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Chief sustainability officer focus: A European CSO perspective on driving the sustainability agenda

Sustainability is fast becoming a vital part of business strategy and customer value propositions, putting today's chief sustainability officer at the center of leading business transformation. But what makes the role effective and who makes an excellent chief sustainability officer? We spoke to 17 chief sustainability officers from leading European companies to find out.



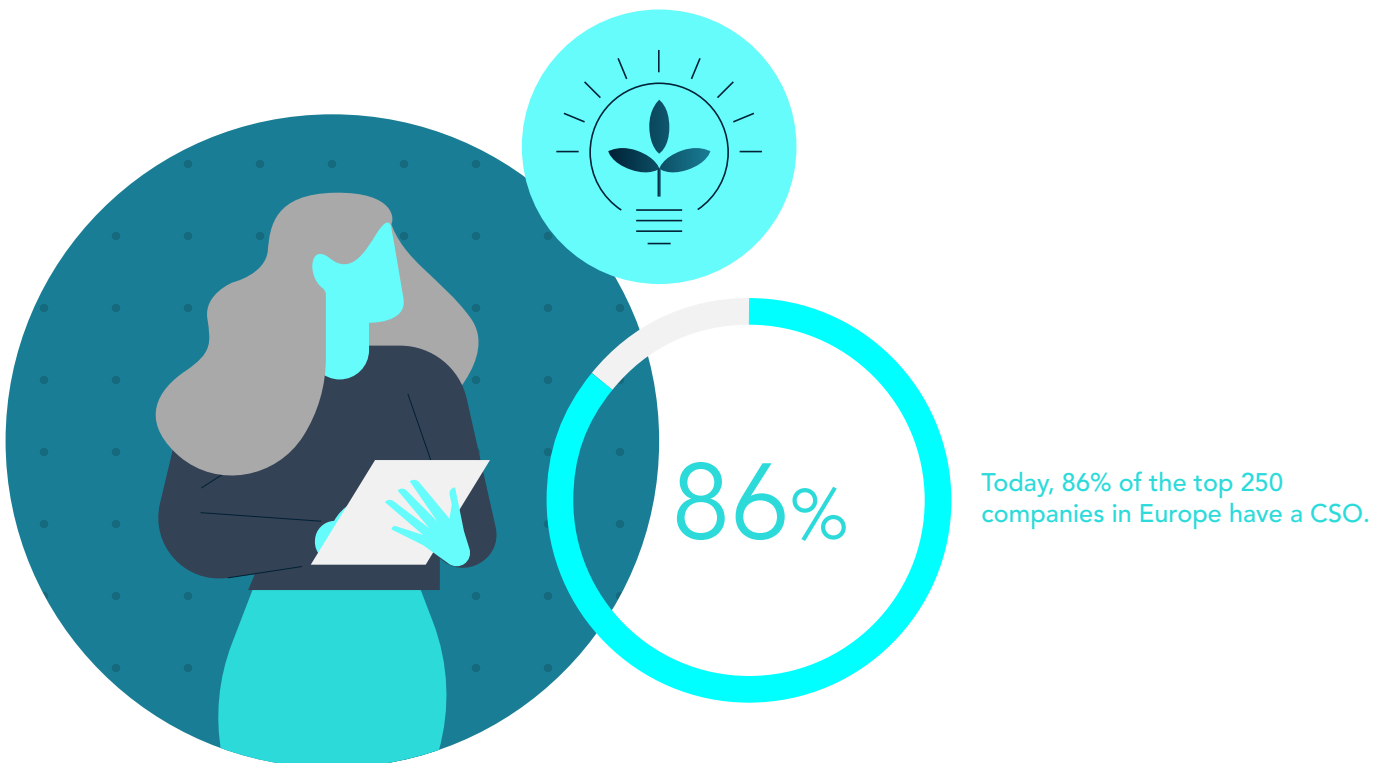
“My dream is to make the role of chief sustainability officer disappear.” This is how the chief sustainability officer (CSO) of a successful sustainable business opened the conversation about how their role might evolve into the future.

A surprising view, perhaps, but not out of sync with other European CSOs we spoke to in recent months. Many CSOs told us that sustainability needs to be embedded seamlessly into the business, believing that, like digital, it must become foundational in an organization and automatically included in everything the company does.

The role is far from disappearing, as things stand. Today, 86% of the top 250 companies in Europe have a CSO and, in regions such as the Nordics, that number sits at 100%. Some 83% of the current CSOs of Fortune Europe 250 companies have been appointed since 2019, highlighting an increasing number of changes in CSO leadership roles filled by people with fresh perspectives.¹

Clearly, many companies’ adoption of net-zero targets to eliminate greenhouse gas emissions by 2050 has been a game changer for the role, prompting companies to define their strategies, make concrete pledges, and develop detailed roadmaps to achieve those targets. Meanwhile, the increase in regulatory requirements and a wave of anti-greenwashing litigation have considerably tightened the scrutiny of what and how companies deliver their sustainability goals. Investors, customers, and employees alike are asking for environmental, social, and governance (ESG) performance metrics, adding pressure on companies to be accountable and transparent.

This all means that the CSO role is here to stay—for now, at least—raising important questions: How should companies set up the role for success and what should they look for in CSOs in a context where the role itself is very much still in the midst of transition? To find out how companies are answering those questions, we interviewed 17 CSOs from leading European companies.



¹ Heidrick & Struggles analysis.

From periphery to center: Embedding a sustainability agenda into the business

Today's CSOs are changemakers who not only look at why sustainability should be at the core of business, but also how to integrate it into the company's strategy and operations.

Before considering what to look for in a CSO, leadership teams must look at where they are on their sustainability journey today and how this might evolve over time.

From our conversations and research, four key factors emerged for bringing sustainability from the periphery of a business into the strategic center: securing leadership commitment and support, defining what success looks like and how sustainability adds value, operating as a small center of excellence, and building an agile talent strategy for the function and company.

Securing leadership commitment and support

Making all of these changes requires that the executive committee and the leadership team take on organizational accountability, buy into the strategic imperative of sustainability, and the changes they would need to make to ensure a successful outcome: "Transformation requires that the executive team is connected to the topic, ensuring proper monitoring and development," remarked one CSO. "The leadership team *must* be a firm supporter. Conviction at the top is the most important thing."

While reporting lines for CSOs differ across organizations, many we spoke to have a direct reporting line to the CEO—highlighted as an important success factor. Regardless of the reporting line, it's essential that the CSO recenters the discussion of sustainability on organizational strategy and purpose: "Sustainability needs to line up with the strategic direction of the company and have support from top leadership," said one CSO. Where CSOs are not on the executive committee, having a CEO who believes in the value of sustainable transformation is a game changer.

One company we know of has a sustainability committee comprising the CEO, CFO, head of brand, head of e-commerce, and heads of its different product lines, while another has KPIs set at the executive committee level, with each having sustainability-related KPIs.

CSOs must also build a business case for unlocking investments into sustainability—requiring not only a close relationship with (and a financial commitment from) senior management but buy-in from the whole team, particularly middle management. Here, one CSO pointed out, "It is important not to be perceived as a cost center but as a transformation center of excellence; you must avoid being seen as a burden or resource drain."

Defining how sustainability adds value to each organization, now and in the future

To define success, organizations will need to determine how sustainability adds value, now and in the future. As sustainability becomes embedded in the overall strategy and purpose of a business, leading companies have been moving beyond regulatory compliance. Today's CSOs are changemakers who not only look at *why* sustainability should be at the core of business, but also *how* to integrate it into the company's strategy and operations.

They explore how sustainability can add value to the business and grow the bottom line, for example. In many cases, sustainability initiatives generate revenue as new products and services are developed. In fact, the most advanced companies already see sustainability as a growth and revenue driver. "We try to reconcile our business model while generating profit and reducing our impact on the environment," said one CSO, adding, "We have deployed a long-term strategy for 2030 focused on the three Ps: planet, product, and people."

Keeping up with the changing profile of sustainability talent is paramount. Here, execution and change management excellence is becoming more important than passion for sustainability or pure sustainability expertise.

Other companies are using revenue generation to fund sustainability initiatives, creating a positive incentive that reinforces the importance of the sustainability agenda: “With sustainability linked to our business model, a percentage of each business unit’s revenues goes to a sustainability fund. So, the more the business grows, the more we raise funds for sustainability,” shared a CSO.

Of course, the sustainability agenda is highly sector- and company-specific. Sectors with higher carbon footprints may focus largely on decarbonization, while those with complex supply chains may emphasize sustainability along their entire value chain. Services-focused organizations tend to look more closely at how they fund and advise their clients, or even the kinds of clients they take on. “There are clients we had to step away from because they did not share our vision on sustainability,” admitted one leader.

A common thread that emerged was reframing the purpose of sustainability to make it more strategically relevant. “Forget about the cost of sustainability. Think about modernity: What is the new age for business? What will business look like in 20 years?” was one CSO’s advice.

Operating as a small center of excellence

Effective CSOs surround themselves with excellent, generally small central teams comprising experts who can put theories into practice, monitor progress, engage with stakeholders, and keep up with global trends. These teams, however, need to be flexible and willing to move into other areas of the business to advance the sustainability agenda. “It’s better to have people in the business rather than in the team,” is how one CSO put it.

Indeed, companies that are best in class in integrating sustainability leverage their existing functions and business capabilities—such as finance or supply chain—to advance their sustainability strategy. This model assumes that, gradually, responsibilities and accountabilities within the sustainability function will be passed onto the business—as the CSO quoted at the start hoped. One CSO explained, “My team over time will shrink—the business owns sustainability and, from the moment it stabilizes on the regulatory front, we will have clarity on metrics and sustainability will be sufficiently integrated. On the team, we will need to have only experts giving advice on what is already there.”

Building an agile talent strategy for the sustainability function and business

A report from the Boston Consulting Group found that the green skills gap in the global economy could reach seven million jobs by 2030.² As companies increase their focus on sustainability, they may require both aggressive recruitment strategies and upskilling at scale within their current workforce—particularly for more technical roles such as technicians and engineers, where green jobs are projected to increase the most.

Keeping up with the changing profile of sustainability talent is paramount. Here, execution and change management excellence is becoming more important than passion for sustainability or pure sustainability expertise. “We need content experts but also someone who understands the business very well,” said one CSO, while another said, “I need people with flexibility, openness, an ability to embrace change, different approaches, and reprioritization.”

2 “Will a green skills gap of 7 million workers put climate goals at risk?” BCG, September 14, 2023, [bcg.com](https://www.bcg.com).

According to the CSOs with whom we spoke, to shift toward incorporating sustainability across other roles and functions, training as many employees as possible in sustainability (in a context-specific way that relates to their roles) is paramount. CSOs say this training can facilitate the small center of excellence model. Transferring reporting into the finance or compliance function, for example, allows the sustainability team to focus on strategic initiatives: an important change, as a recent IBM survey found that current spending on sustainability reporting exceeds spending on sustainability innovation by 43%.³

Considering the scope of the talent challenge, CSOs should work closely with chief people officers on how to best incorporate sustainability needs into talent strategy frameworks from recruitment, career development, upskilling, and performance management.

Recommendations when choosing a CSO

With the CSO role still relatively new in many organizations—and changing all the time—there is no standard playbook for the sustainability function and its leadership. Those we spoke to manage centralized and decentralized functions, lead teams ranging from three to 450 people, and sit within the C-suite or two to three levels below it. Despite these differences, our experience points to two best practices that can help organizations choose the right CSO: taking the time needed to reframe the role and the structure around it, and looking for the right candidate. While the CSO role can be custom designed for each company, within broad sector and geography templates, they are often asked to deliver against big, shifting, goals with insufficient resources and leadership support. Our research and work have highlighted four key competencies that the CSO needs to master to be effective: influence-based leadership, storytelling and the ability to be a brand ambassador, problem solving, and changemaking.

Take time to define the structure around the role

Failing to dedicate time to think through the structure, strategy, and long-term impact of the position can lead to the wrong hire—particularly as companies are still trying to find the right reporting lines for the role and how sustainability fits in different parts of the business. Because the CSO role needs to continually adapt to the external environment, flexibility should be built in from the start. Companies need to keep connected with market trends and regulation and adjust goals and direction accordingly.

Allowing for this flexibility can help organizations meet immediate objectives—such as getting access to green financing, for example—while leaving the door open for a broader connection to business strategy over time.

Another consideration is placing the role as close to decision making as possible. Elevating the role to the executive leadership level takes time in most organizations, so giving the role to someone who is already an executive committee member can be a good idea. Placing the role within the CEO's office can be equally effective—the companies that have advanced furthest on sustainability tend to have their CEO as the main sponsor.

Success also depends on ensuring CSOs are given the necessary mandates and resources to achieve their goals, bringing in best practice from within the field and beyond.

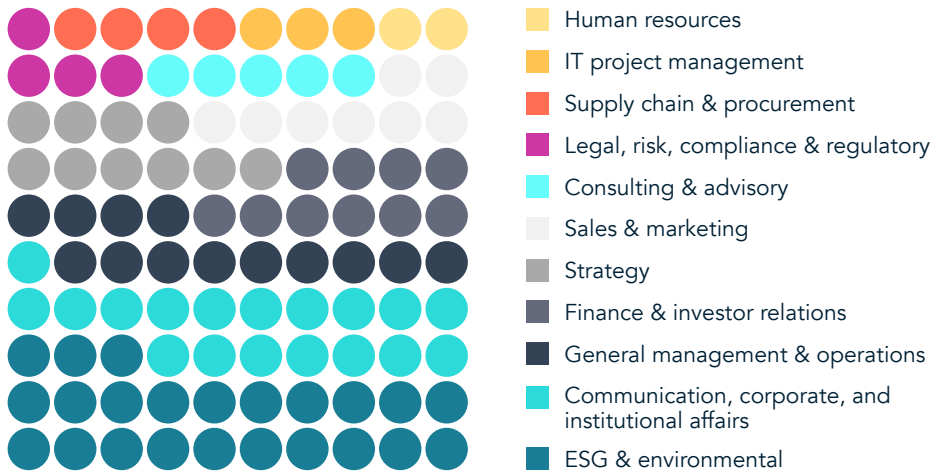
³ "Beyond checking the box," IBM, February 27, 2024, [ibm.com](https://www.ibm.com).

Find the right candidate with the right competencies

One of the most frequent questions companies have when looking for a CSO is whether they should opt for an internal candidate or look externally. Best practice is to consider both talent pools and make a decision based on the maturity of the sustainability function. If a company is hiring its first CSO, for example, regulation and the complexity embedded in the sustainability function could be overwhelming for those unfamiliar with the field. Betting on external specialized talent might provide access to best practices that will make a difference quickly. In Fortune Europe 250 companies, 30% of the sitting CSOs were appointed externally, as many companies are looking to tap into external talent with either previous CSO experience or experience being part of teams that delivered sustainability outcomes successfully. On the other hand, for a company where sustainability goals and structures are well established and even embedded, internal candidates could be the right choice to accelerate progress as companies will benefit from their understanding of the business and key players.

The backgrounds of CSOs vary widely. The largest share, 23%, comes from an ESG and environmental background—reflecting the fact that many companies have prioritized sustainability functions for long enough to develop leaders within those functions. Other functional areas frequently seen in CSOs’ backgrounds include communications, corporate and governmental affairs (a great advantage for driving stakeholder engagement and company buy-in), general management, finance, or strategy.

Functional backgrounds of European CSOs



We are seeing a shift from a focus on sustainability expertise to broader leadership competencies.

Whatever path CSOs have followed to get to the role, sustainability experience is still needed. As one CSO put it: “For now, the expertise dimension is important. Not at the top of the pyramid, but I need to be able to absorb enough content from the experts in my team to be credible internally and externally. There must be a willingness to learn on the content front—it is an effort! Working on climate data is not always fun, but it is important.”

Interestingly, we are seeing a shift from a focus on sustainability expertise to broader leadership competencies. In 2022, for example, 53% of appointed CSOs came from a senior leadership role—head of a global function, division, or region, or a C-suite type of role. By 2023, that number had jumped to 70%. As the role becomes more strategic and elevated, many companies will prefer a leader with experience at executive committee level.

CSOs and their companies can actively cultivate the competencies needed to make an impact in this space. In an emerging leadership model Heidrick & Struggles calls the connecting leader,⁴ our research identifies the following five imperatives required for leadership success: envision the future, deliver today; act with purpose and courage; harness the power of others; orchestrate ecosystems; and cultivate a learning mindset. These five imperatives, in turn, require specific competencies and capabilities, such as strategic and forward-looking mindsets, transformational thinking, resilience, collaboration, external networks, and agility.

In many ways, today's CSO is already a connecting leader who requires all these competencies; the conversations with the CSOs we interviewed highlighted five specific ways CSOs need to tailor these competencies to succeed as a sustainability leader:



Influence-based leadership: “As a CSO you are a change agent trying to transform a business. You do it from a position of trying to *influence* people; you are making a business case to drive change—this is what the function has been and still is today. It is persuasive, getting people to buy into this big vision.” CSOs who report directly to the CEO may find that achieving such influence to harness the power of others is easier. However, various pieces of research show that only 30%–40% of CSOs report to the CEO. For many others, the ability to influence others is likely a skill set gap: Our analysis shows that 39% of Fortune Europe 250 CSOs came from roles below the C-suite—either more junior sustainability roles or functional or divisional leadership positions, meaning they had less experience in dealing with senior leadership and boards and their decision-making processes. In this context, influence-based leadership harnesses the power of others (a connecting leader characteristic) and requires a CSO to be human-centered, collaborative, and inclusive in order to earn credibility and gain influence.



Storytelling and brand ambassadorship: “Telling our story is critical to attract and retain talent,” said one CSO. Another CSO emphasized being able to adapt the message to different groups or people. For example, using one language to talk to a team of experts and quite another to talk to product managers. “A different dialogue is needed!” he exclaimed. A CSO must therefore be a storyteller who makes sustainability a positive topic of discussion with clients and employees, making them feel they are part of the transformation. A mix of analytical skills and big picture thinking is essential, with CSOs drawing on data to keep track of progress while framing the strategy to make it appealing to the company and the outside world. The CSO needs to be a brand ambassador too, helping to boost the perception of the organization and uplift its purpose. Internally, a CSO must align leaders and the workforce behind a common purpose—with compelling and persuasive communication—leading to positive employee engagement. Externally, the CSO needs to build credibility with stakeholders and the public by showing how the company is successfully addressing and implementing sustainability. These capabilities are connected to orchestrating ecosystems and harnessing the power of others; some of the connecting leader characteristics to look for here include inspirational, courageous, and externally networked.

⁴ Dr. Regis Chasse, Steven Krupp, TA Mitchell, “The connecting leader: Five imperatives for leaders today,” Heidrick & Struggles, June 2024, heidrick.com.



Problem solving: Finding effective approaches for complex ESG issues requires a problem-solving skill set, as sustainability teams often find themselves tasked to achieve lofty goals with insufficient resources and support. One CSO said that “implementing sustainability is a pure engineering problem.” Another explained the importance of agility and adaptability: “I onboard people with change management profiles. That’s what I love versus before—we constantly review what we do, adjusting strategy and ambition from one year to the next.” Another advised: “Be smart on everything and nimble enough to pivot.” This is where a small center of excellence model allows the CSO and their function to adapt with alacrity. Commitment to solve big problems such as sustainability is one of the hallmarks of another connecting leader imperative: the ability to orchestrate ecosystems.



Changemaking: CSOs nowadays are some of the most connected leaders in a business, both internally and externally, and are in a strong position to drive change. In some sectors, such as process industries, sustainability-related innovation can drive change throughout the organization. One CSO said, “If what we are doing does not exist yet, we need to create and develop new products and processes and show our investors where we are taking innovation.” Changemakers must envision the future, but deliver today—an imperative for a connecting leader—and to do this, they must be strategic and forward-looking, transformational, and decisive.

Conclusion: Inspiring sustainable change starts with effective leadership

While every organization is different, our conversations with European CSOs all point in the same general direction: Embedding sustainability deep into business strategy is paramount, and there is a clear path to get there.

Today’s CSOs come with a wide range of backgrounds and experience and while technical expertise is valuable, it is leadership capabilities that make the biggest difference in whether sustainability stays in the background or moves to the center.

As the role keeps evolving, the ability to lead in the face of change and tell the story of why transformation is vital—combined with a deep understanding of the business strategy and how to generate value—will make a sustainable difference over time.

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Climate & Sustainability Practice

Around the globe and in every corner of the economy, sustainability is shaping the leadership, talent, and culture of organizations in profound and often unexpected ways. Across the Fortune 1000, traditional companies are rethinking their businesses in the face of environmental and social challenges. Meanwhile, impact entrepreneurs are launching new entities to address unmet social or economic needs.

Heidrick & Struggles works closely with companies across the spectrum that seek to define and achieve their own sustainability goals. As industry experts on leadership and human capital, we know that new strategies around purpose must come from the very top. Our experience guiding boards and senior executives through organization-wide transformations helps us find and foster future-ready leaders who can authentically integrate sustainability initiatives that meet the rising expectations of stakeholders and of the companies themselves.

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