSO of Georgia-Pacific, the only not-publicly-traded company included in this report, was previously Chief Counsel for Building Products. Coca-Cola's Bea Perez, also the youngest CSO at age 41, served as the food and beverage giant's Chief Marketing Officer for Coca-Cola North America before taking on the mantle of sustainability.

36% of CSOs held an external facing role prior to being named CSO.

CANDIDACY: WHAT MAKES A CSO?

CSO: Industry and Business Veterans

On average, CSOs have been with their respective companies for 16 years. Moreover, 86% of them were internal hires.

As their roles evolve and adapt to a fast-changing environment, the one commonality in their success is a long-term understanding of the organization. With a majority of the CSOs having risen through the ranks, it is a C-suite role that requires a deep systems grasp of the challenges specific to the company's sector and global environment.

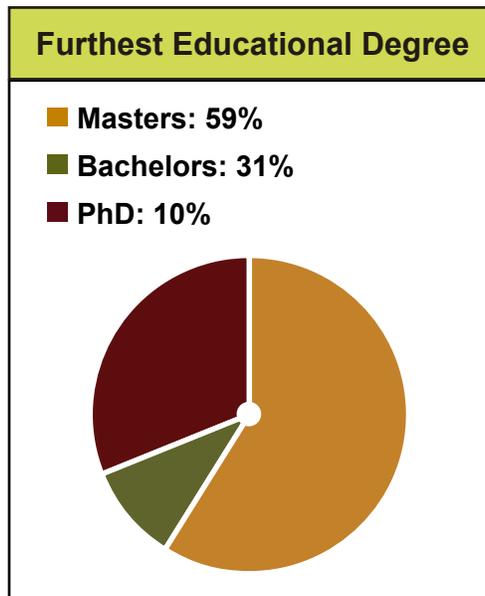
UPS' Scott Wicker offers the classic example. He started with the company in 1977 and has risen within the ranks by building on his engineering training with an understanding of the operations and challenges of the freight and packaging sector. Today, he reports to the Chief Operating Officer and manages the company's Sustainability Report, human rights, supply chain, compliance, as well as environmental sustainability.

Peter Graf presents a similar track. After joining SAP in 1996, Graf worked on a variety of roles before being named CSO in 2009. His strengths: An engineering background, a systems approach, and a deep understanding of SAP's organizational structure, internal challenges and external opportunities.

Education: The Perfect Degree for a Career in Sustainability

Okay, that's a teaser. There really remains no one clear degree that guarantees a successful career path in sustainability, primarily because of the intense need for professionals who understand business operations and strategy, as well as environmental and social complexities.

Of the 29 CSOs we surveyed, three hold PhDs, 17 have master's degrees as their highest level of education, with the remaining nine holding bachelor's degrees. Of those with master's degrees, we found a diverse group of lawyers, public and government affairs experts, and MBAs (See below).



We broke down the Master's degree further and found the following:

Degree	Count
Science	7
Business	5
Law	5
Public Policy	3
Communications	1
Grand Total	21

When we began our research, we expected more CSOs to hold MBAs because of the speed business schools have shown (compared to other professional degree programs) in developing sustainability specializations.

As it turns out, however, an MBA does not translate into the CSO title. According to our research, business experience and industry knowledge weigh much more heavily in the CSO selection than educational degree.

For Graf, sustainability came by way of engineering and learning how to create and innovate. For Kathrin Winkler, CSO of EMC, however, the path began with a bachelor's degree in pre-med and a lifelong passion for systems. "I've always had an innate curiosity for understanding connections and interdependencies. Some peoples' curiosity leads them to take things apart; mine was always about putting them together," she says.

¹⁵Calculated from Internal hires, not those new to the company.



Charlene Lake, AT&T Collaborator, Risk Taker

Perhaps it was Charlene Lake's years as a journalist that taught her to take risks. After graduating with a bachelor's degree in journalism and mass communications, Lake spent a couple of years in journalism before joining AT&T in 1986. She dabbled in various communications roles, including financial, product and employee communications, before settling into the external affairs function.

"I was asked to start a public affairs program. Then I acquired the philanthropic and volunteering efforts, and went on to build out an advocacy function for the company," she recalls.

Sustainability has arguably been practice at the telecommunications behemoth for all 130 years of its existence, according to Lake, but it wasn't an orchestrated effort. But in 2007, there was a realization that, "our efforts needed to become more disciplined." Lake, along with a colleague and a supportive boss, got the CEO's buy-in. Soon thereafter, instituting sustainability as a strategic function reached the board of directors.

"Not only did the board receive our proposal well, they also included a new corporate citizenship charter in their existing public affairs committee," she says. Contrary to most of the companies we researched for this report, Lake, who was named Chief Sustainability Officer in late 2007, continues to sit out AT&T's external affairs function.

"There was a lot of discussion around where to seat the function. We chose [external affairs] because of a realization that sustainability for us meant being in tune with our social, environmental and community stakeholders, and the external affairs department was already in sync with that," she says.

“Our discipline has no roadmap to follow. We learn everything on the job. There are situations when you have absolutely no idea on what to do next, you just have to figure it out”

-Charlene Lake

Lake's journey through the company's complex organizational structure [See Page], hasn't been without its risks. In fact, she credits the abilities to "recognize when a door is open and the courage to walk through it" as being crucial in her success as a CSO. "Our discipline has no roadmap to follow. We learn everything on the job. There are situations when you have absolutely no idea on what to do next, you just have to figure it out," she says.

She also believes that the perfect sustainability chief must "score poorly on the megalomaniac meter." Lake explained: "there is a high degree of authority without control in this function and that means occasionally you need to give credit to others who are deserving and be okay with not sharing the spotlight. Your goal shouldn't be to be the headline."

Lake understands that as a disciplined profession, the industry is in very early stages. Her expectations -- and her leadership's -- are therefore measured. "I don't want to build a sustainability empire. That's not what the company needs. The company needs sustainability integrated with every function and champions in every corner. For that to happen, sometimes you have to step back and take one for the team," she says.

"Your ability to connect your work and initiatives with the success of the company is critical. That means you have to go beyond the 'what' into the 'why' of your actions. That takes a good deal of courage, belief, confidence and the ability to take risks. To lead, you have to be the one to take the first step," she advises.

And that's the kind of people she prefers to hire. "Ambiguity is a really helpful trait in this discipline."

CORPORATE GOVERNANCE AND STRATEGY: WHERE DOES THE CSO FIT?

A Seat at the Executive Table

A necessary precursor to leading company-wide cultural change is true commitment from the top. While the role of a Chief Sustainability Officer has continued to evolve, Linda Fisher's appointment in 2004 set off a consistent promotion of the sustainability profession as a whole. In role and responsibilities for sustainability executives as shown in the chart below.

Number of CSO's Appointed By Year							
9							
8							
7							
6							
5							
4							
3							
2							
1							
0	2004	2006	2007	2008	2009	2010	2011 'H1

Companies have had environmental managers and compliance officers doing a variety of functions for a long time, but now, due to several colluding factors and an urgency in the marketplace, sustainability is finally rising to the top echelon of leadership.

With these C-suite executives all reporting one to two steps away from the CEO, their executive powers today are on par

with the other functional heads of the organization, i.e., finance, technology, information and operation, indicating that sustainability as a business imperative is finally becoming an integral part of organizational strategy. By investing in and appointing executive-level sustainability chiefs, these companies are committing themselves to pursuing a long term sustainability strategy.

Succession Planning: The CSO is Here to Stay

Succession planning is a significant exercise for members of the C-suite to ensure that these main functional areas are never without an executive in charge. Succession planning signifies the critical nature of these roles, and in recent years it has become an imperative to maintain a trained line of executives who can take on the leadership role as and when needed.

This research reveals that the office of the CSO is not much different. With the relatively recent arrival of the sustainability chief to the C-suite, our research identified only one succession story. That of Diane Holdorf at Kellogg.

Holdorf, formerly VP of Environmental Stewardship, succeeded Celeste Clark who is set to retire later this year.

When succession planning becomes de rigueur for the CSO, sustainability has truly become a company priority.

Sustainability is finally rising to the top echelon of leadership.

CORPORATE GOVERNANCE AND STRATEGY: WHERE DOES THE CSO FIT?

Diversity of Duties: An Advantage in the C-Suite

It is also important to note that the sheer diversity of a CSOs' duties actually helps her get the other executives on the leadership team to buy in.

In fact, 17 of the 29 CSOs have sustainability as their sole responsibility, with another 12 having dual jobs. That second function, echoing our finding regarding previous title, is largely external affairs related. Additionally, five have externally facing second roles (public affairs, community affairs, external affairs) and two had environmental, health and safety responsibilities.

AT&T's CSO Charlene Lake, for example, emphasized that it's essential to "be able to recognize when a door is open and have the courage to walk through it" when needed. Lake's emphasis underlines the most important responsibility of this role: Managing several buckets of duties with an eye on collaboration, change management, and how they lend to the company's reputation and long term strategy.

Scott Wicker expressed similar sentiments. Having risen through UPS' ranks and served as the VP for Sustainability before taking on the chief's role early this year, Wicker has seen firsthand the immensity of strategic oversight and input the complex role can allow you with senior leadership and the board.

"It is important that the company's governance structure ensures the senior-most person in charge of sustainability is on par with the other top operational and functional executives," he says, adding that this helps not only demonstrate the essentially of the company's commitment to sustainability top down but to the board and shareholders as well.

CSR Reporting: Championing Sustainability

A crucial aspect of these CSOs' responsibilities is preparing annual CSR reports. With increasing complexities within the Global Reporting Initiative (GRI) and the Carbon Disclosure Project (CDP), the pressure -- and competition -- is on for companies, big and small, to make their mark on the sustainability board game by reporting on their sustainability goals and challenges.

For UPS, increasing complexities within GRI and CDP was an important part of the decision to revise its governance structure to ensure there was a senior executive in charge of all sustainability activities, from reporting to implementation as well as communication. "There was a mutual feeling that the questions were constantly getting more complicated and that sustainability required more attention," Wicker informed.

It wasn't until Bob Stoffel--UPS' SVP for supply chain, strategy, engineering and sustainability--retired that the company realized that "there actually wasn't any

one person who was truly in charge of sustainability."

"They felt the need to make it clear who was responsible for leading sustainability," he added. Today, as CSO, Scott Wicker reports directly to the COO UPS.

As any sustainability professional well-versed in GRI guidelines will admit, the process of putting a sustainability report together can be a time- and labor-intensive project that requires a full time commitment. Therefore the CSO needs to be in a central coordinating role integral to running the entire corporation.



Scott Wicker, UPS: Engineer, Company Veteran

Scott Wicker, 50, started his career with the United Parcel Service (UPS) in 1977, also his first day of college. By 1983, when he graduated with a bachelor's in electrical engineering, UPS was already home. "UPS was in a major growth spurt and they were hiring engineers to build their facilities. So off I went," he says.

Today, Wicker is UPS' first Chief Sustainability Officer and handles "everything sustainability" for the transportation and shipping company. At UPS, sustainability isn't a new phenomenon. "Sustainability as a function was always there at the company but it was very uncoordinated. A few people were pulling data and answering questions on an ad hoc basis," he says.

In 2006, however, it was clear internally that the firm needed to review the sustainability governance structure. The leadership team realized that, "We needed to evolve to get better. We also knew that we had to include all the departments since sustainability affects everyone," he says.

What resulted was a new reporting structure in 2007 which included a sustainability group with a director, vice president, and five other staff. Scott was that vice president. He reported to Bob Stoffel, a senior vice president who held other responsibilities including Corporate Strategy and Engineering.

In hindsight, though, Wicker admits that the structure was clearly transitional and experimental.

When Stoffel decided to retire early this year, the reporting structure became a topic of discussion yet again. "For Stoffel, sustainability was just one of many responsibilities," says Wicker, preventing him from making it a strategic focus. Externally, pressure was building on providing more sophisticated data and enhanced accountability. "We were constantly hunting for data in an uncoordinated manner," he adds.

“ Sustainability has never been a hard concept at UPS. But creating an executive position seems to have really cemented our commitment and mission.”

-Scott Wicker

It was time to make it "crystal clear" who was responsible for leading sustainability at UPS, and instead of SVP, Wicker was named CSO. Revising their reporting structure, Wicker now reports directly to the COO with one direct report and a staff of seven overall.

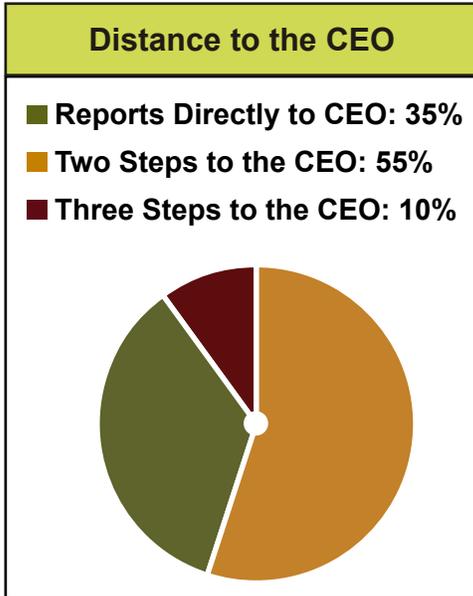
Wicker admits that while external pressure provided the initial motivation to create the CSO role, the internal impact was a real eye opener. "I had no idea how much impact this would have internally on employees. The company's commitment to sustainability finally sent the right signal to all the departments," he says. "We were trying to conserve energy and operate more sustainably for a long time. Sustainability has never been a hard concept at UPS. But creating an executive position seems to have really cemented our commitment and mission."

Of his current priorities, Wicker has this to say: "I've been with UPS for a long time and understand how everything works. Now it's time to use my experience and relationships to embed sustainability into every function."

ORGANIZATIONAL STRUCTURE: THE NUTS AND BOLTS OF THE CSO'S TEAM

The CSO in the C-Suite

Ten CSOs report directly to the CEO. Another 16 are two steps away. Here's how it plays out by numbers:



This indicates significant progress and elevation for sustainability professionals. Considering that the first CSO wasn't appointed till 2004 (DuPont's Linda Fisher), followed by Ed Fox in 2006, it is encouraging to see that sustainability is finally becoming an integral element of the corner office.

Moreover, 12 of the surveyed 25 sustainability chiefs sit on the senior-most executive leadership team, responsible for all corporate strategic decisions, not just sustainability.

With great power comes greater responsibility, although you couldn't say that when you look at the average CSO's team. Our research indicates that a

majority run very humble operations but with significantly overarching impact.

At SAP, for example, CSO Peter Graf, who reports directly to the CEO, has 11 direct reports but works with a cross functional team of over a 1,000 employees to achieve all his myriad duties, which include diversity and inclusion, employee volunteerism, supply chain sustainability, environmental initiatives and communications, and publishing a formidable multimedia CSR report¹⁶. He achieves this influence over 1000 employees through 15 division leaders who hold dotted line reporting to Graf.

The CSO's Team

On average, surveyed CSOs have 4.2 direct reports and an overall team of approximately 185 cross-functional staffers. Because of the diversity of the CSO's responsibilities, most team members are virtual and spread across functional areas. As sustainability grows through the ranks at these companies, the governance structures are also revised to accommodate a real filtering of sustainability across the company.

Take a look, for example, at AT&T's organizational structure: (See Page 30, Chart 1)

Lake who reports to the EVP for External and Legislative Affairs, sits with the core team and has seven direct reports and an additional eight staff members assisting her. In a complex structure like ours,

90% of CSOs are one or two steps away from the CEO in reporting structure

¹⁶SAP's 2010 CSR Report <http://www.sap.com/about-sap/csr/index.epx>

ORGANIZATIONAL STRUCTURE: THE NUTS AND BOLTS OF THE CSO'S TEAM

“Collaboration is key to integrate sustainability into multiple company functions,” she says.

For organizational structures like AT&T, the sustainability chief's role often becomes one of a change manager instead of a project or product manager. As Winkler put it, the role of a CSO is one of “a catalyst.” “Your job is to catalyze change top-down and horizontally in a way that reaches every area of the organization. It is a significant undertaking and it takes a complex governance structure to make it all work,” she says.

EMC's structure, while visually more linear, is no less complex. Take a look: (See Page 30, Chart 2)

The complexities of such a structure remain as significant as AT&T's more parabolic setup. For a CSO to be successful, she needs to be resourceful, collaborative, and most importantly, a critical systems thinker who can objectively engage every internal stakeholder across functions.

Note that both structures emphasize local employee champions leading to functional leaders, and a senior leadership team led by a C-suite executive. Sustainability managers and executives should use these structures as guiding points in revising their organizational structure around a core component of sustainability strategy.

Further, research reveals that while most CSOs have been at their companies for

an average of 16 years and are well-versed in company structure, operations and strategy, on average, they have only been in their current role only since 2009.

Moreover, 12 of the 25 who responded to the surveys sit on the senior-most corporate decision making body responsible for all strategic decisions, not just sustainability.

Budget

Interestingly, however, all the surveyed CSOs reported having their own operating budget but not all maintain independent P&Ls.

This is something companies -- and sustainability executives -- must modify for the role to be truly effective. A commitment to sustainability involves giving CSOs the independence and the corresponding power to implement their ideas with built-in accountability standards. After all, you cannot improve what you cannot measure.

UPS is in a similar situation.

CSO Scott Wicker emphasized that for years the budget for his team's activities has come from a whole list of departments, including PR, communications, community relations, and HR. Now, he is in the process of determining what his budget should look like with the leadership team, and hopes to start the next fiscal year with an

independent budget.

Wicker's observation is spot on because without financial independence, the sustainability function will risk being marginalized even though it sits in the C-suite.



Kathrin Winkler, EMC: Systems Thinker, Vocal Female Executive

When the CSO position was created at EMC, Kathrin Winkler recalls several colleagues asking her if it was written with her in mind. “I told my boss I absolutely had to apply for this job,” she says.

Winkler credits the role to her passion for sustainability and her background in working horizontally to improve systems. Her passion comes from an innate curiosity for systems. “Some people’s curiosity leads them to take things apart; mine has always been to put things together,” she says, adding, “With my kind of systems thinking and curiosity there is no way I could have ended up in any other field other than sustainability.”

A pre-med student in college, Winkler’s career is anything but linear. She has worked in operations, consulting, enterprise management, software engineering as well as a short stint in marketing prior to working at EMC as a Director of Product Management before assuming her current role.

Since her appointment in 2008, Winkler has emerged as an authoritative voice in a field that, at the executive leadership level, is predominantly a man’s club.

One of only eight female CSOs in our research, Winkler says the position brings most of the same challenges any other influential position would pose for

a woman with one exception. “If you are a woman in charge of sustainability, there is a risk of it being perceived as a soft program. You don’t want executives to think of it as just a feel-good program and so women have to work harder to make it clear that sustainability is a business strategy,” she emphasizes.

A strong believer in systems thinking, Winkler emphasized that sustainability is a “change management project.” “Being a change agent and being able to work cross functionally helps me get the job done. You have to know the business and the culture you operate in,” she advises.

““ The CSO title is not just something you have to earn. It is the role your company has to realize it needs.”

-Kathrin Winkler

Her advice for aspiring sustainability professionals is cautionary: “You need to be willing to take risks, recognize that you don’t know all the answers, be willing to borrow ideas and be equally willing to admit that you were wrong.”

She also had specific advice for sustainability professionals who would like to see the sustainability job elevated: “Be patient. Sell the value of the work, not just yourself. We did a really good job of selling the critical need for someone to focus strategically on sustainability at EMC. They didn’t hire me only based on my personal value proposition. You must also be able to take gratification from indirect results of your work.”

That said, she agreed that the CSO title does accord proper authority to her work and helps achieve more, including “carrying a lot more weight with stakeholders, both internal and external.”

As for other women in the sustainability field, Winkler suggests demonstrating more assertiveness. “Take your seat at the table. It’s easy and tempting to sit against the wall figuratively and literally when all the people around you are much senior. But you are the subject matter expert. Walk up and sit at the table, figuratively and literally.”

In the end, much like her journey at EMC, Kathrin Winkler puts the onus back on companies: “The CSO title is not just something you have to earn. It is the role your company has to realize it needs.”

MAKINGS OF A SUCCESSFUL CSO

What makes a successful chief sustainability officer? As the role develops, evolves and emerges as a necessary and crucial element of the C-suite, what qualities help a sustainability chief achieve her goals?

We put the question to all 29 CSOs and what emerged is the portrait of an accomplished professional with a passion for sustainability and decades of whetted business expertise. While the respondents didn't have many commonalities in education or career paths, they did emphasize several key requirements:

Change management:

For EMC's Kathrin Winkler, sustainability is all about catalyzing change. "You must be a great change agent and a systems thinker¹⁷. You have to be someone who does not care to be a hero but takes satisfaction from being a catalyst," she says.

In fact, each of the five CSOs we interviewed emphasized their role as change catalysts, but it was Winkler who perhaps stated it best: "Our role in sustainability is to influence and implement behavioral and operational change. Regardless of whether you call the role chief sustainability officer or something else, our function as executives leading sustainability strategy is that of change agents."

According to these chiefs, it takes

years of experience, a keen sense of observation and a nose for recognizing challenges and being able to leverage them to positive action. Or as Graf puts it: "The ability of a CSO to influence and drive sustainability is correlated to their ability to drive value for the company."

Systems thinking:

For Winkler, this again is a huge prerequisite. When the CSO role was posted, she felt like the description was written for her. Having had a history of working horizontally to improve systems with some of her previous work focusing on sustainability, she remembered several colleagues wondering if the job description, had, in fact, been written for her.

"It was my passion and system oriented brain that made sustainability the perfect field for me," she says. "It's all about making the connections and understanding the social and environmental community we operate in," she adds.

Graf also has a deep understanding of processes and systems. Perhaps it was his technological and engineering background or simply a curiosity for processes. "Managing sustainability is the clearest leadership challenge today. For me, it was always about making SAP's corporate strategy a sustainable one," he says, noting that the progress SAP has made in recent years would have been impossible without a clear systems thinking coordinating the efforts.

Leveraging External Opportunities into Internal Innovation:

In Graf's case, it wasn't his individual passion or persuasion that got senior leadership thinking about sustainability. While it was certainly a gut reaction in the beginning that "sustainability was going to be huge," nine months of exploration and heavy researching went on before the CEO announced a focused team on sustainability.

"There was intense pressure in our market to stay ahead of the curve," he says. In 2010, after SAP acquired Clear Standards, this focus accelerated. To date, Graf's department has created \$14 billion in savings for the conglomerate.

It is this ability to recognize an external market challenge and turn it into internal progress that can often be the crucial difference between a successful and lackadaisical sustainability strategy.

Compounding that is the fact that, according to Lake, a CSO's goals are never constant. "Sustainability programs aren't the kind that finish," she says. "They are ongoing and can always be improved with innovation being an important element. The ability to see programs outside the company that can be translated into sustainability efforts is incredibly critical."

¹⁷Peter Senge: Systems Thinking <http://www.infed.org/thinkers/senge.htm>

MAKINGS OF A SUCCESSFUL CSO

Courage And The Ability to Take Risks:

When you are a senior sustainability executive, it's often taken for granted that you grew through the ranks with specialty and expertise on your side. While that might be true for more functional roles, a Chief Sustainability Officer's path is anything but straightforward. In fact, all the CSOs we interviewed went to great lengths to emphasize that their field takes a ton of gumption and steel.

"You have to be able to take risks and recognize that you don't know all the answers. You must be willing to borrow, ask for advice and be equally willing to admit that you guessed wrong," advises Winkler.

Edwin Pinero, CSO of Veolia Water North America, adds: "Be cognizant of business drivers and organizational strategy. Realize that sustainability has to be integrated into the company's DNA."

For both Winkler and Lake, gender presented subtle and not-so-subtle challenges as well. While Winkler admitted that the pressure to succeed is much greater for women, she emphasized that gender had never slowed her down or been a factor in her career decisions. Yet, she did have one piece of advice: "If you are a woman in charge of sustainability, there is a risk of it being perceived as a soft program. You don't want executives to think of it as just a feel-good program.

Women need to work extra hard to make sustainability a business strategy."

Personal Satisfaction Tied to Company Progress:

You must be happy being the catalyst, say the CSOs. If your purpose is to be the hero, then this job isn't for you. As Charlene Lake remarked, "Attitude is huge in this field. You cannot do well if you're looking at being in the spotlight yourself."

"Sell the value of your work, not yourself. Most people in the sustainability field take gratification from the role," advises Winkler, who says stressing the critical need for sustainability is what got her the job, not personal achievements or value.

"My father taught me to recycle and to use everything," says SAP CSO Peter Graf. His father, a teacher by profession and a technophile by passion, instilled in him an acute depth of thought and taught him to question everything. "I appreciate the value of resources. When SAP made the decision to invest in a sustainability chief and team, it was born from a core mission of tying our corporate mission into sustainability 'to make the world run better,'" he says.

And Graf isn't alone. AT&T's Lake, who grew through the ranks at the telecommunications firm after a bachelor's in journalism and mass communications, has similar advice: "It's

important to your own success that your company succeeds." Instead of personal recognition, she sought progress for AT&T's sustainability programs.

Resourcefulness:

If there is one common denominator that underlines all these chiefs' roles, it is that they run extremely lean functions, often spread across departments and geographies. Our research, in fact reveals that on average a CSO has no more than four direct reports.

"What becomes key to getting things implemented is resourcefulness, knowing how to work the organizational matrix to get results," says Charlene Lake. Essentially, the CSO has influence without power. While their task is to catalyze change across organizations with thousands of employees and

MAKINGS OF A SUCCESSFUL CSO

multimillion dollar revenue, their immediate teams remain small.

It clearly takes a mix of really knowing how the organization works -- after all, the average CSO has been at their company for 16 years -- and a dose of critical thinking. For UPS' Scott Wicker this meant maintaining strong relationships and really understanding who the decision makers are. For Winkler and Lake, experience working with lean teams and an anti-hero attitude.

In fact, Lake also offered two tips for aspiring CSOs and sustainability executives: "Be generous with praise and recognize champions across the company, as a way to make sustainability a part of everyone's efforts. And keep the business in the spotlight; make sure everyone is behind it."

“ Attitude is huge in this field. You cannot do well if you're looking at being in the spotlight yourself.”

-Charlene Lake



Linda Fisher, DuPont: Trailblazer, Regulatory Expert

Linda Fisher didn't know any other chief sustainability officer when she assumed the role at DuPont in 2004. All she had was a background in environmental regulation and a deep interest in government affairs.

One of only four external hires out of all 29 CSOs, Fisher had recently left her position as the Deputy Administrator with the Environmental Protection Agency (EPA), when a common connection at DuPont alerted the board to her availability and experience in the regulatory environment.

The then-Environment, Health and Safety (EHS) Director had just retired and then-CEO Chad Holliday wanted to redefine the role around sustainability, instead of restricting it to EHS. "Because I did not have a safety background, they moved those responsibilities to the VP of Engineering and since they wanted someone with a title that aptly captured sustainability, I became VP and CSO," she recalls.

For the chemicals manufacturer, this was a significant shift in emphasis. "We were using the term 'sustainability' then and had a comprehensive growth platform around it as well, but with the role instituted, the emphasis was clear," she says. Fisher eventually also took on government affairs, which she believes "complements her work in sustainability as you must be able to understand

regulatory and societal trends that drive your customers."

Fisher admits that the learning curve has been steep. "When I first get a group assigned to me, I assume they are a silo. As they evolve, the integration with sustainability becomes clearer. I continue to learn something new about the company everyday--even today," she says.

“ It is a leadership role that is very thinly staffed so you really have to be resourceful with the organizational matrix to get things done,”

-Linda Fisher

Unlike the other four CSOs we profile in this report, Fisher was an external hire and tends to look at competencies a bit differently. "You absolutely have to be someone who understands the business, if not the company. It is a leadership role that is very thinly staffed so you really have to be resourceful with the organizational matrix to get things done," she says.

"Collaboration is key as well. You must be able to understand what is happening

in key regulatory environments as well as assess the ability of NGOs and other organizations to influence market forces and threats, and then interpret them for your company's growth," she adds.

Is Fisher training her successor? "We haven't initiated a succession plan yet. I am a big believer in bringing people in from the outside. I guess part of this comes from having worked all these years in the government. External perspectives can be very helpful in changing mindsets and they aren't afraid of external stakeholders," she responds.

However, Fisher acknowledges that internal and external candidates each come with tradeoffs. "An internal hire comes with experience, understands who the decision makers are, recognizes the levers of influence, and knows how the structure works. An external hire, on the other hand, provides you with a much-needed outsider perspective, like what is driving society and the marketplace, which having worked at one company for all these years, you can tend to overlook."

BEST PRACTICES: THE CSO

Best Practices

To achieve the greatest level of influence as a sustainability leader, a chief sustainability officer will:

- Report to the CEO or be no more than one degree away;
- Be included in the executive leadership team with equal input on all strategic decision making, not just sustainability;
- Manage their own team;
- Will coordinate with all points of the business despite having a small team of direct reports;
- Has direct influence vertically (to the CEO) and horizontally (to the entire staff);
- Is a catalyst of change and organizational behavior, not necessarily a subject matter expert;
- Represents the company externally;
- Know the business;
- Be respected internally for understanding how external influences effect the business.

A significant aim of this research was to identify best practices that other sustainability managers and leaders can learn from. With most of the 29 CSOs having been in their current role for an average of two years, what has helped them become instrumental contributors to business strategy?

A Leadership Role

Scott Wicker was named CSO earlier this year after serving as VP of Sustainability since 2007. A skeptic at first, Wicker admitted that he did not care for the title or anticipate the immense authority it would bring. That is, until he became CSO.

“The results internally have been magnificent. People react differently. I didn’t really care for the title but others insisted that it was much-needed and the right next step for UPS,” he says.

Today, Wicker is in charge of “everything sustainability at UPS.” Not only did his responsibilities change to a more overarching role with multiple dimensions, the chief role also helps him effectively lead strategy that the director or VP level fails to accord.

Kathrin Winkler had similar remarks: “The role was announced as a recognition of a multitude of things that were going on within the company that were not being dealt with holistically. Becoming a CSO didn’t change my job level [from VP], although I was promoted soon thereafter, but it was a big step in terms of visibility and access.”

And that’s crucial in truly embedding sustainability in a complex organization.

“Becoming a CSO was a big step in terms of visibility and access”

-Kathrin Winkler

BEST PRACTICES: THE CSO

Although Cognizant's Mark Greenlaw had a slightly different point of view: "I don't get hung up on the reporting structure and never did in my career as a chief information officer. Tackle the job collaboratively, focus on creating real business value and the recognition and proper reporting structure will eventually evolve."

Strategic Influence

That the CSO title does bring with it strategic influence, however, is undeniable. As PG&E CSO Steve Kline noted, "The creation of this position has helped integrate a number of things that we were doing and gave impetus to a number of efforts that we already had underway. Besides, the role helps give sustainability a much higher profile in the company."

These executives aren't solely focused on sustainability strategy either. They emphasized that they participated and weighed in on company strategy, even when it wasn't related to a sustainability initiative. This gives them -- and the profession -- the much-needed strategic oversight and credibility required for a truly well-embedded effort.

As Peter Graf framed it, CSOs should "work on making corporate strategy a sustainable one rather than only creating a sustainability strategy."

Measuring Value

Linda Fisher, especially, stressed the importance of constantly tying sustainability strategy to the overall strategy, while Pinnacle West CSO Edward Fox advised those in the position to, "articulate sustainability as a business strategy. Speak in economic terms and be prepared to show the ROI."

Cynthia Curtis, CA's chief sustainability officer said she couldn't emphasize the use of metrics enough. "Provide facts and show the financial impact," she says, "and then use the basis of these metrics to influence overall company strategy."

Alcoa CSO Kevin Anton called it the classic case of improving only what you can measure. If sustainability efforts and strategy don't have a demonstrable return, pushing anything cross functionally in an organization can be an uphill and ineffective task, sidestepped as soft, unnecessary or--worst--as an "avoidable cost."

Pioneer

Linda Fisher isn't the only pioneer among these CSOs.

While she was the first CSO, all 29 have championed significant change, leveraged their experience and skills to influence companywide efforts, and helped push sustainability to the forefront among their industries.

Lake called it the "figure it out" factor.

"Being able to make something work without a textbook is valuable in a developing field that sometimes meets resistance," she says. A lot of the credit SAP continues to receive for its sustainability work goes to CSO Peter Graf because he was the internal pioneer who saw an opportunity and jumped at it. "I realized that building sustainability into SAP's products could change the world," he says.

Today, 11 groups are in charge of implementing SAP's wide-ranging sustainability strategy, all with dotted line reporting to Graf.

Every CSO has a different story, but they all meet at the core: Recognizing the potential and catalyzing change to make that potential happen. AECOM's Gary Lawrence developed a new commercially oriented definition of sustainability for enterprises while Curtis established a governance model including a reporting structure to the board of directors.

Verizon's James Gowen created the company's first Carbon Intensity Metric to resolve the gap between all the energy use and carbon emissions the company has been tracking since 2001 and its core function: information. "Since 2001, we have used a ratio of metric tons of CO2 per million dollars in revenue to measure our energy efficiency. While this has proven useful, we always felt that it was not closely aligned with our key business indicators. We are a network company and our core measure is the amount of information we transport," he says.

RANKINGS VS. TITLE: IS GREEN THE RIGHT MEASURE?

We decided to compare our list against the *Newsweek* Top 100 Green Companies list¹⁸ and *Fortune* America's Most Admired 50 Companies list¹⁹.

We found five of our companies listed in each of these lists. Note that UPS and Coca-Cola show up twice.

Newsweek: UPS, Coca-Cola, PG&E, EMC, and Verizon

America's Most Admired: UPS, Coca-Cola, DuPont, General Mills, YUM Brands

Eight CSOs among a list of 150 companies together—a fact that begs several questions:

Who is leading sustainability at all the other admirable green companies?

If their title is not Chief Sustainability Officer, do they have the same level of influence?

Is the methodology of these rankings biased or are companies treating the survey as simply another data-driven exercise in outdoing their competitors?

Are the rankings flawed in their linear definition of “green” and “most admired”?

And if so, is there a better test to judge the effectiveness of a sustainability program?

Furthermore, is the CSO title alone a best practice representing the most effective and impressive sustainability program? What makes the Chief title even attainable at some companies and not at others?

If the rankings' methodology were to add a question such as “Does your sustainability leader report to the CEO?” might we see a fast emergence of many new CSOs?

While there is no denying that there are a multitude of rankings today measuring everything from environmental sustainability to volunteering, diversity and inclusion, as well as corporate governance, there remains no clear relationship between top-ranking companies and sustainability as an executive function.

As this research makes clear, sustainability is truly embedded across organizations when led by focused and strategic leadership. A strategy that extends sustainability beyond recycling and energy conservation to business operations is the one that will win in the long term. The absence, then, of companies who ensure that sustainability is indeed an integral part of their culture, strategy and operations from a well-respected ranking like *Newsweek*, is a disconnect that must be resolved.

That's not only because this gives consumers a linear message of sustainability but also because it leads

Is the CSO title alone a best practice representing the most effective and impressive sustainability program?

companies to do a lot less with their resources and strategy. Industry-wide rankings like *Newsweek's* have the power to lead real change among individuals and companies.

Two years ago, perhaps a “green” ranking was apt but today's marketplace is more mature, knowledgeable and sophisticated about choices and perception. Raters owe it to consumers -- and the companies being ranked -- to evolve their methodologies accordingly so that corporate sustainability can finally be truly measured.

¹⁸ Newsweek Top 100 Green Companies <http://www.thedailybeast.com/topics/green-rankings.html>

¹⁹ America's Most Admired list http://money.cnn.com/magazines/fortune/mostadmired/2011/full_list/

CALL TO ACTION: COMPANIES

The motive of this research report is two dimensional. Not only do we hope that these incredible profiles, best practices and rich data will help guide your sustainability strategy, this report also serves as a call to give sustainability a promotion at your company.

Give sustainability the visibility and elevation it deserves.

The social, environmental and economic spheres in which your business operates are undeniable factors in your long term sustenance. For years, you have taken good care of the economic factor, adapting and remodeling as needed. Now it is time to include the social and environmental factors in the equation as well. With climate change, an unrelenting economic recession, and social inequities on the rise, business must become a strategic partner for the government and nonprofit organizations.

Business has the scale and power that government and nonprofits lack. Your expertise can help guarantee the long term success of your organization by ensuring your stakeholders are engaged, empowered, productive and have a true stake in your progress.

As evidenced by the CSOs profiled in this report, sustainability is a business strategy with multiple benefits. If elevated strategically, the sustainability team can become a critical partner in the business' success. So don't use the title lightly. Give the CSO the responsibilities as well as the corresponding power.

After all this focus on the title Chief Sustainability Officer, Ellen Weinreb debunks it all, "As a recruiter, I don't really care what the candidate's title is.

There are however, best practices associated with a CSO that I would want to see in my candidates for sustainability officer searches."

Don't miss out on the true potential of a sustainable business strategy by keeping your sustainability manager siloed to one department or without participating in defining the future success of your business.

Give sustainability the visibility and elevation it deserves.

CALL TO ACTION: SUSTAINABILITY MANAGERS

Despite all the work ahead for organizations and sustainability, not everything can be left up to the amorphous corporate mindset. Much of the credit -- and the blame -- goes to individuals who work in sustainability or call themselves sustainability professionals. It is crucial for you to understand that the elevation of the profession is your responsibility.

As the CSO profiles indicate, a lot of roadwork went into the creation of a chief sustainability officer role. They created stakeholder plans, showed financial data, created frameworks that showed market competition as well as shareholder value, and much more. But once created, all the organizations without exception have felt the advantage and benefits of the role, with several revising their governance structure around the role.

Ellen Weinreb concludes "Only 29 companies among the roughly 7,000 publicly traded companies [listed on the NYSE or NASDAQ] in the U.S. have instituted Chief Sustainability Officers. That's a huge opportunity for sustainability professionals." Use this report and the successes noted in these pages to make your case. Don't use the CSO term lightly, ensure that the senior leadership team understands the authority and leverage associated with the role.

Remember, a CSO is:

- A company/industry veteran;
- The top strategic executive in charge of sustainability;
- Does not have a clearly defined career path but requires a set of skills detailed in this report: Industry experience, solid understanding of social and environmental issues, experience at successfully creating internal programs around core business competencies, and has the foresight to turn external challenges into opportunities;
- Not a direct MBA graduate.

Don't stop there. Question your organization's reporting structure. Who do you report to? Why? What could be improved upon? Can the structure be modified in a way that sustainability truly becomes a cross functional responsibility?

Engage your internal stakeholders, leverage your external network and identify much like Winkler, Graf, Wicker, Lake, Fisher and the others did, the real opportunity for your organization to gain competitive value and a sustainable long term business plan.

“Only 29 companies among the roughly 7,000 publicly traded companies in the U.S. have instituted Chief Sustainability Officers. That's a huge opportunity for sustainability professionals.”

-Ellen Weinreb

METHODOLOGY

There were several formulae used to create this list of 29 CSOs:

We started with the following sources:

- LinkedIn
- Jigsaw
- GreenBiz
- SEC Filings
- Multiple Google Searches
- Largely turned to our network such as socially responsible investing researchers who research publicly traded companies for their sustainability accomplishments and commitments

Then we honed our criteria:

- The company must be publicly traded [exception: Georgia Pacific] in the United States²⁰
- Executive must have the title of Chief Sustainability Officer

Then followed up with a rigorous exercise in independently verifying all the data with the CSOs and their teams.

The final results: We collected preliminary data for 29 companies, listed individually in the appendix, and verified 28 of them, short-listing five for more in-depth profiles.

²⁰For example, SAP is a German company but their shares are traded publicly in the United States

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We also want to call attention to the CSO's who were available to be profiled.

Thanks to:

Linda Fisher, DuPont
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Charlene Lake, AT&T
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Kathrin Winkler, EMC

APPENDIX

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CHART 1:

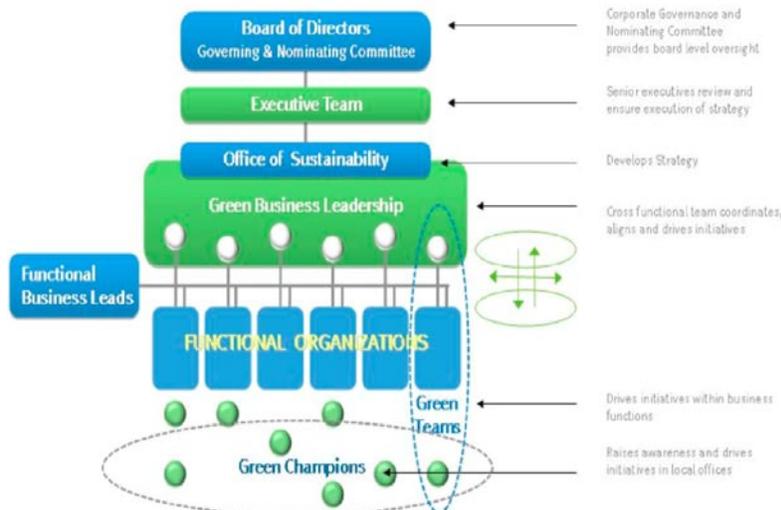
AT&T Internal Integration



Source: AT&T

CHART 2:

EMC Sustainability Operating Model



Source: EMC

ABOUT WEINREB GROUP

Weinreb Group is an executive recruitment and consulting firm with 15 years sustainability experience. We find talent along a continuum of sustainability-related functions from supply chain to external affairs.



We also run a consulting practice to help companies grow their sustainability program by partnering with the human resources function. Clients include Nestle Waters, Sears, Clorox, Levi Strauss and many more.

WHY CHOOSE WEINREB GROUP

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

Sustainability Expertise: 15 years of sustainability and CSR experience

Cost Saving: Our placements hit the ground running

Time Saving: We only present qualified candidates

Access to Talent: 6000+ followers on facebook and twitter

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