

Organizing for Success in Corporate Sustainability 2.0:
Survey Results from 104 CSOs and Other Sustainability Executives

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General Information on the Survey



How: Developed based on ESG Center’s research and with the assistance of Chief Sustainability Officers (CSOs) from major US companies.

What: Sought to get insights from sustainability executives on:

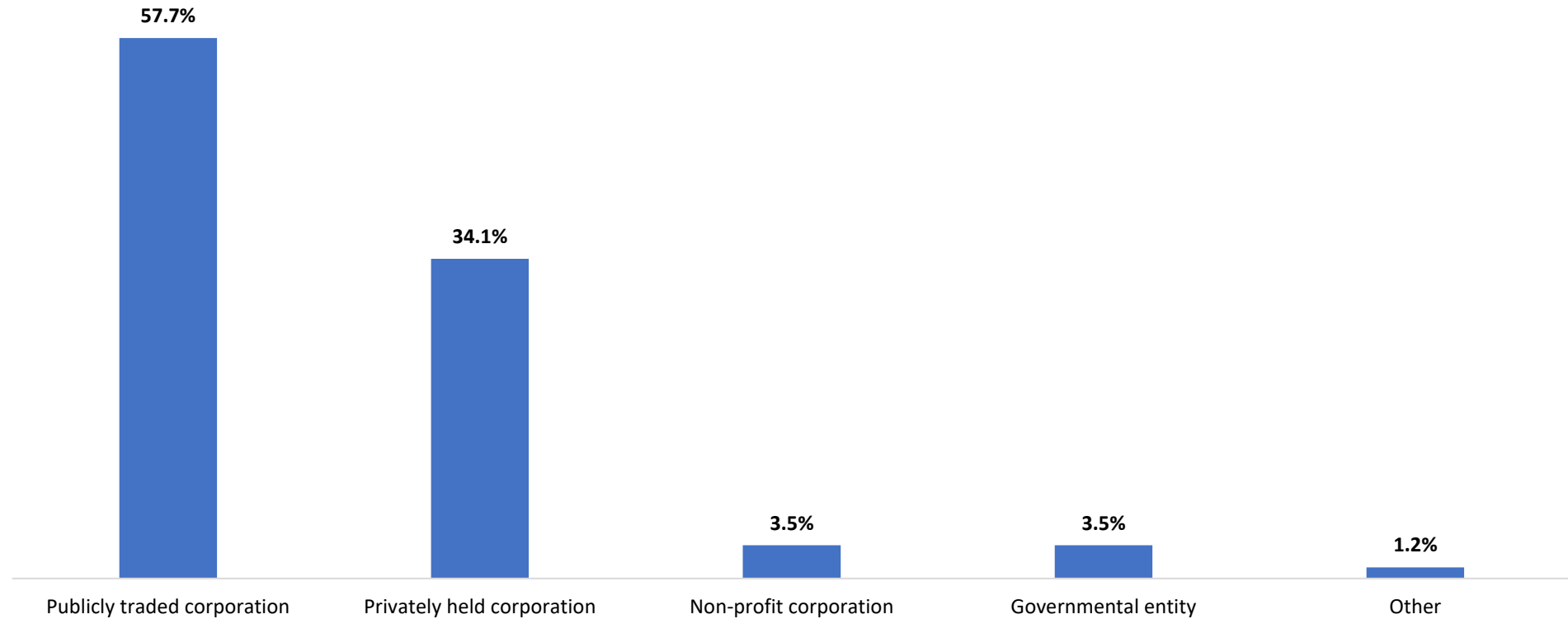
- the roles, responsibilities, and effectiveness of CSOs;
- the sustainability functions they lead;
- internal sustainability steering committees; and
- their organization’s overall sustainability program.

When: Administered to CSOs and other sustainability executives in US companies between January 26th and February 20th 2024.



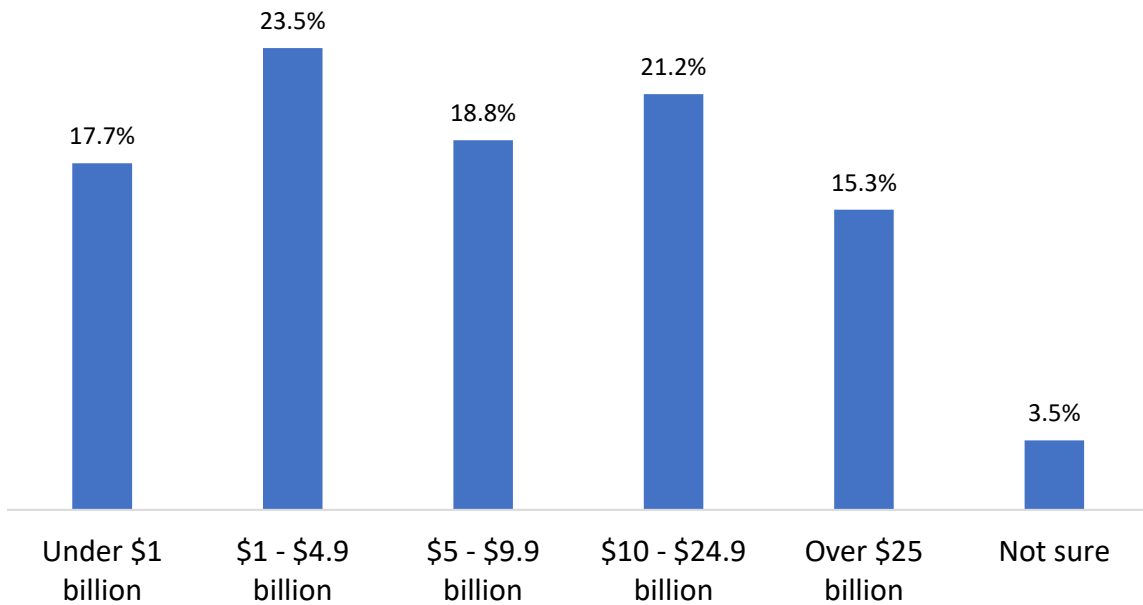
Responses received from CSOs and Executives with equivalent responsibilities from **104 companies**, mostly publicly traded and privately held corporations

Types of companies

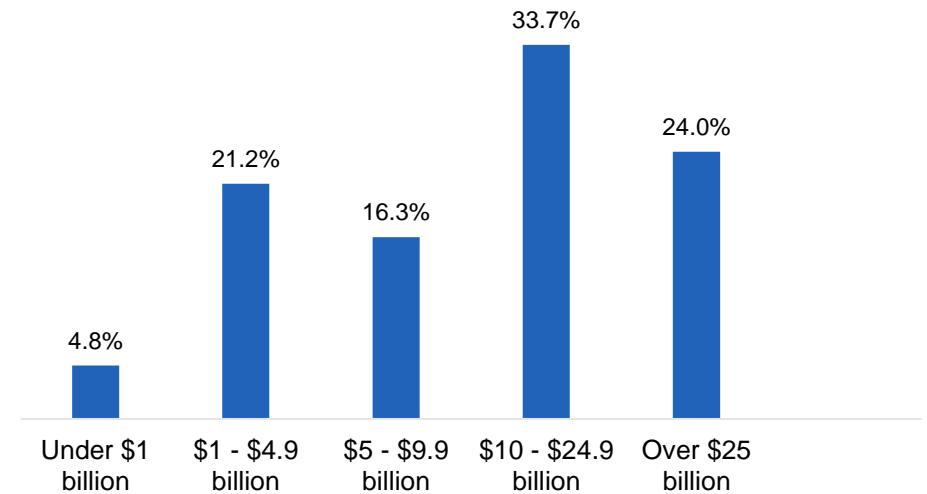


The majority of companies that responded to the survey are large companies (over \$1 billion of annual revenue in FY 2023)

2024 survey - Companies' annual revenue (FY 2023)

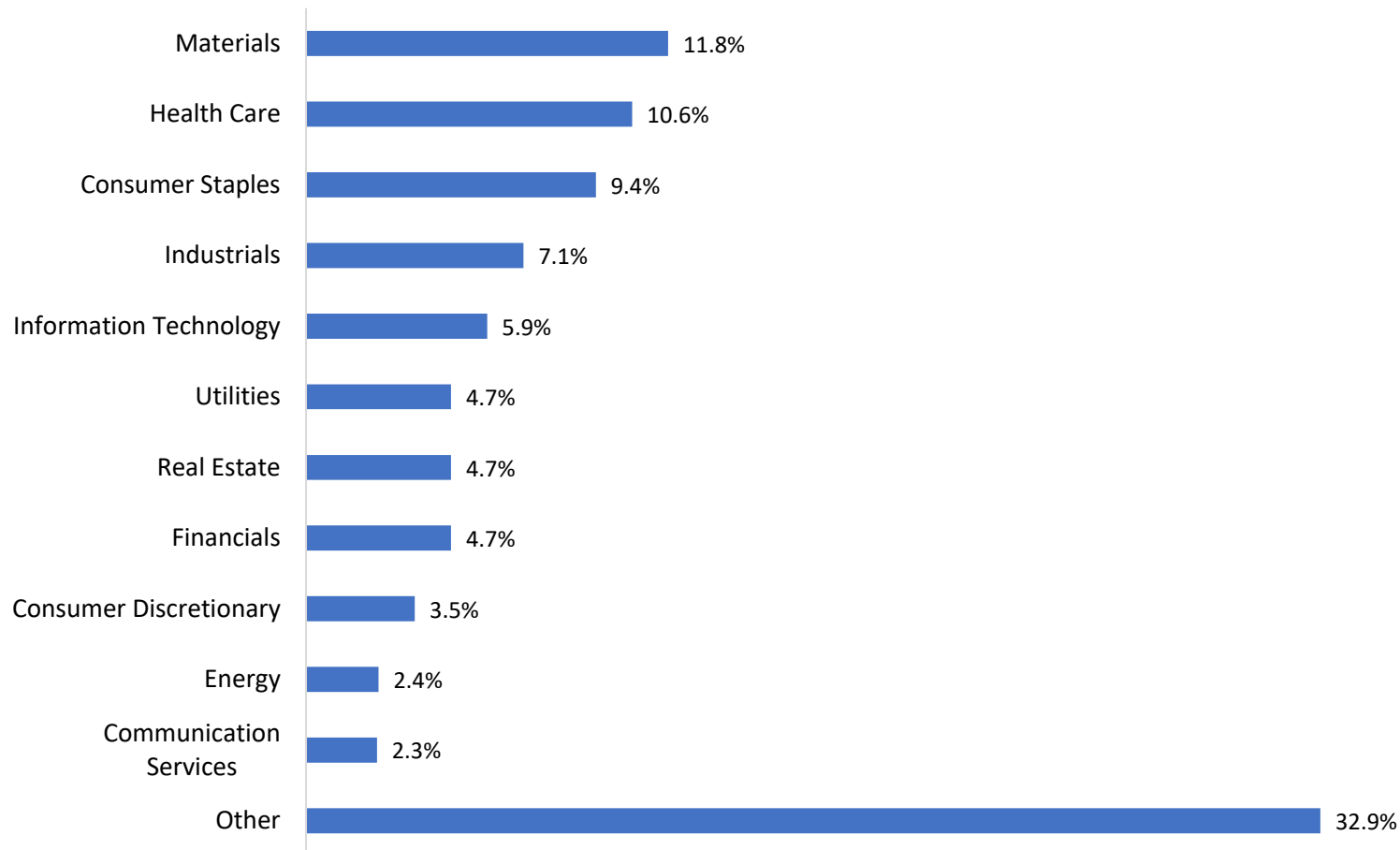


2021 survey (FY 2020)

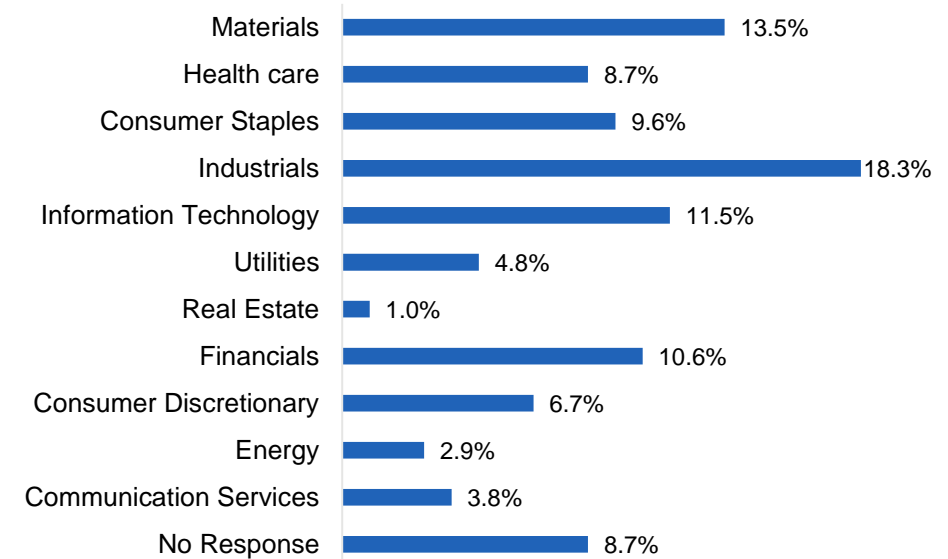


Companies that responded to the survey are from all business sectors, with a higher representation from materials, health care, consumer staples, industrials and information technology

2024 survey - Companies' primary business



2021 survey

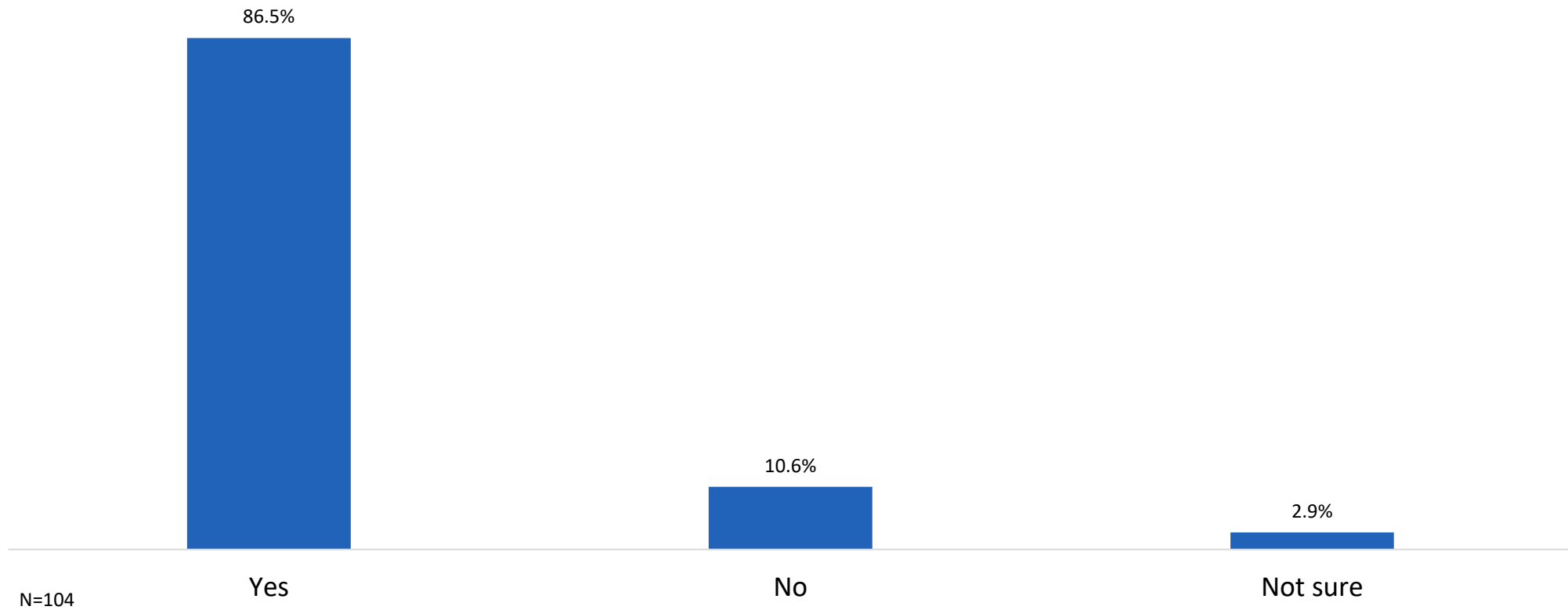


CSO Roles, Responsibilities and Challenges



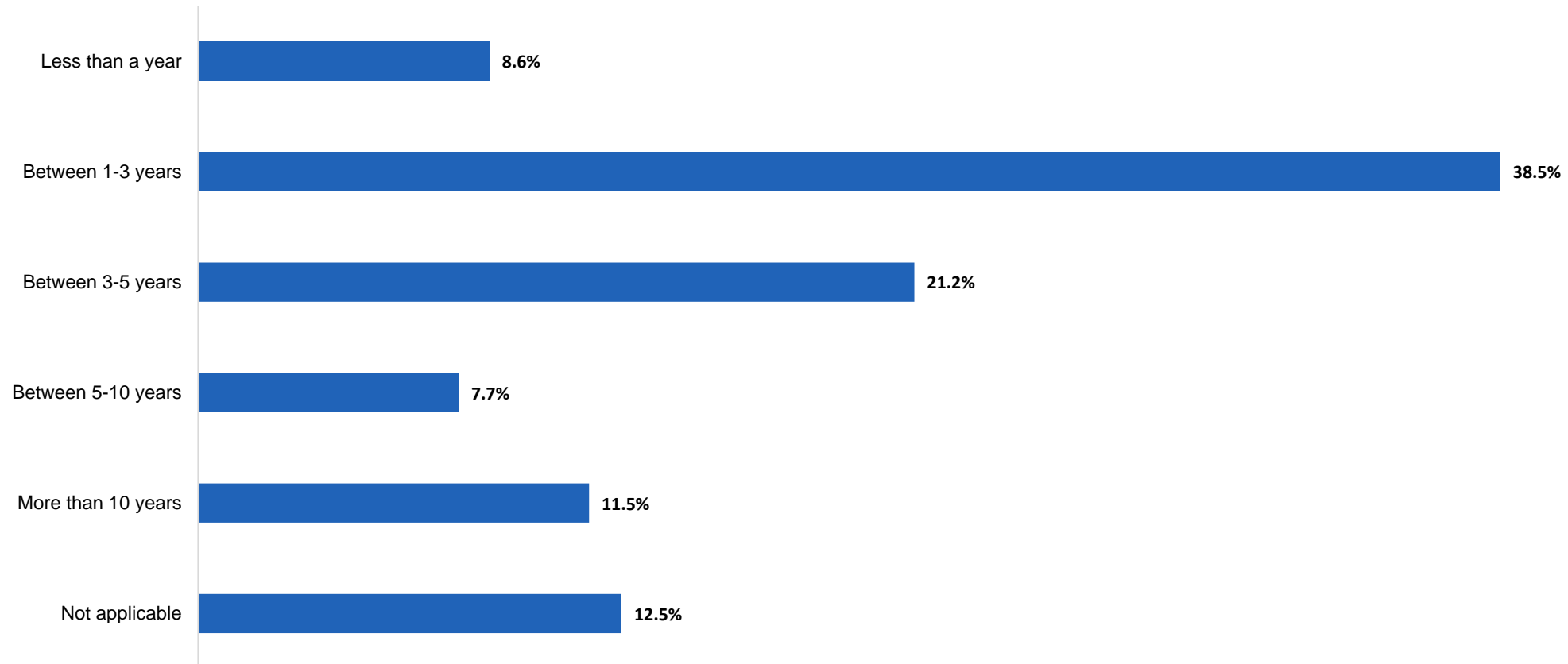
Most surveyed companies have a CSO or equivalent

Does your company have a CSO or equivalent? (Q1)



68% of surveyed companies have had CSOs for less than five years

How long have companies had a CSO (or equivalent position) (Q2)



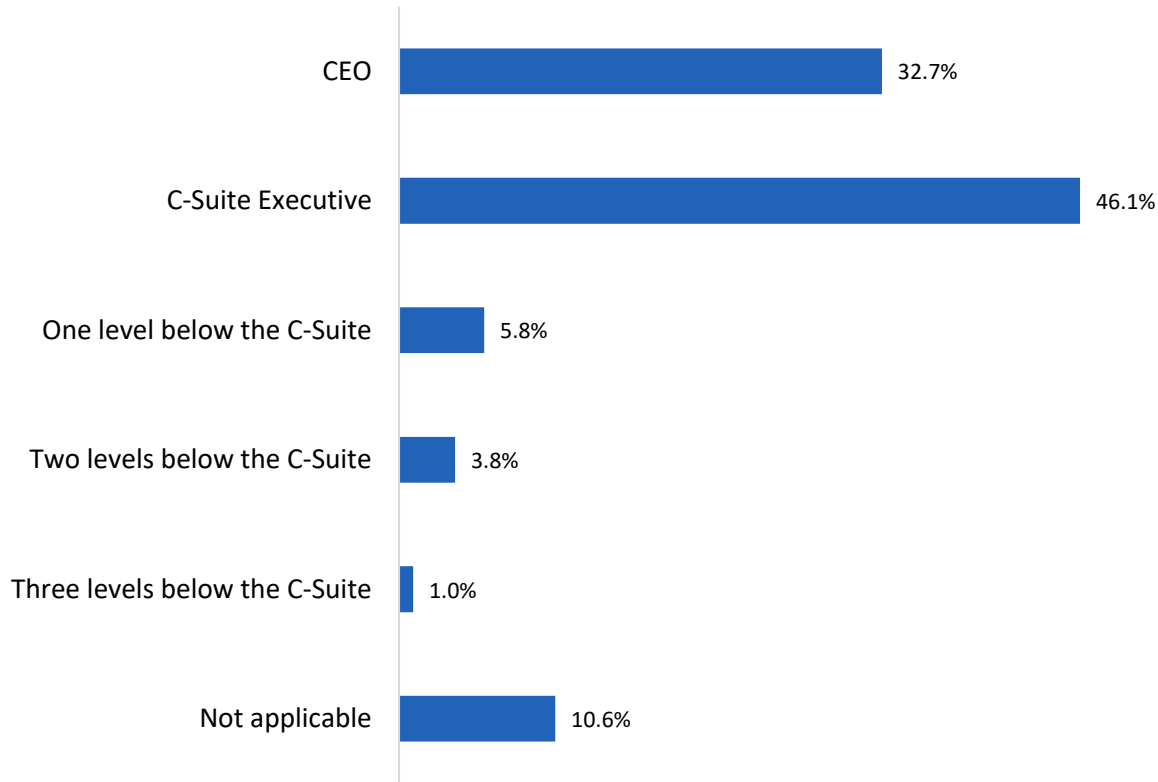
N=104



Most CSOs report to C-Suite Executives, followed by the CEO, but more CSOs report to the CEO than in 2021

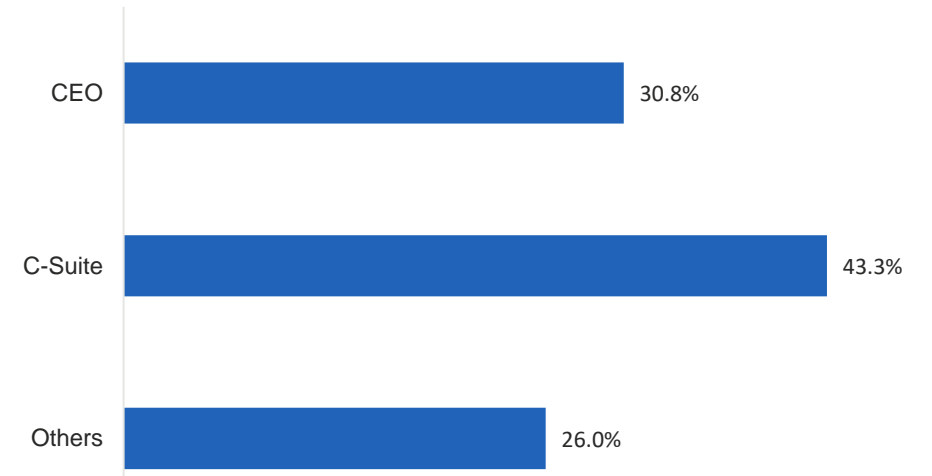
To whom do CSOs (or equivalent positions) report (Q3)

2024



N=104

2021

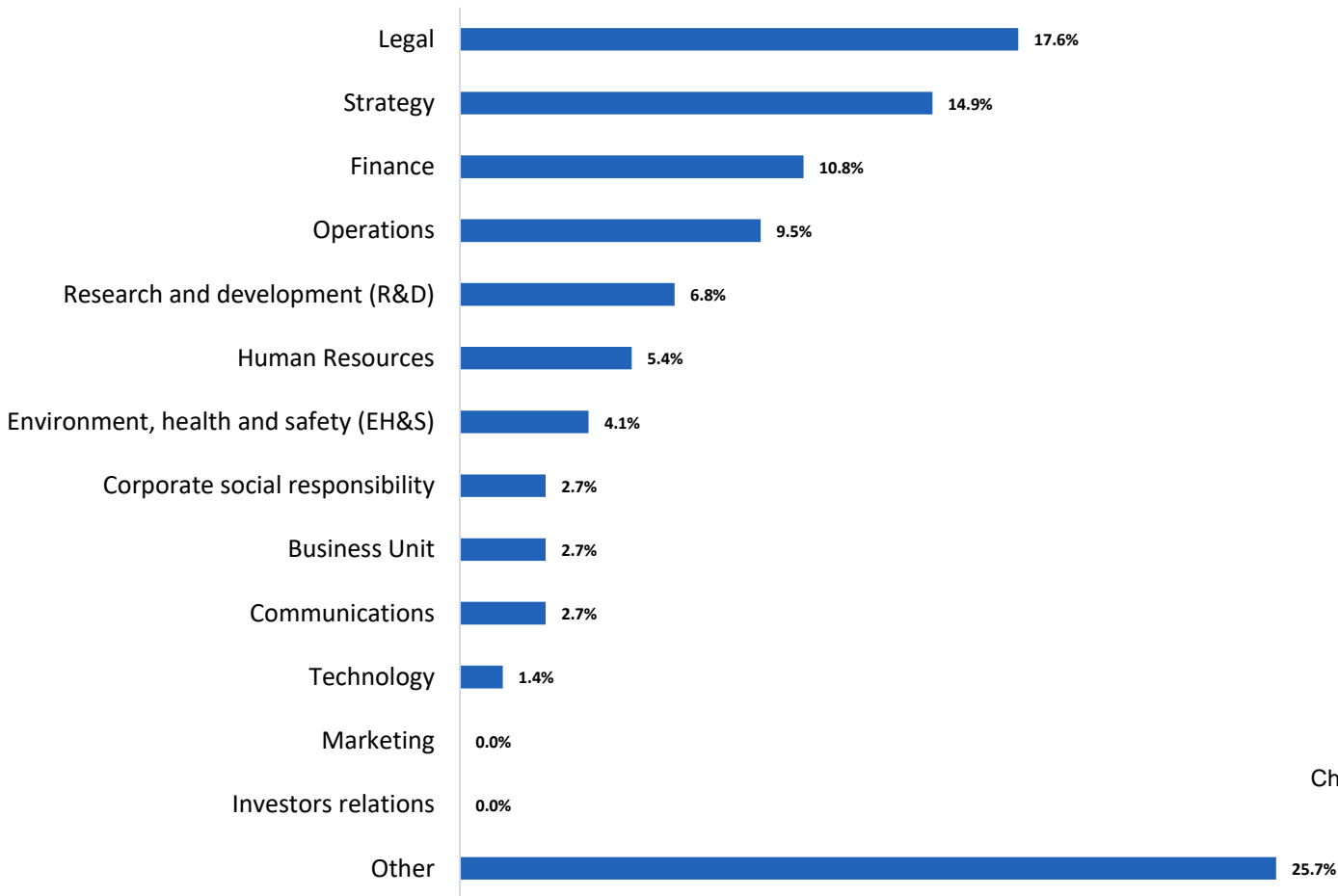


N=104



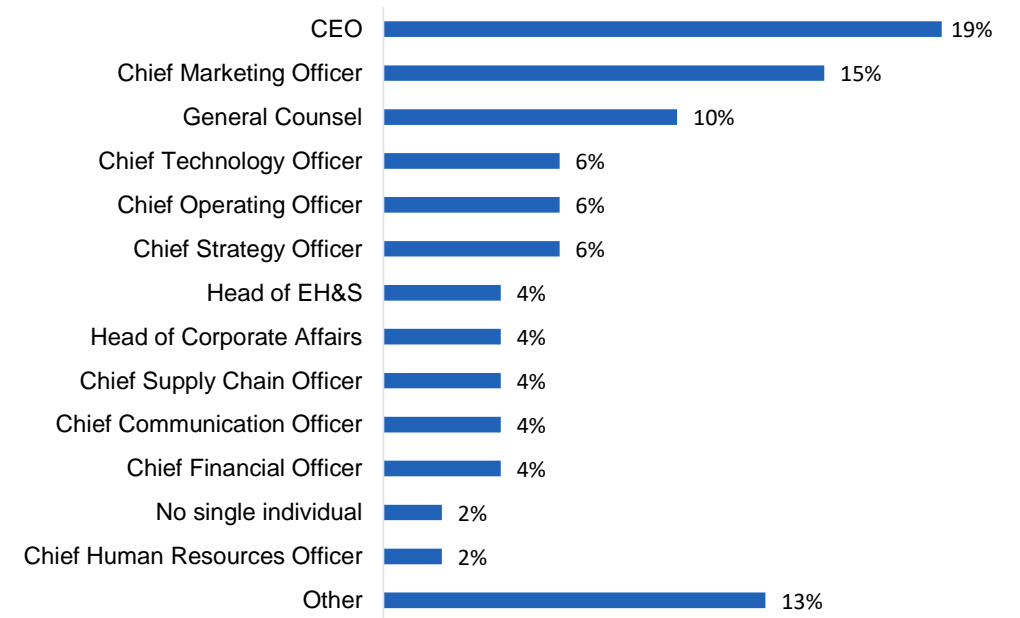
CSOs' functions are often part of legal, followed by strategy, finance and operations

2024: Functions CSOs (or equivalent) are part of when they are not a direct report to the CEO, or when they report to the CEO but wear a “dual hat” (Q4)



N=103

2021: To whom does the individual with primary responsibility for leading the company's sustainability initiatives report

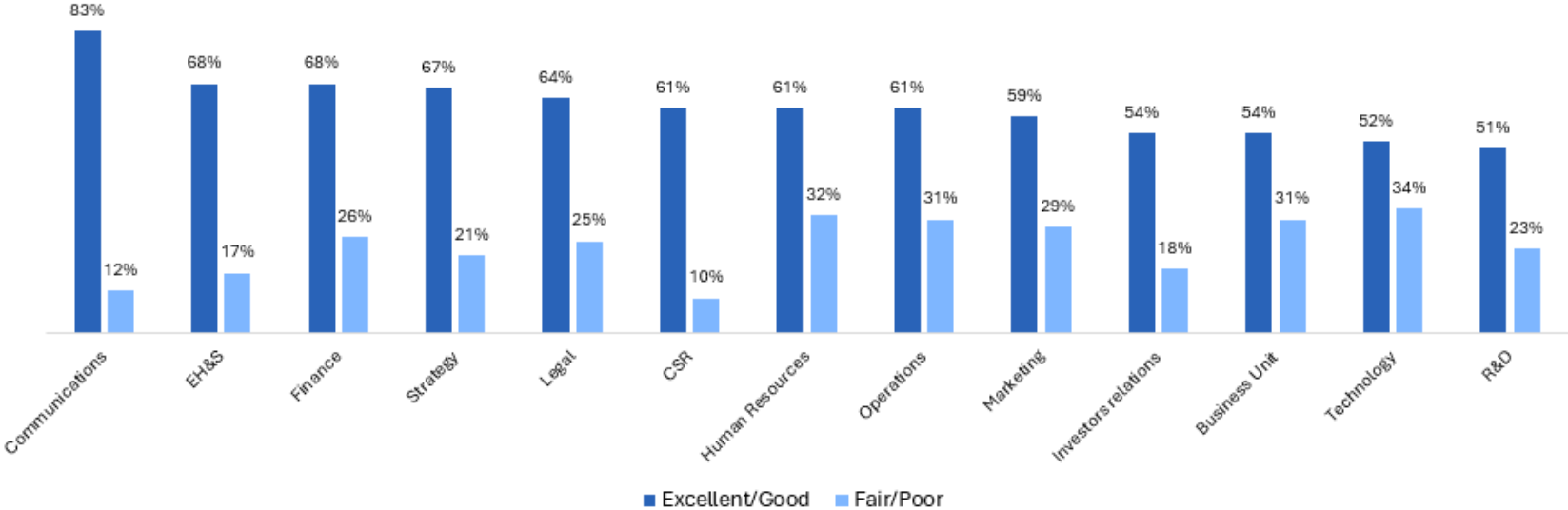


N=104



A majority of CSOs think they have a good/excellent collaboration with all constituencies. Collaboration with Communications is by far the strongest.

2024: Level of collaboration between CSOs and key departments or functions within their organization (Q5)



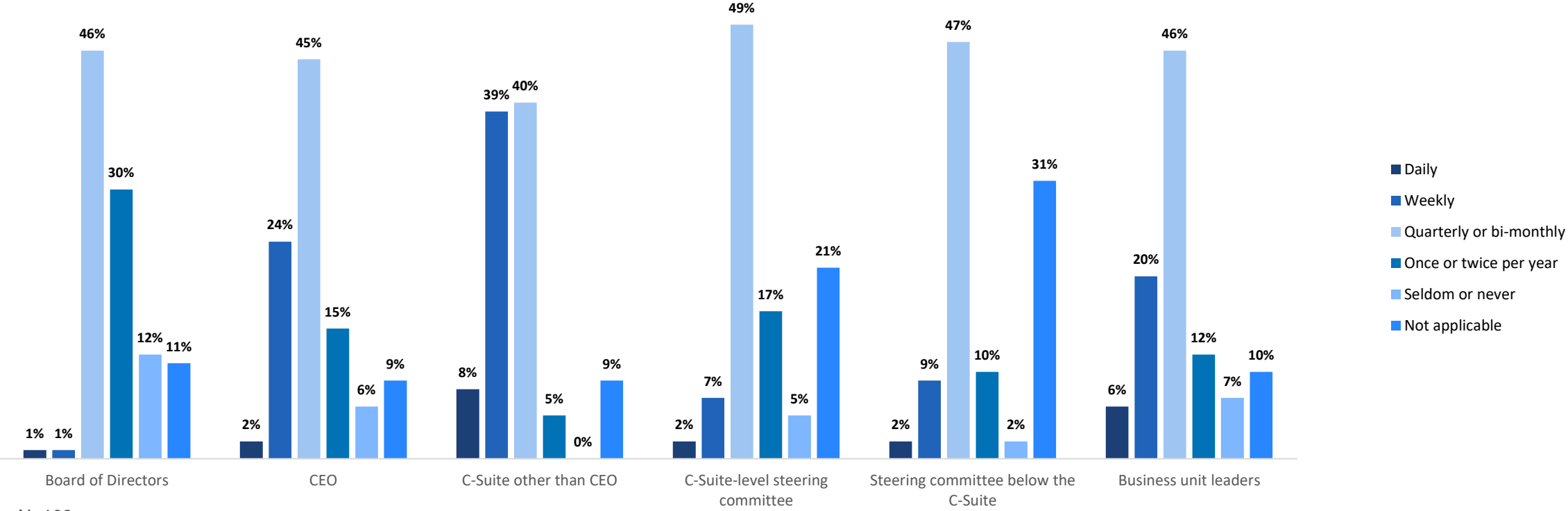
**Other and not applicable have not been included on this graph so the total, for each function, is not 100%.*

N=103



CSOs meet predominantly on a quarterly or bi-monthly basis with the various governance structures above and below them

Frequency of meetings between CSOs (or equivalent) and senior leadership (Q6)

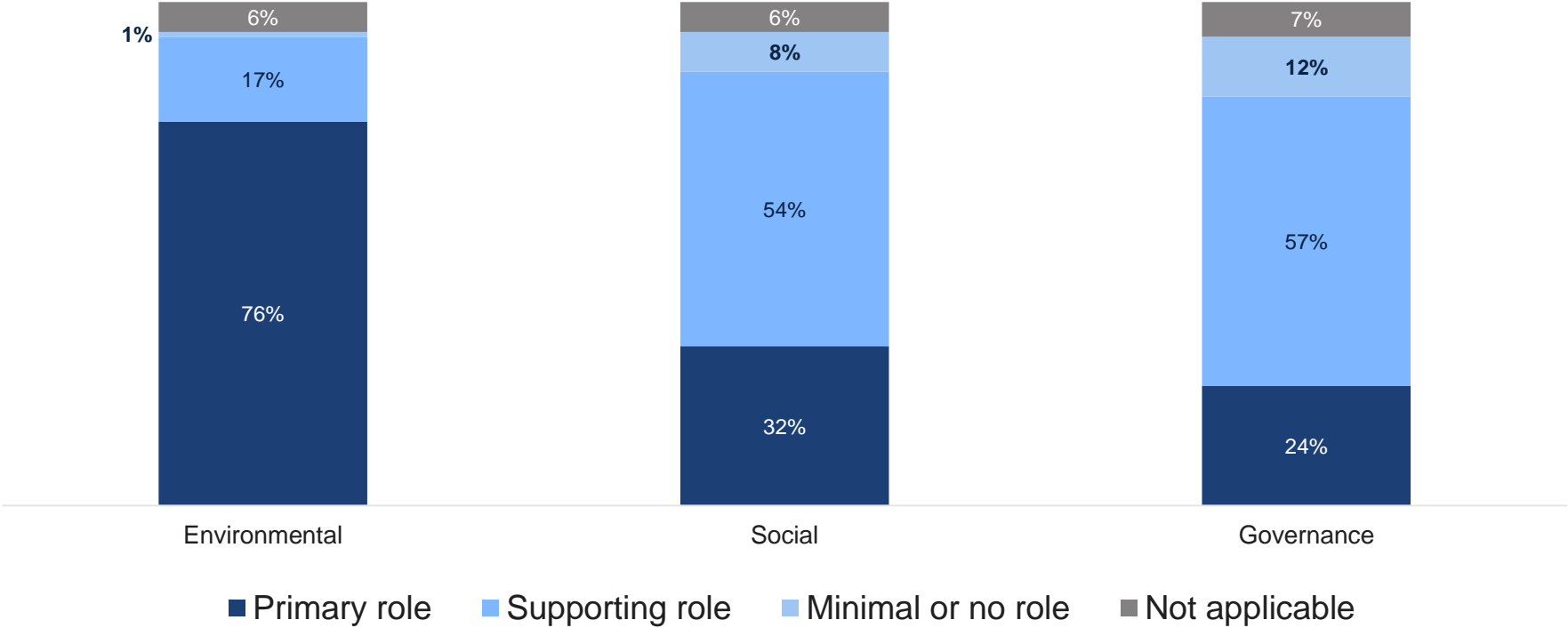


N=103



CSOs' responsibilities mostly focus on the environment, followed by social and governance areas

Level of responsibilities of CSOs (or equivalent) in ESG areas (Q7)

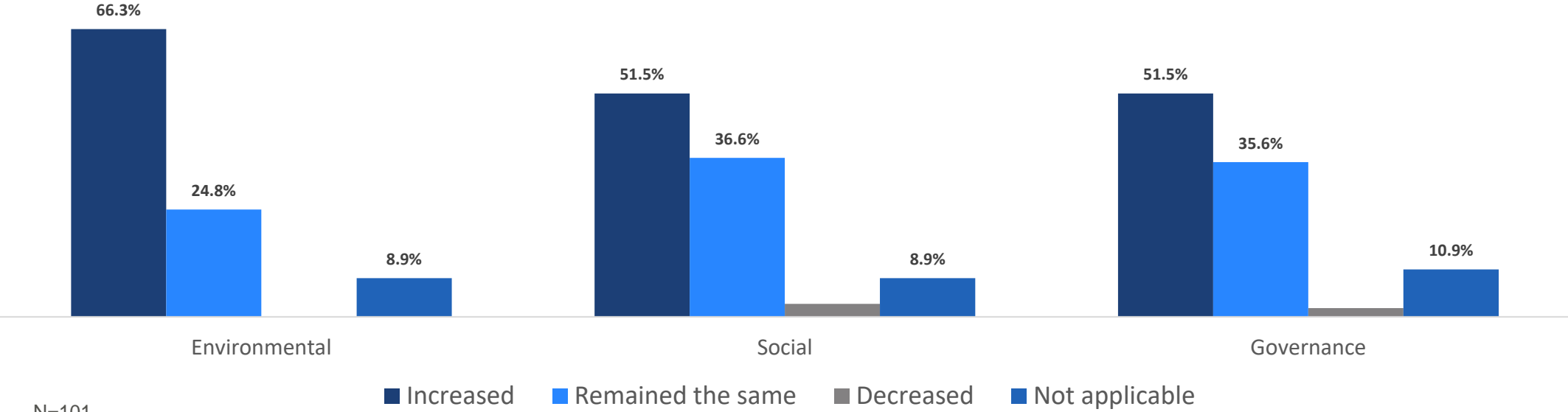


N=101



Over the past 5 years, CSOs have increased their attention to the ‘E’, the ‘S’ and the ‘G,’ with a stronger focus on the ‘E’

Evolution of CSOs’ focus on environment, social and governance topics over the past 5 years (Q8)

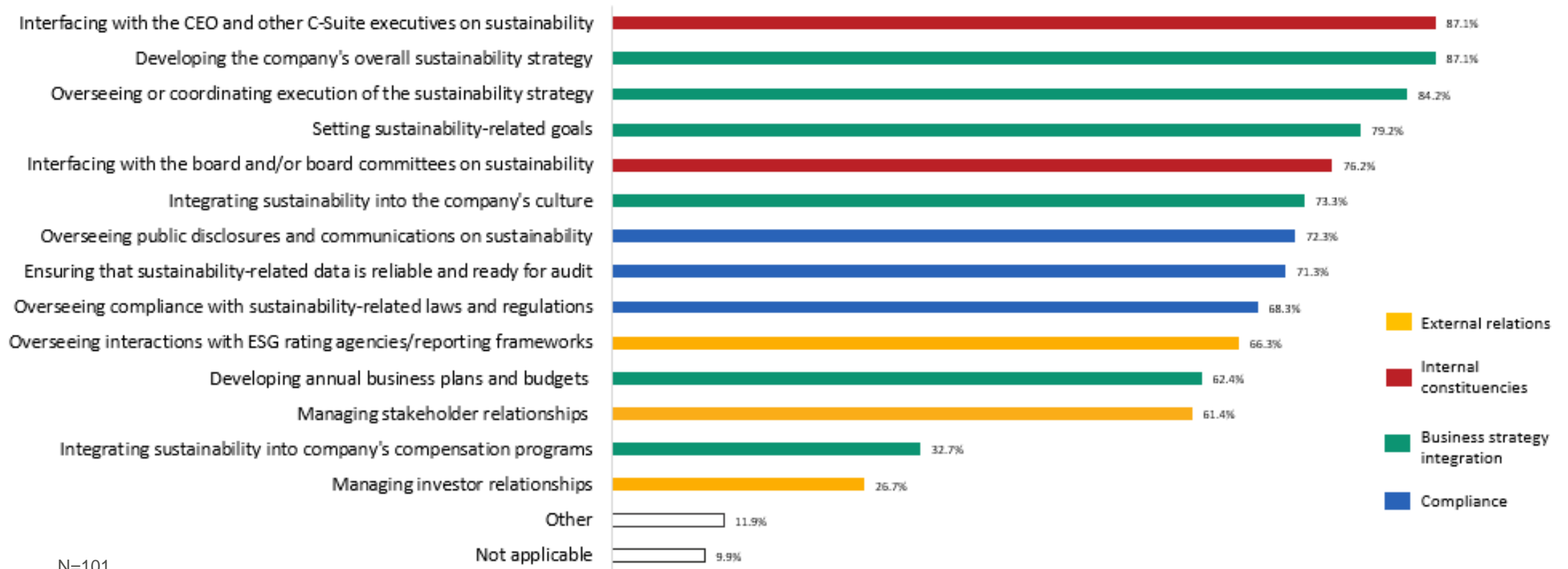


N=101



Engaging with internal constituencies and working on business strategy integration are key responsibilities for most CSOs

Key responsibilities of CSOs (or equivalent) (Q9)



N=101



CSOs still spend most of their time developing/executing strategies and managing their team, but spend more time than in 2021 on ensuring compliance

2024: Areas CSOs primarily allocate their time (Q10)



N=95

2021: Areas CSOs spend most time on

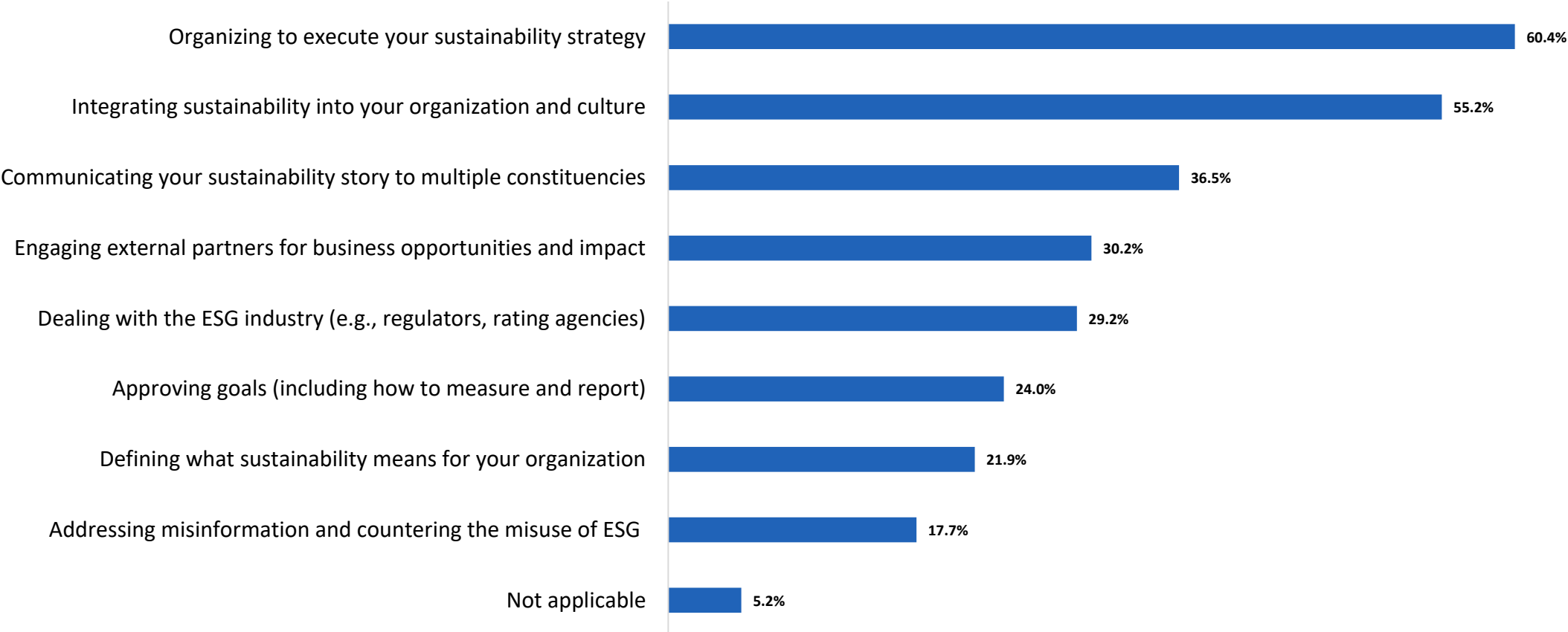


N=104



While CSOs spend most of their time developing/executing strategies, organizing to execute their sustainability strategy is their top challenge

Most significant challenges that will influence the responsibilities of CSO in the next 3 to 5 years (Q11)



N=95



87% of respondents expect that the responsibilities of CSOs will increase in the next 3 to 5 years

Foreseen evolution of the responsibilities of CSOs (or equivalent) in the next 3 to 5 years (Q12)



N=95



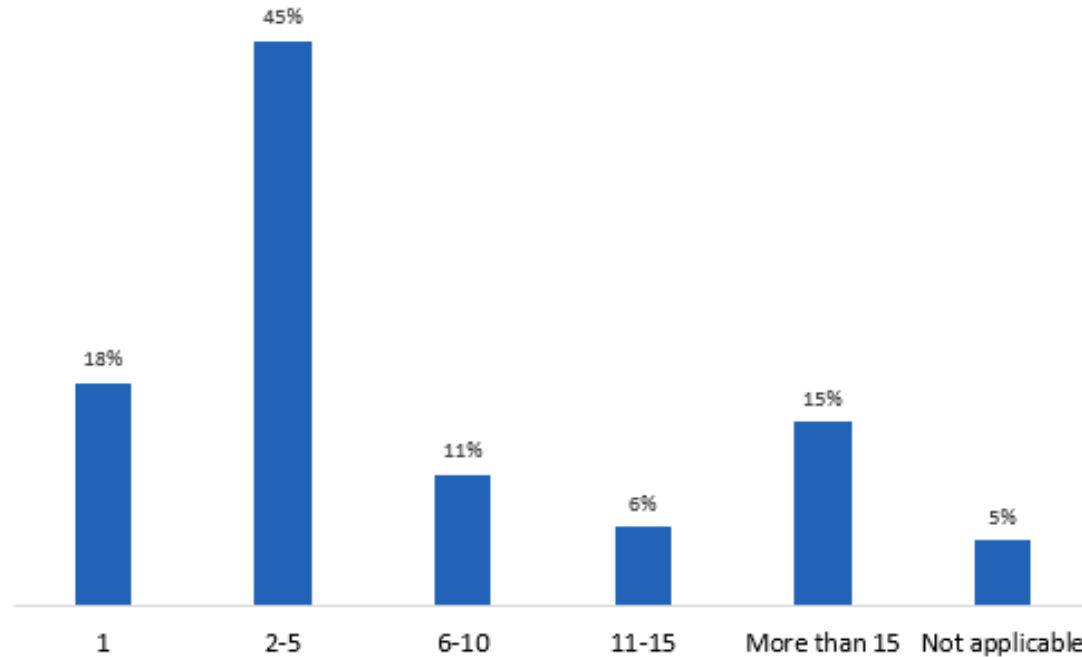
Sustainability Team



Most respondents to the survey operate with small central sustainability teams (between 2-5 FTEs)

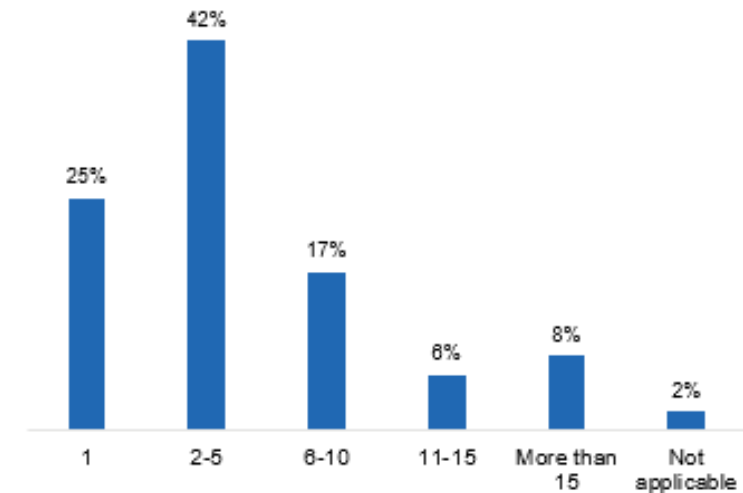
Number of FTEs currently part of central sustainability teams (Q13)

2024



N=92

2021 (US)

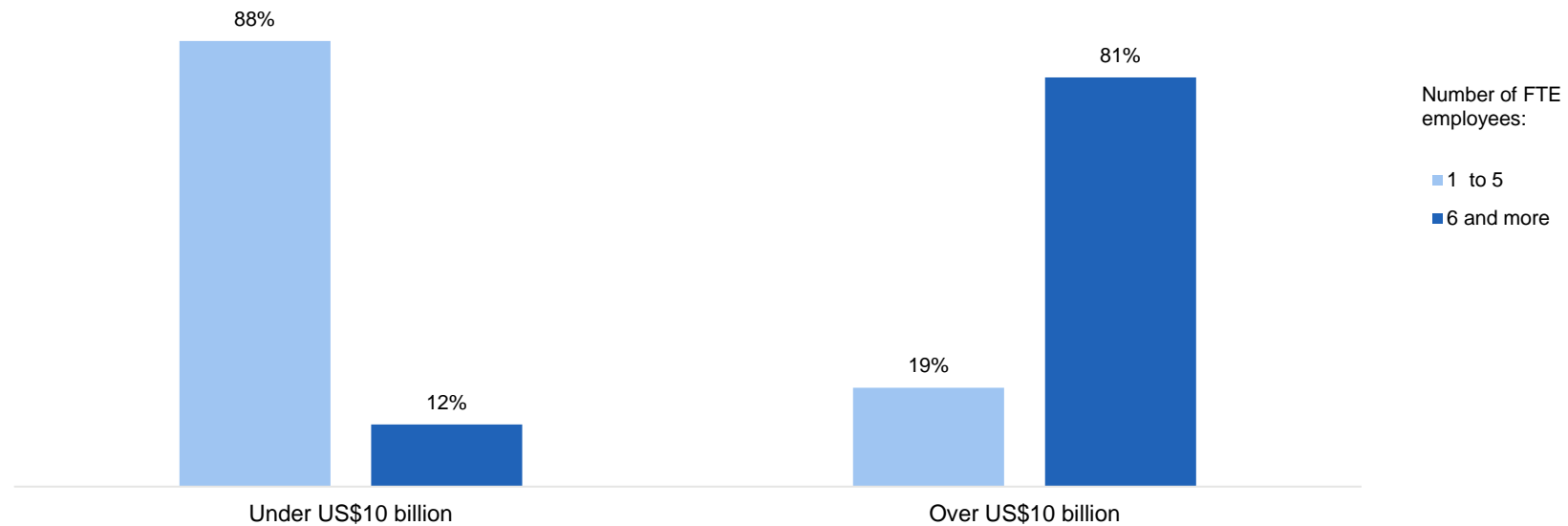


N=103



However, bigger companies tend to have bigger central sustainability teams

Number of FTEs currently part of central sustainability teams (Q13) vs companies' annual revenue for FY 2023 (Q33)

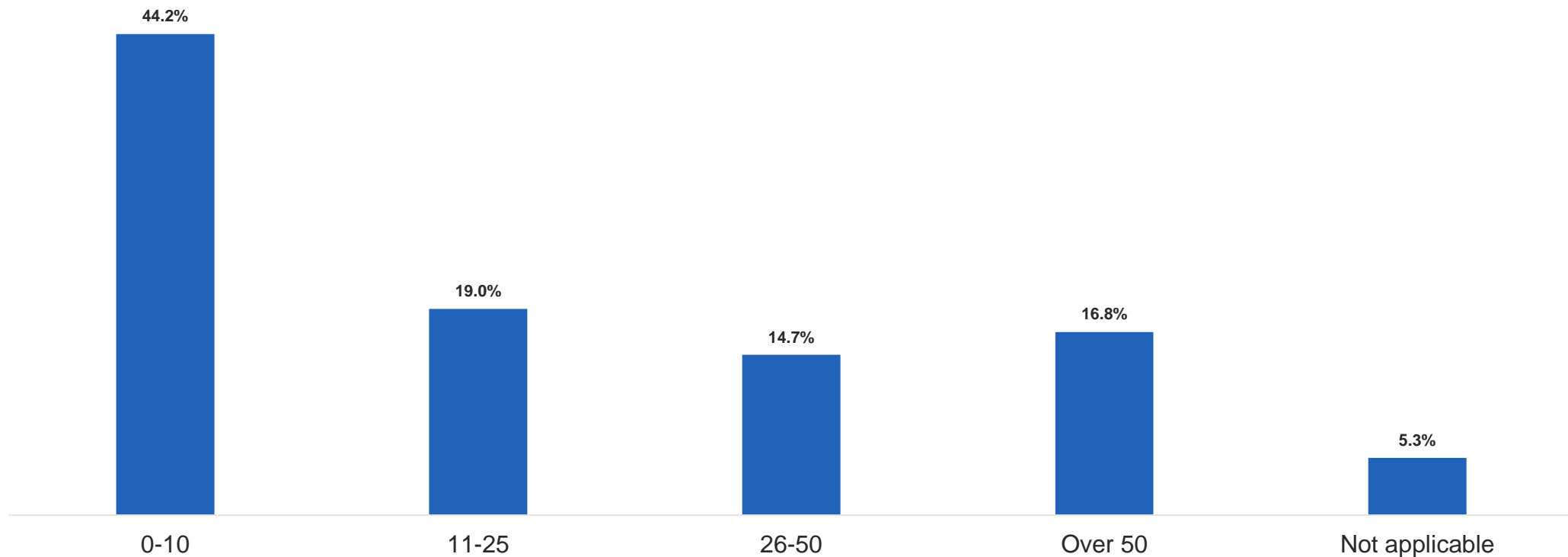


N=85



In addition to their central sustainability team, most companies have between 0-10 FTEs working on sustainability in their entire organization

Number of FTEs in the entire company that work on sustainability (excluding the central sustainability team) (Q14)

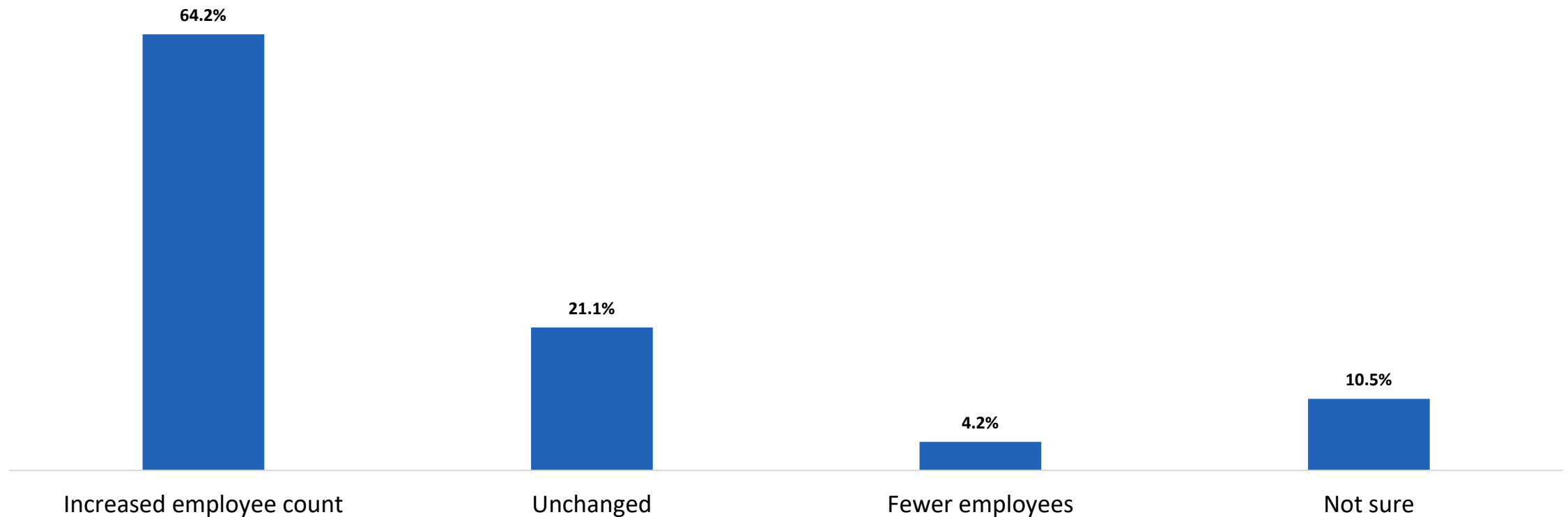


N=92



64% of respondents think the number of FTEs working on sustainability across their organization will increase in the next 3-5 years

Anticipated change in the number of FTEs working on sustainability over the next 3 to 5 years (Q15)



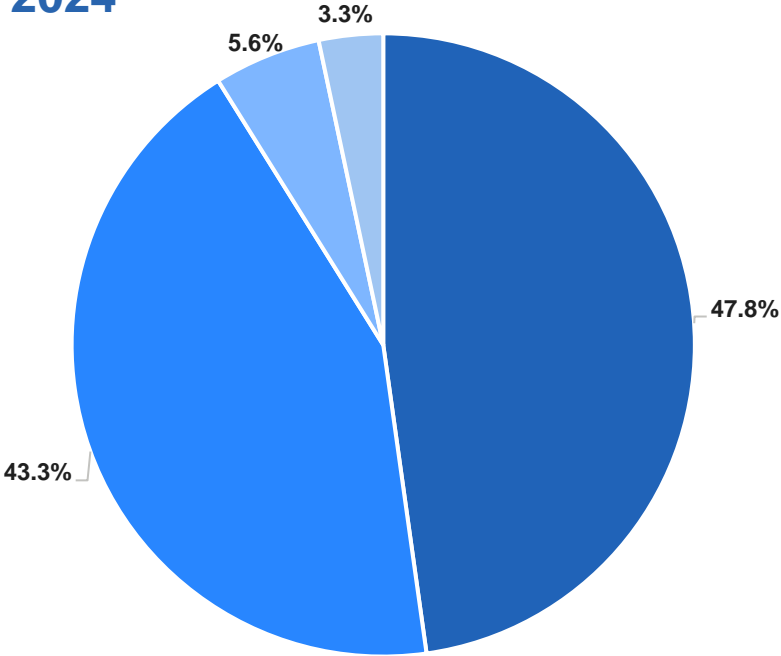
N=92



Companies primarily use the hub-and-spoke approach, followed by a centralized approach, to address sustainability

How companies' core sustainability teams interact with the rest of the organization (Q16)

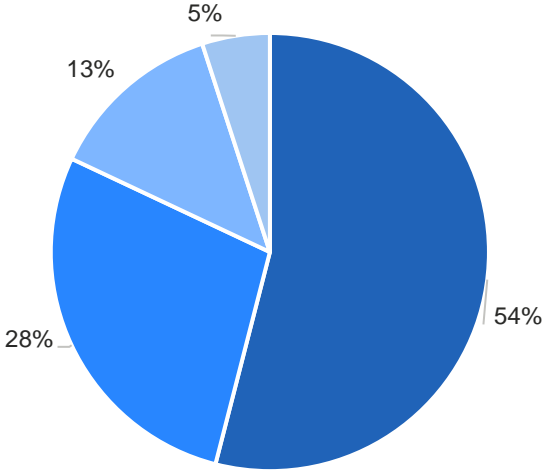
2024



■ Hub-and-spoke ■ Centralized ■ Decentralized ■ Other

N=87

2021

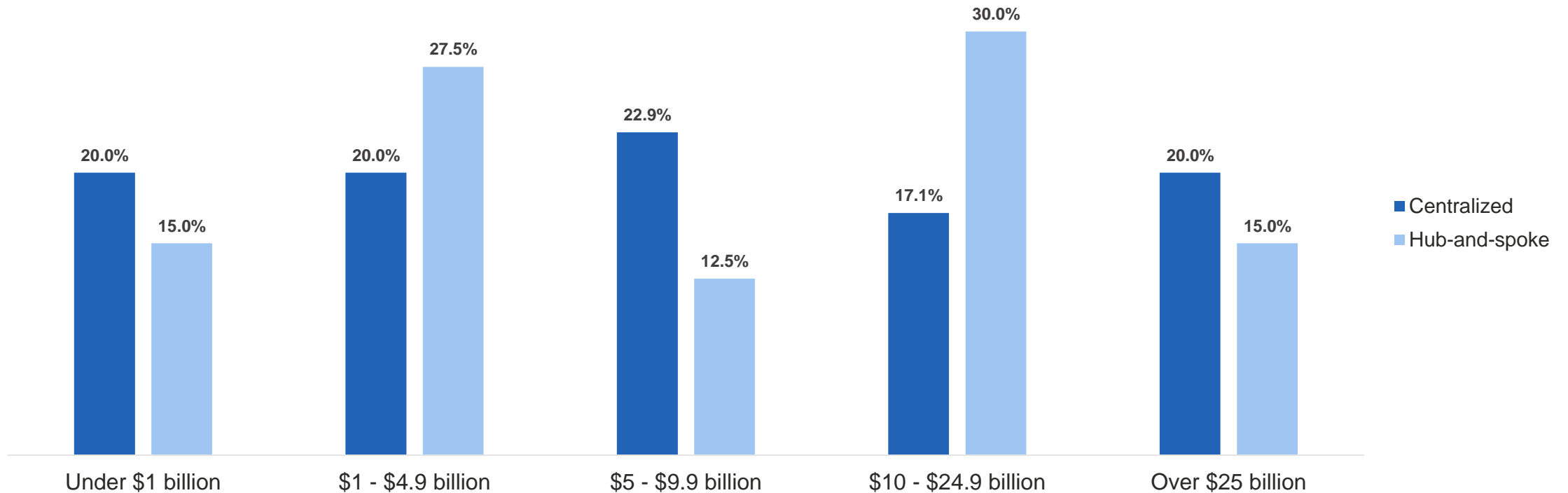


■ Hub-and-spoke ■ Centralized ■ Decentralized ■ Other



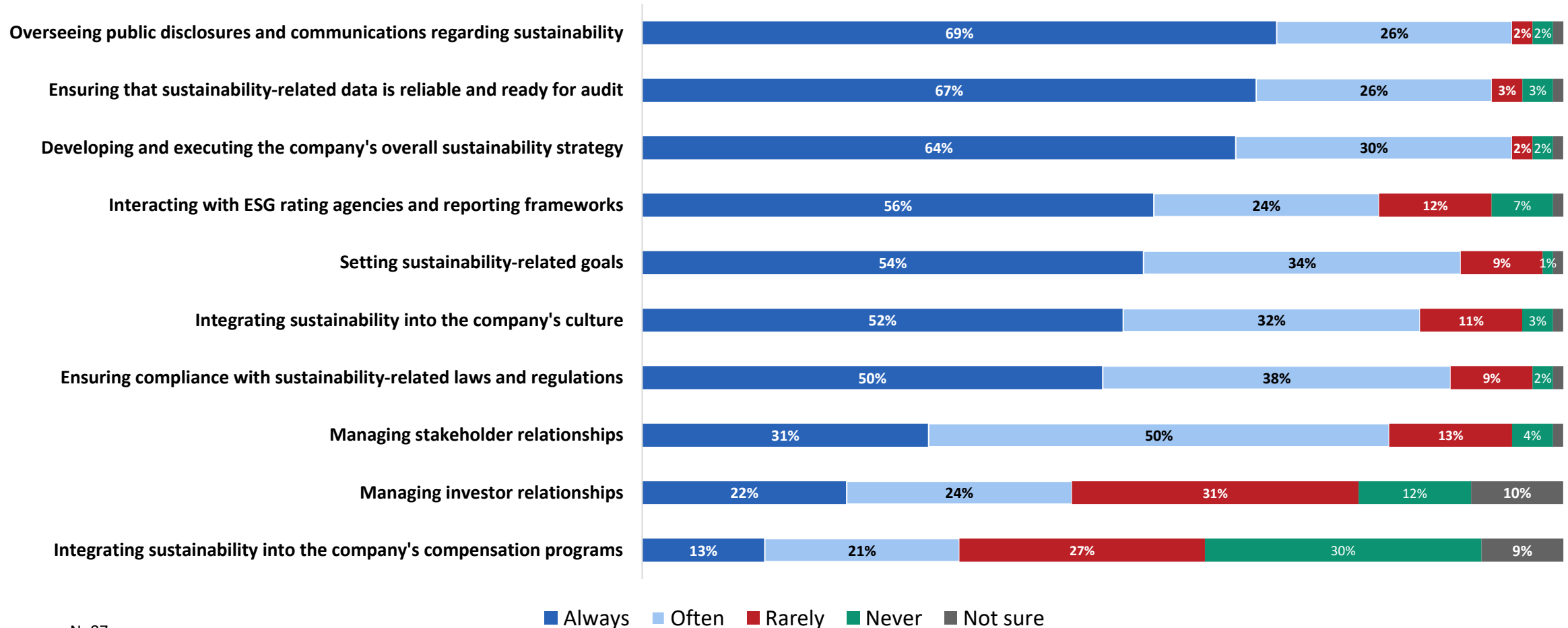
The adoption of a hub-and-spoke or centralized approach to sustainability appears to be independent of companies' size

How companies' core sustainability teams interact with the rest of the organization (Q16) vs size of companies (Q33)



Central sustainability teams mainly focus on overseeing public disclosures and ensuring that sustainability-related data is reliable and ready for audit

Key responsibilities of companies' central sustainability teams (Q17)

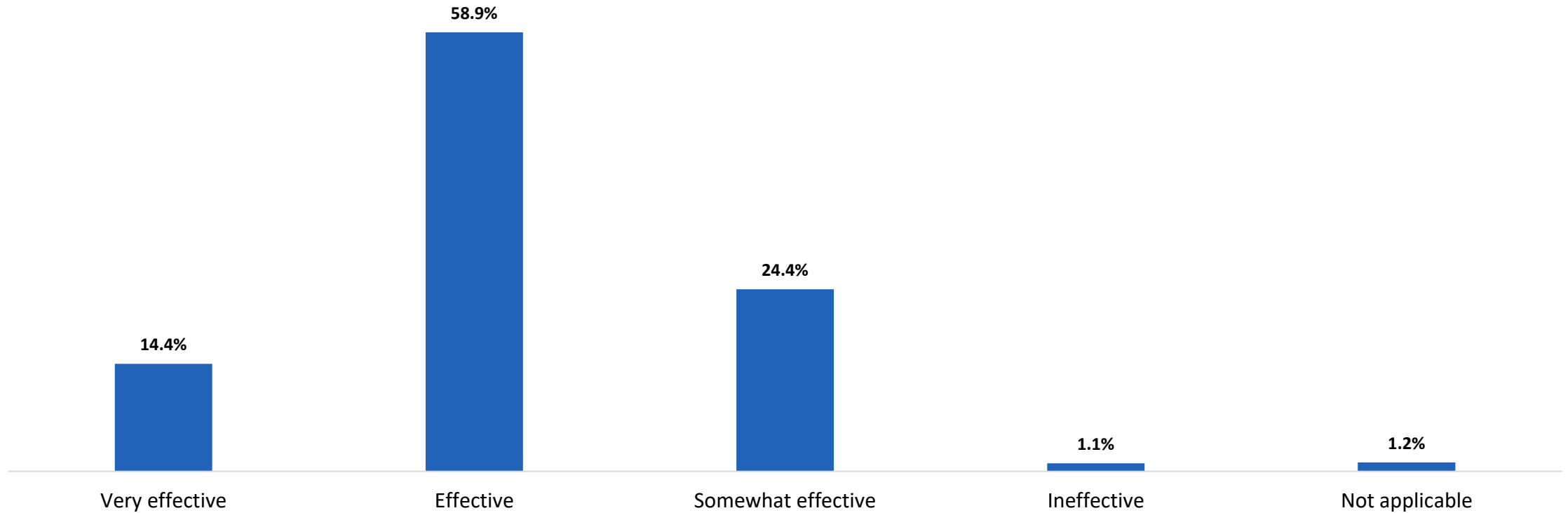


N=87



73% of respondents perceive their central sustainability teams as very effective or effective

Perceived effectiveness of central sustainability teams in fulfilling their responsibilities? (Q18)

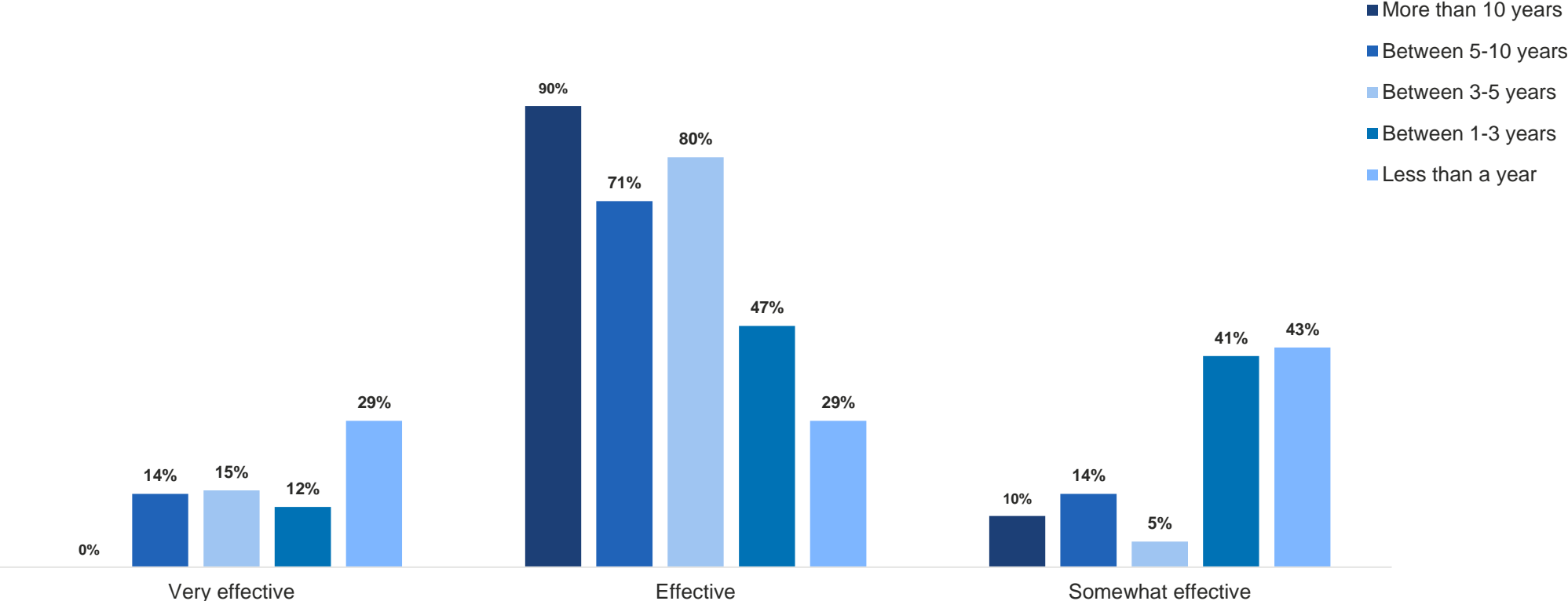


N=87



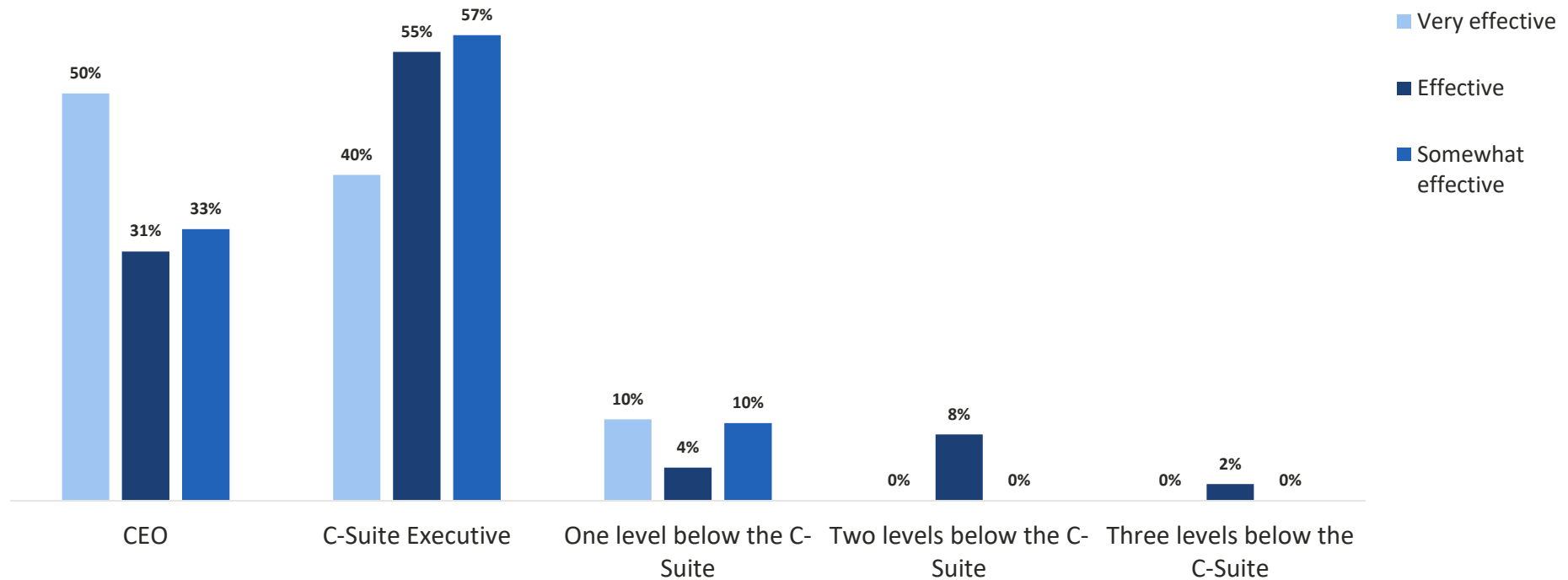
Companies that have had a CSO for a longer time seem to also have more effective sustainability teams

Perceived effectiveness of central sustainability teams in fulfilling their responsibilities (Q18) vs how long the company has had a CSO (Q2)



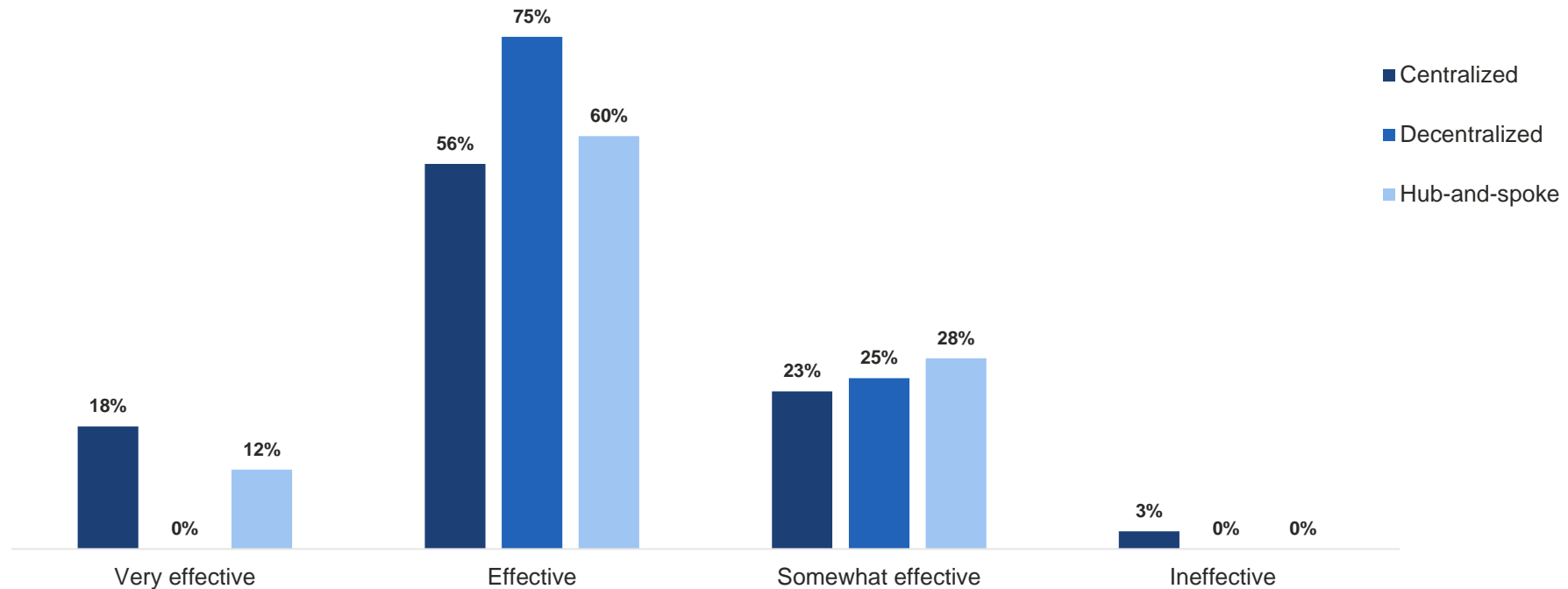
Central sustainability teams are more effective when their CSO reports to the CEO or to the C-Suite (*Very effective/Effective*)

Perceived effectiveness of central sustainability teams in fulfilling their responsibilities (Q18) vs to whom the CSO reports (Q3)



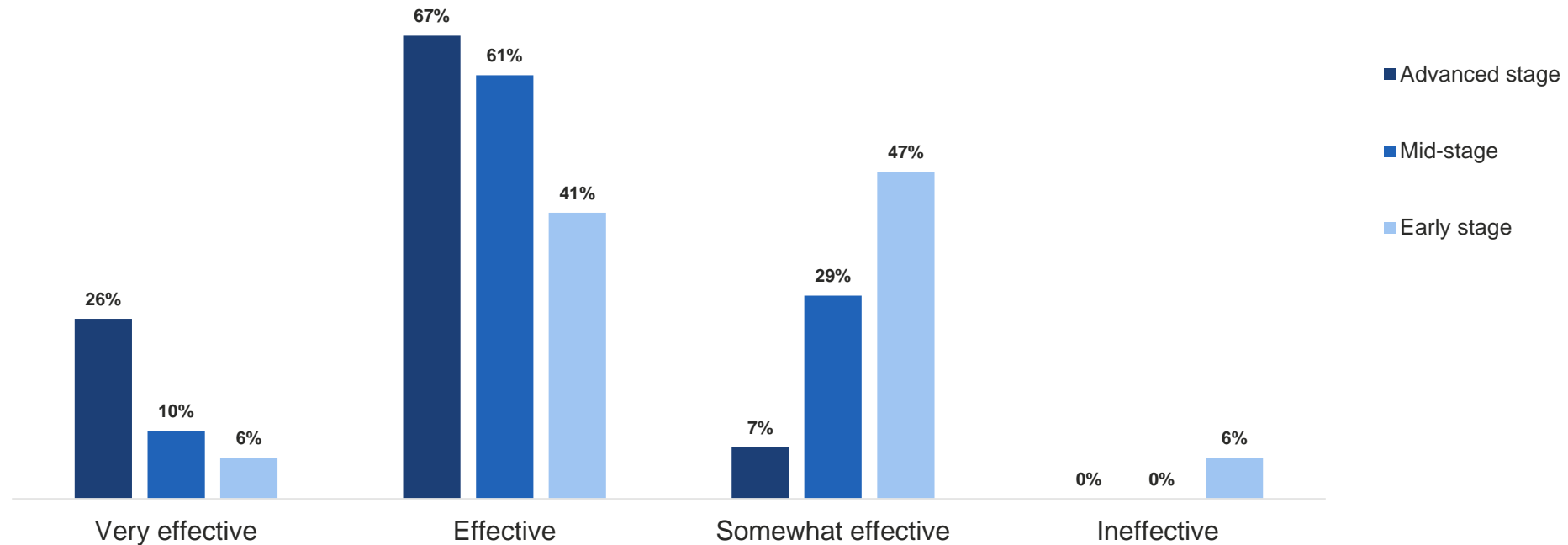
Each type of organizational approach (hub-and-spoke, decentralized and centralized) can be effective

Perceived effectiveness of central sustainability teams in fulfilling their responsibilities (Q18) vs how those teams interact with the rest of the organization (Q16)



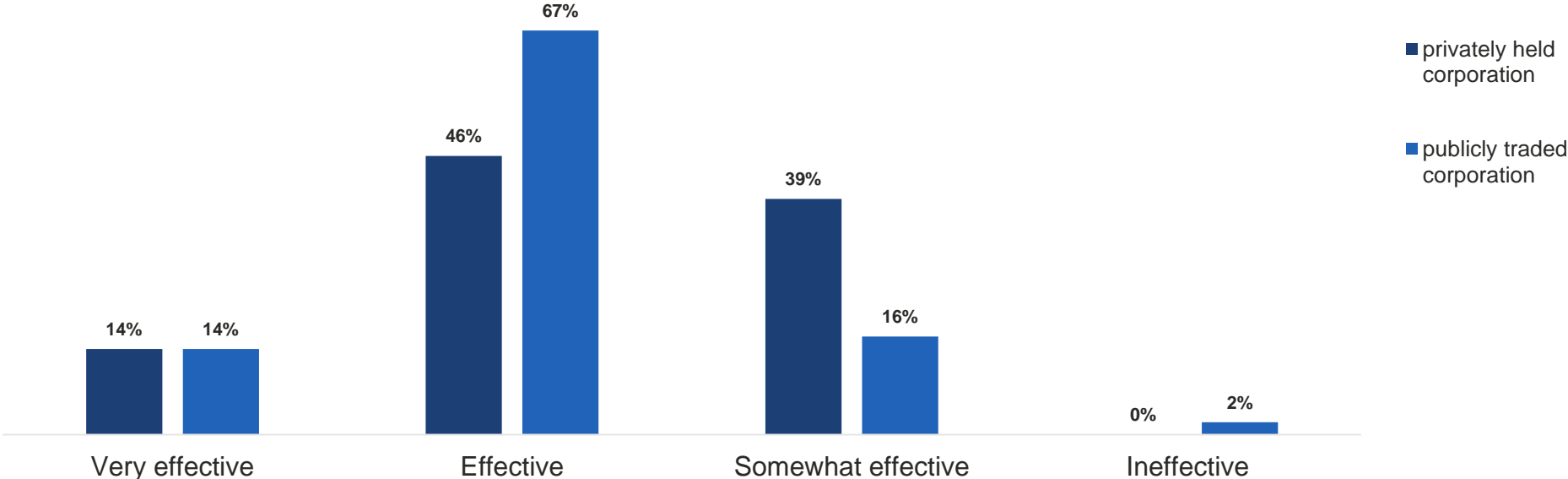
Companies that have a more mature sustainability program seem to have more effective central sustainability teams

Perceived effectiveness of central sustainability teams in fulfilling their responsibilities (Q18) vs maturity of the program (Q27)



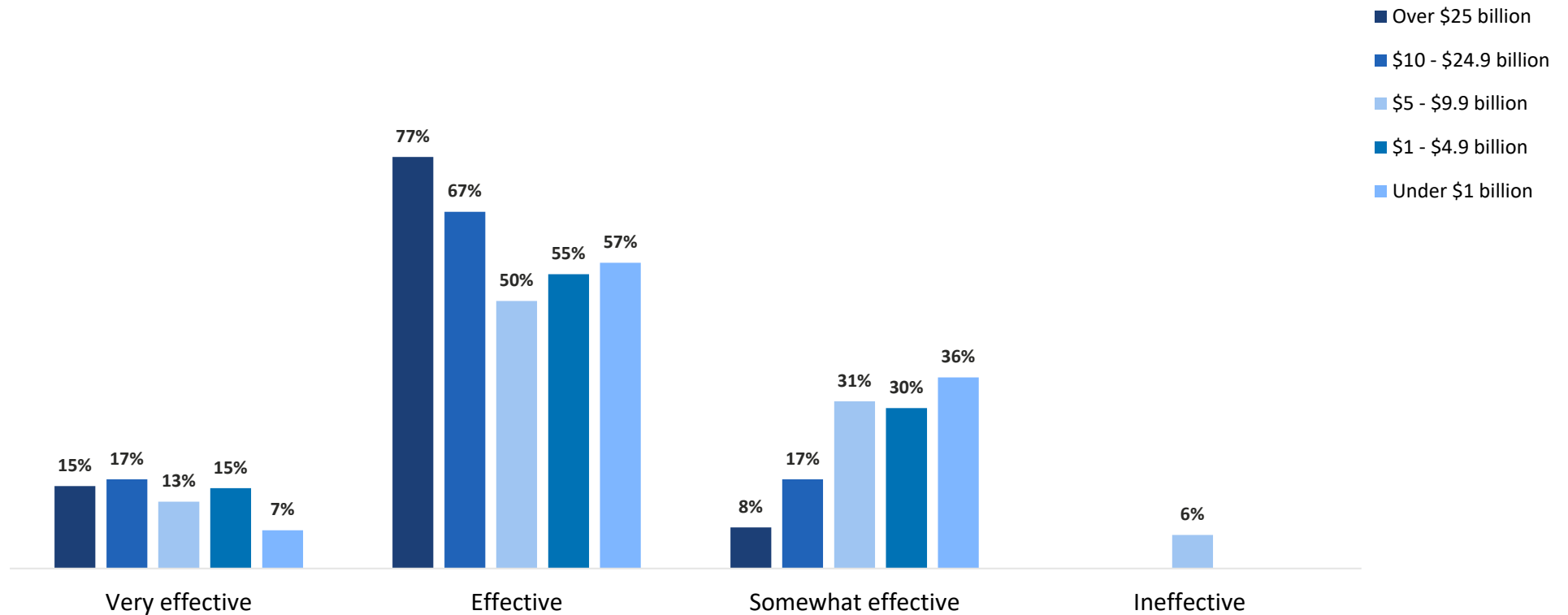
Publicly traded companies are ahead of privately held companies in terms of the effectiveness of their central sustainability teams

Perceived effectiveness of central sustainability teams in fulfilling their responsibilities (Q18) vs type of company (Q32)



Larger companies tend to have more effective central sustainability teams than smaller ones

Perceived effectiveness of central sustainability teams in fulfilling their responsibilities (Q18) vs companies' annual revenue for FY 2023 (Q33)

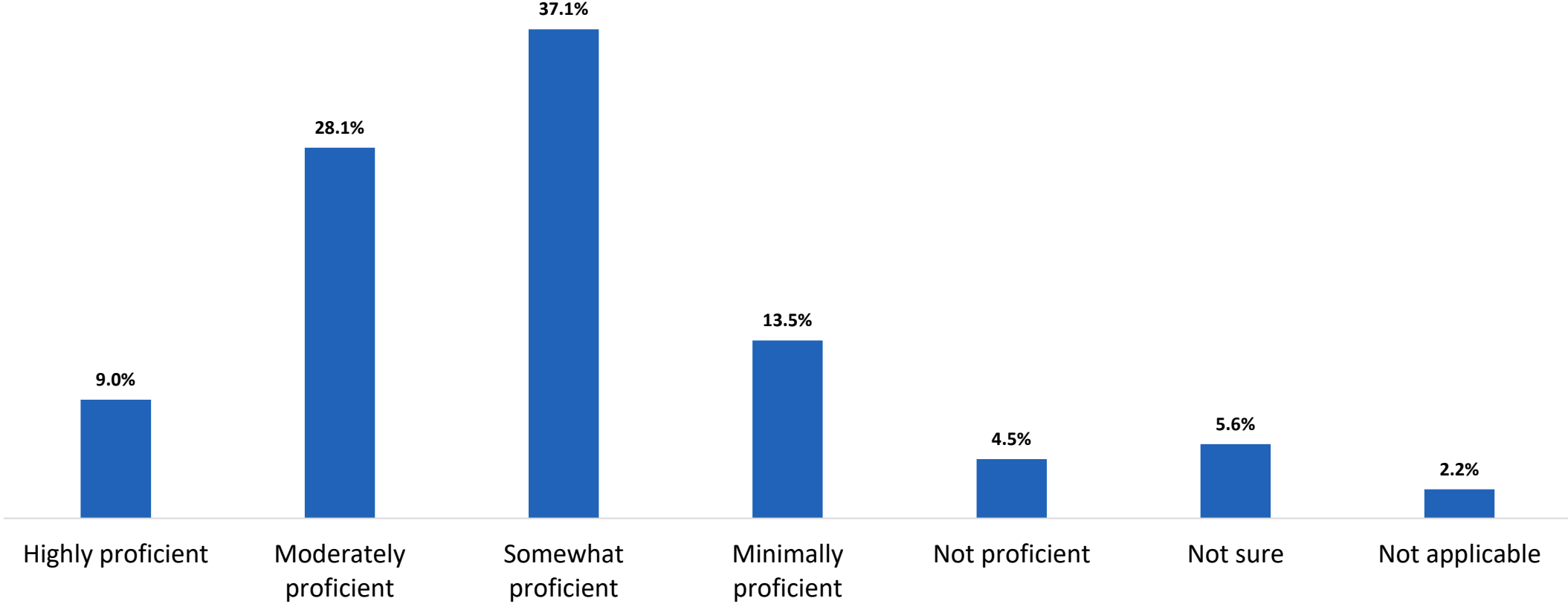


Governance/Steering Committees



Most companies think their board is somewhat/moderately proficient on ESG/Sustainability matters

Perceived proficiency of companies' boards on ESG/Sustainability matters (Q19)

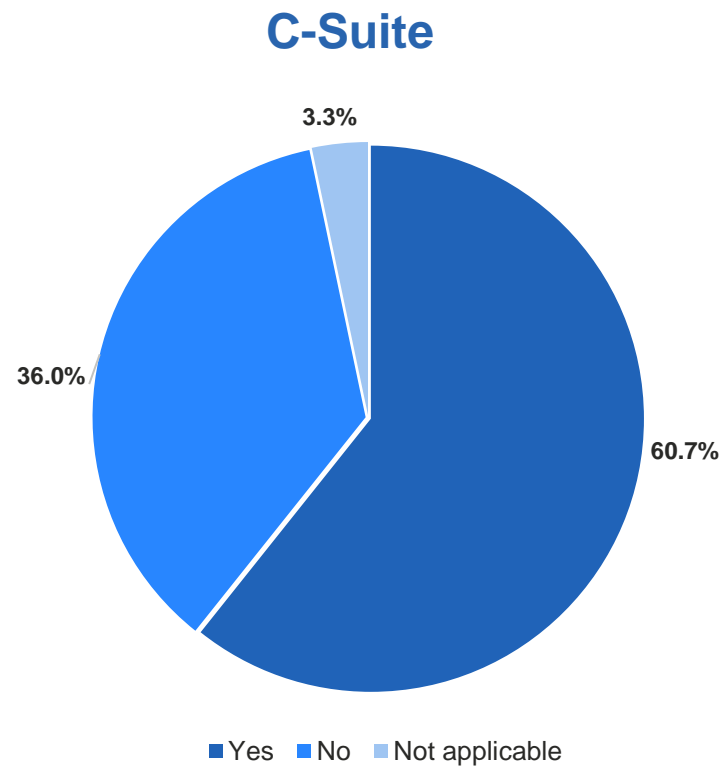


N=86

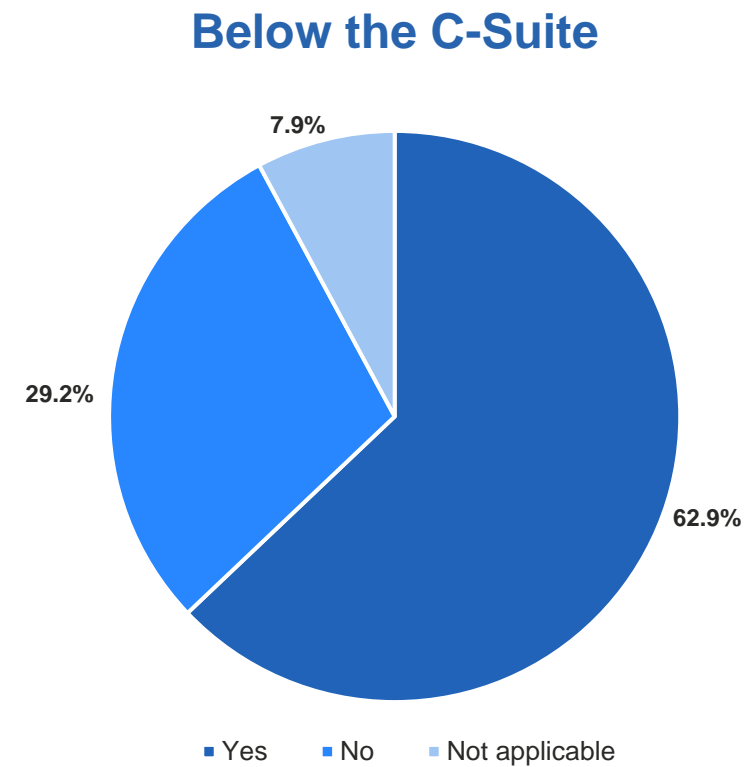


61% of companies have a steering committee dedicated to ESG/Sustainability at the C-Suite level, while 63% have a steering committee one or two steps below the C-Suite

Steering committees (or equivalent bodies) at the C-Suite level and one or two steps below the C-Suite dedicated to ESG/sustainability (Q20, Q22)



N=86

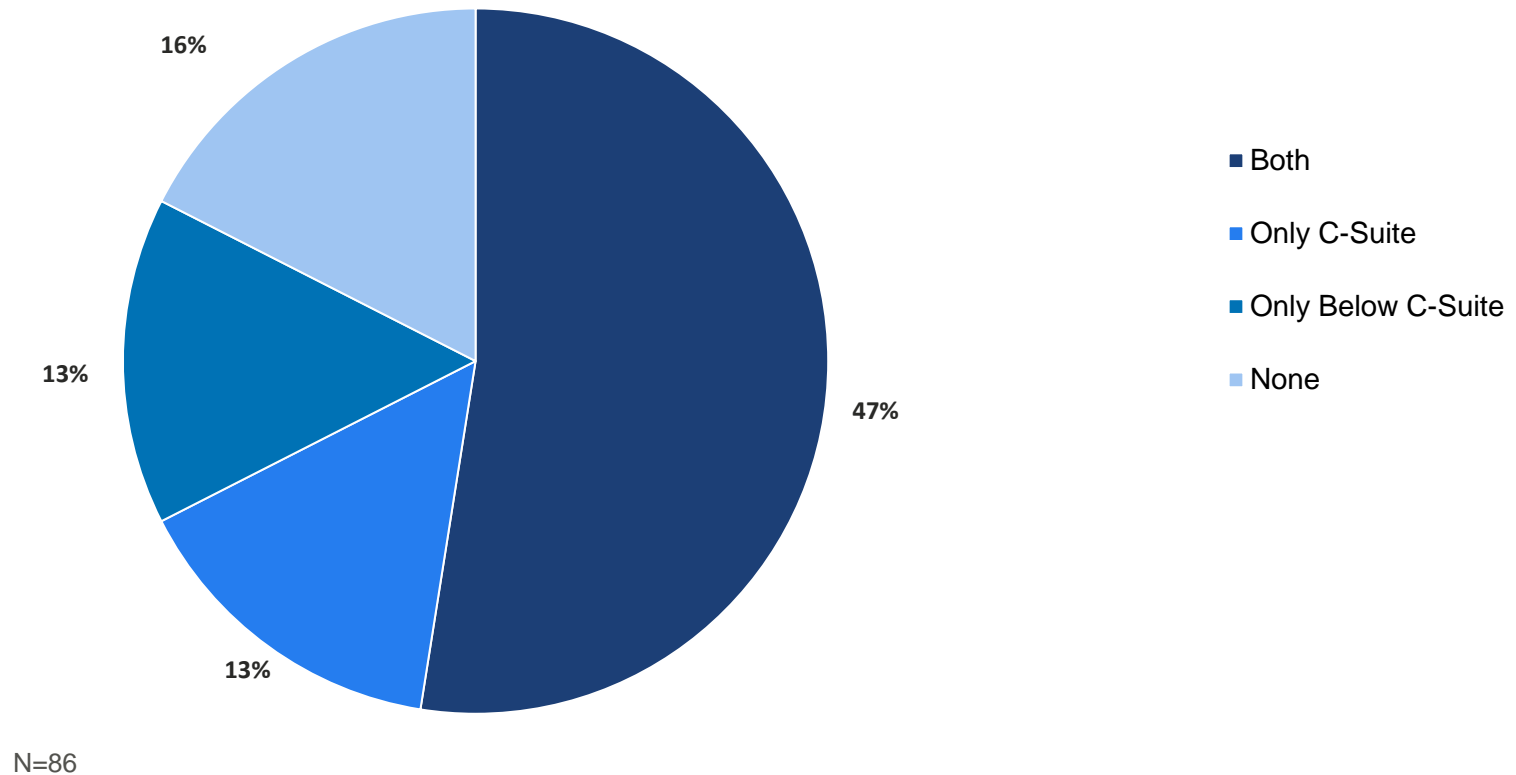


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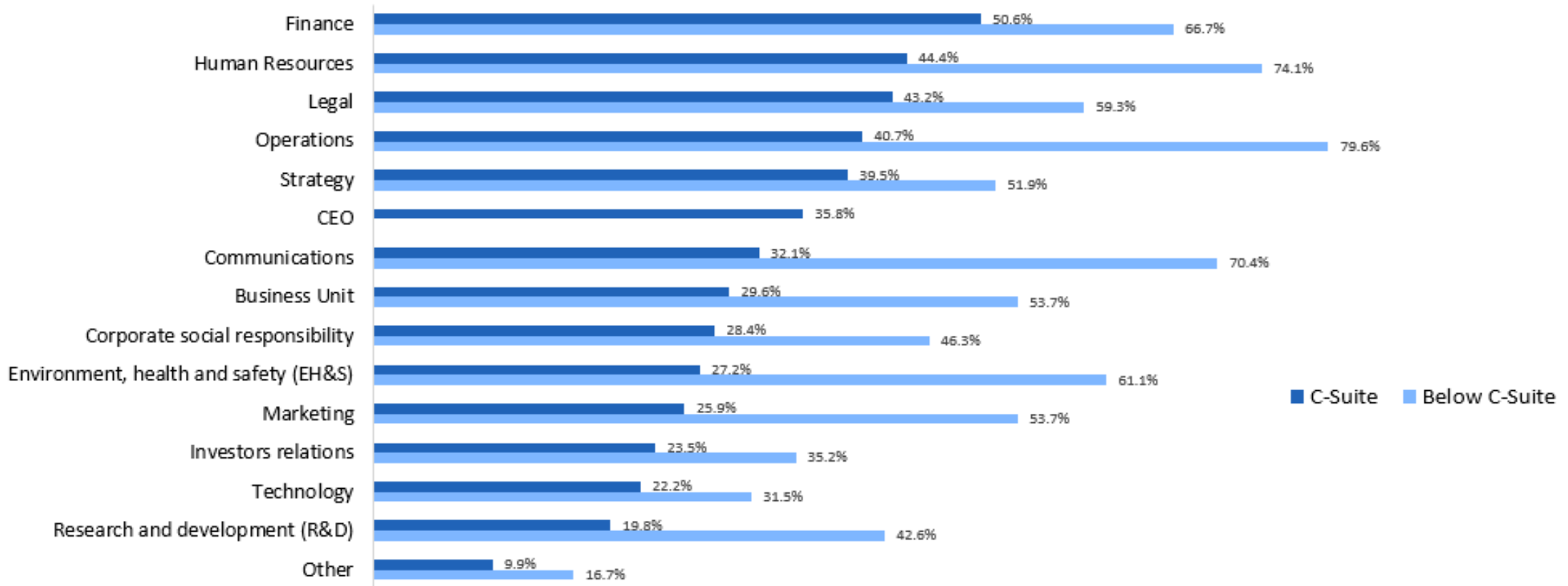
47% of companies have steering committees both at the C-Suite level and below the C-Suite

Steering committees (or equivalent bodies) at the C-Suite level and one or two steps below the C-Suite dedicated to ESG/Sustainability (Q20, Q22)



Companies have a variety of functions represented on their steering committees with finance being well represented

Functions represented on the sustainability steering committees at the C-suite level and below the C-Suite (companies with steering committees only) – (Q21, Q23)*



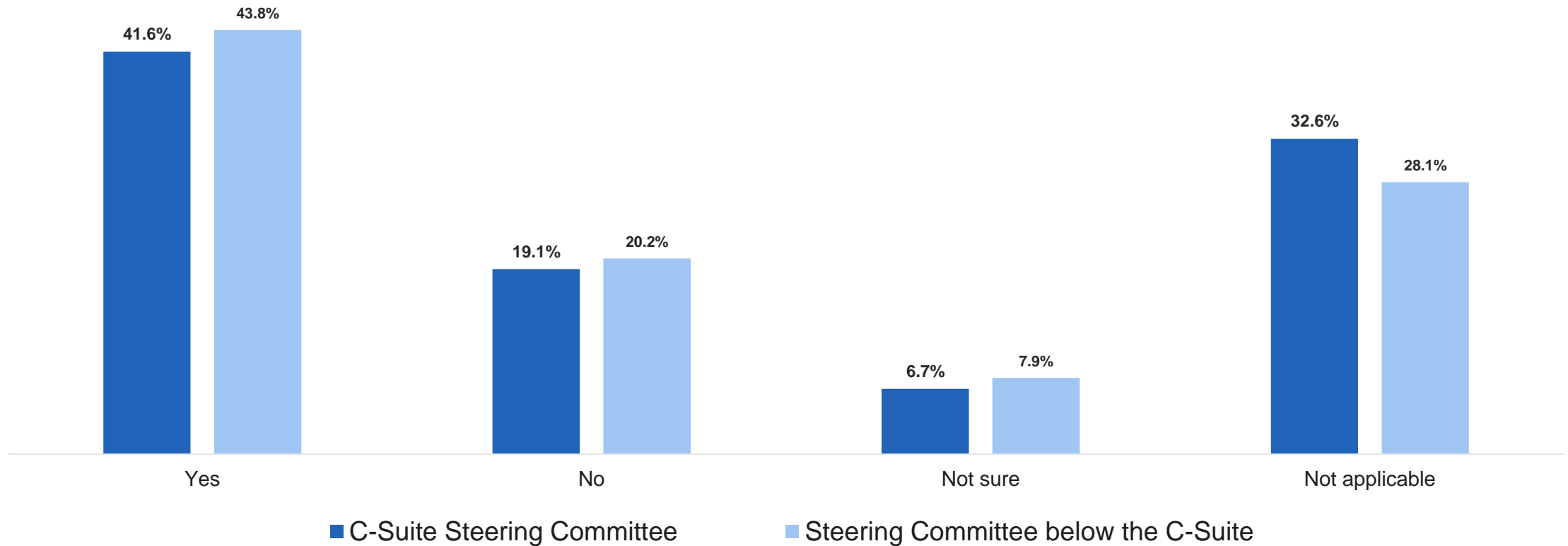
* The percentages exceed 100% due to the nature of the question, which allowed respondents to select multiple answers.

N=86



Most companies have a written charter describing the roles and responsibilities of their steering committees

Existence of a written Charter clearly describing the role and responsibilities of the steering committees? (Q24)

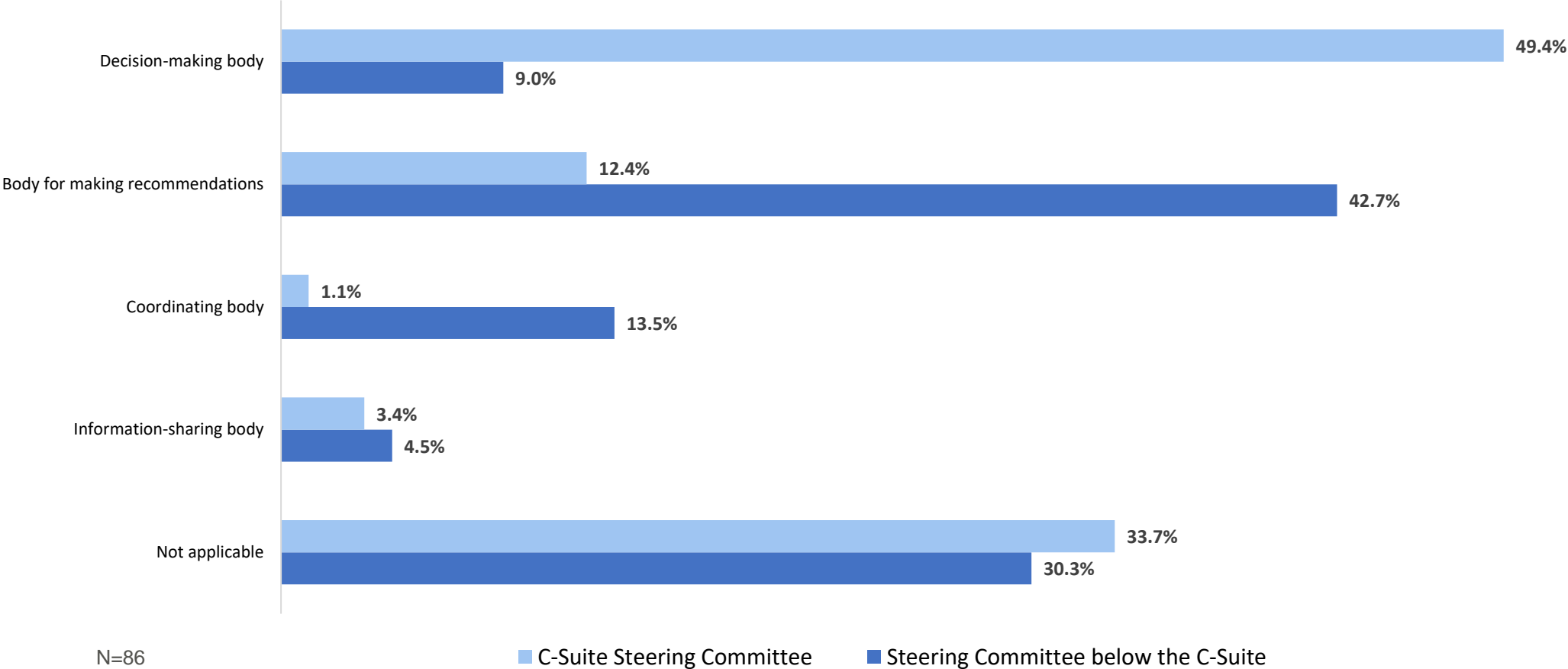


N=86



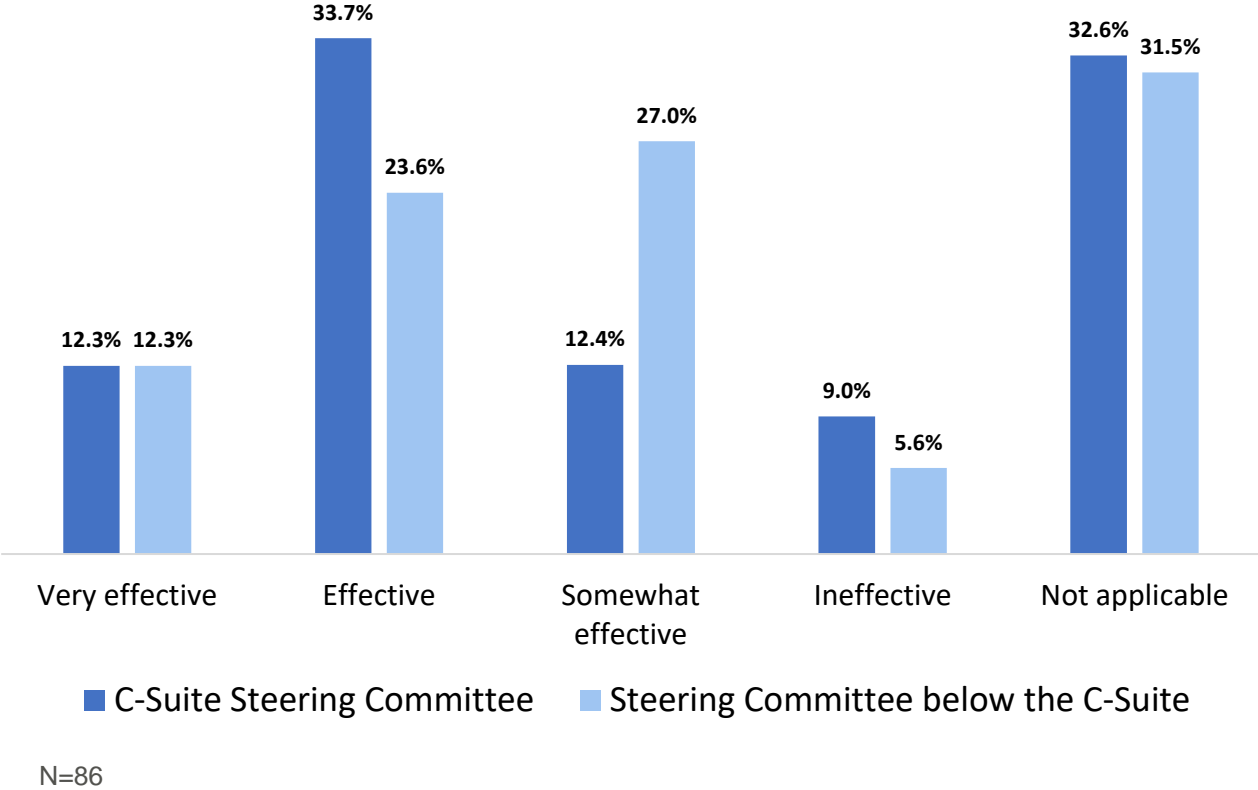
C-Suite steering committees mostly have a decision-making role, while steering committees below the C-Suite mostly have a recommendation role

Primary functions of the steering committees (Q25)

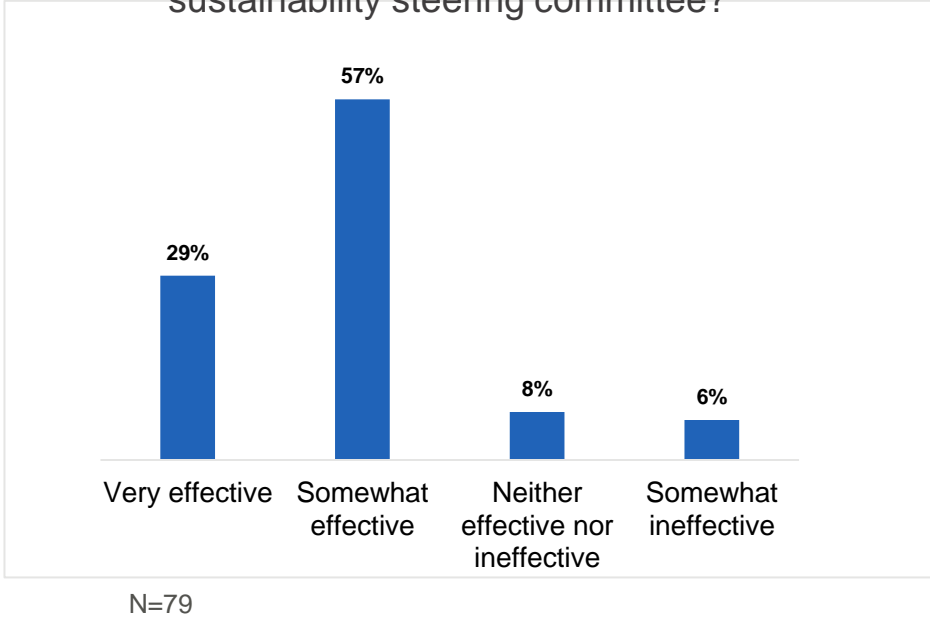


Most companies think their steering committees (at the C-Suite level or below the C-Suite) are effective/very effective

2024: How effective are the steering committees in your organization? (Q26)



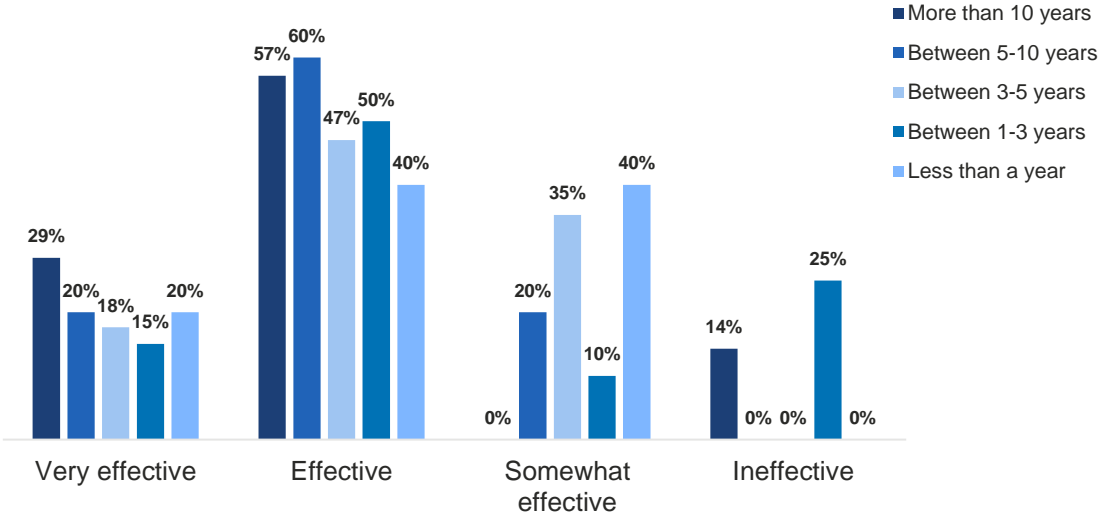
2021: How effective is your company's internal sustainability steering committee?



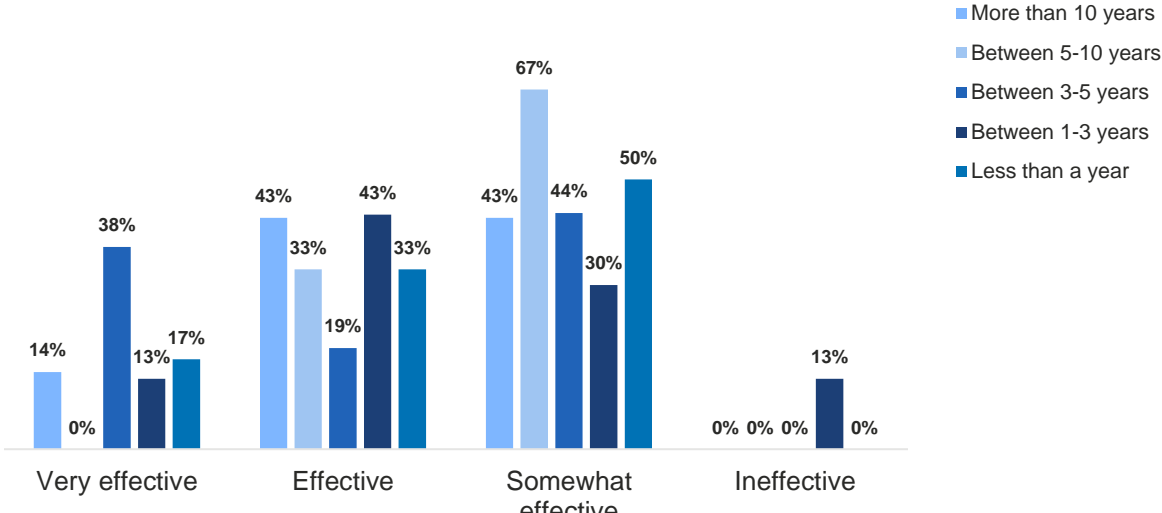
Companies that have had a CSO for a longer time seem to also have more effective steering committees at the C-Suite level. This is less clear for committees below the C-Suite

Perceived effectiveness of the steering committees (Q26) vs how long the company has had a CSO (Q2)

C-Suite steering committee



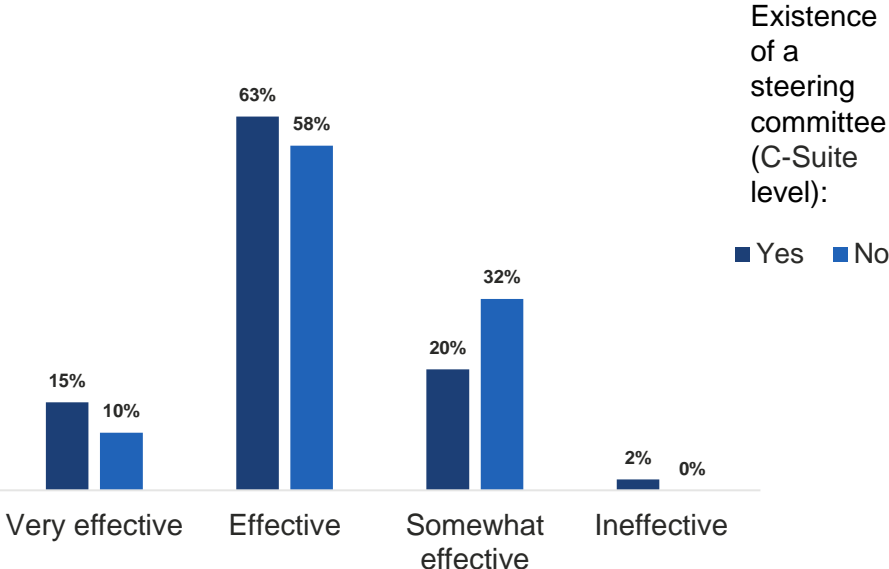
Steering committee below the C-Suite



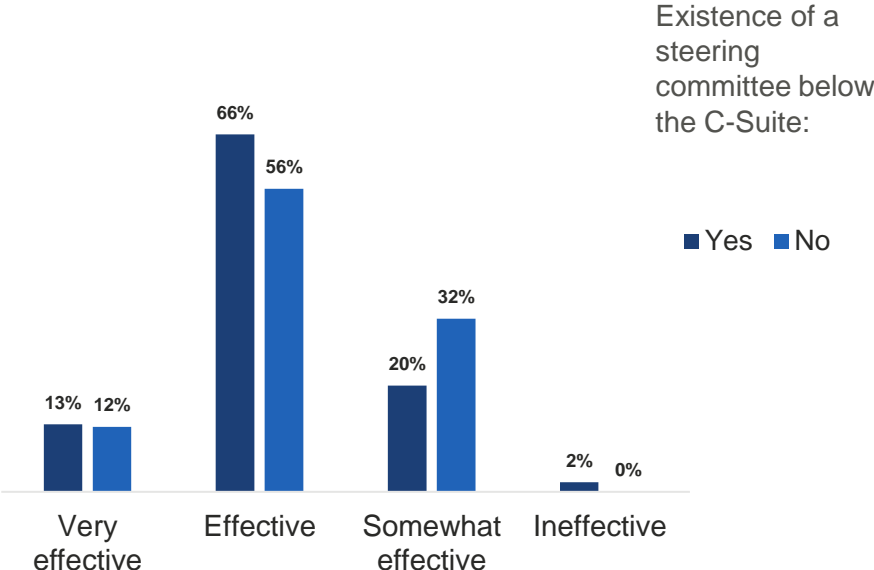
Companies that have a steering committee (at the C-Suite or below the C-Suite) seem to have more effective central sustainability teams

Perceived effectiveness of central sustainability teams in fulfilling their responsibilities (Q18) vs Existence of Steering committees (Q22)

C-Suite steering committee

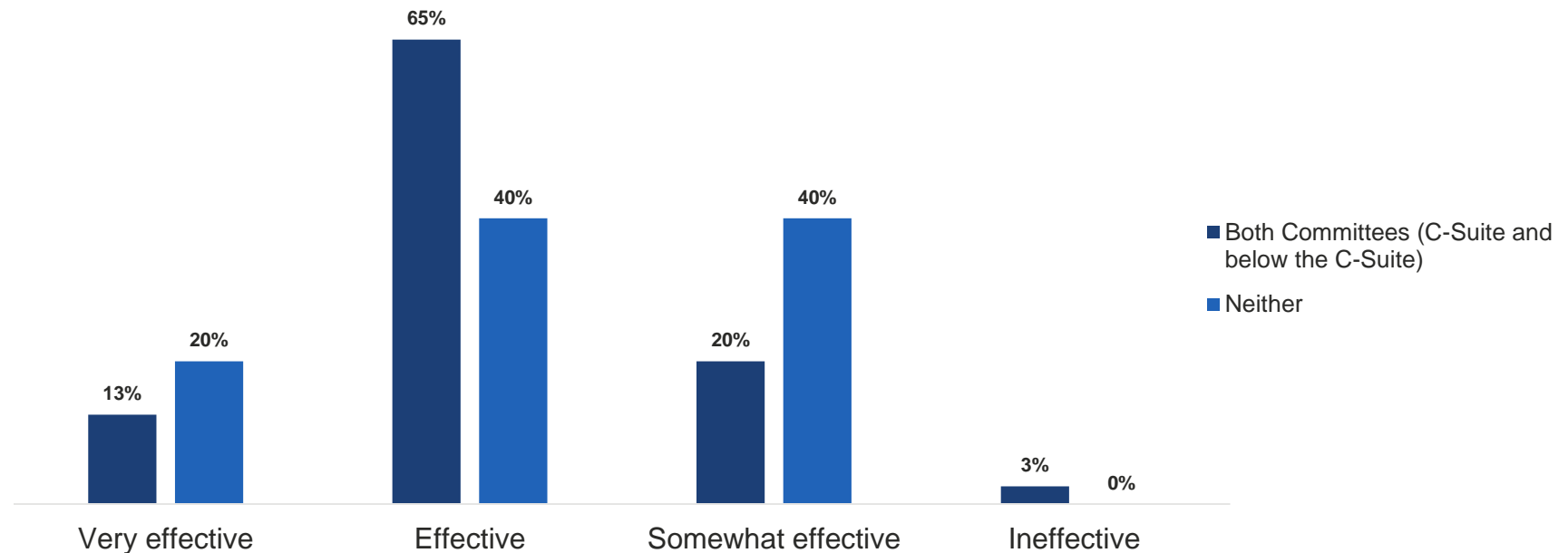


Steering committee below the C-Suite



Companies that have both steering committees (at the C-Suite level AND below the C-Suite) seem to have more effective central sustainability teams than companies that do not have a steering committee

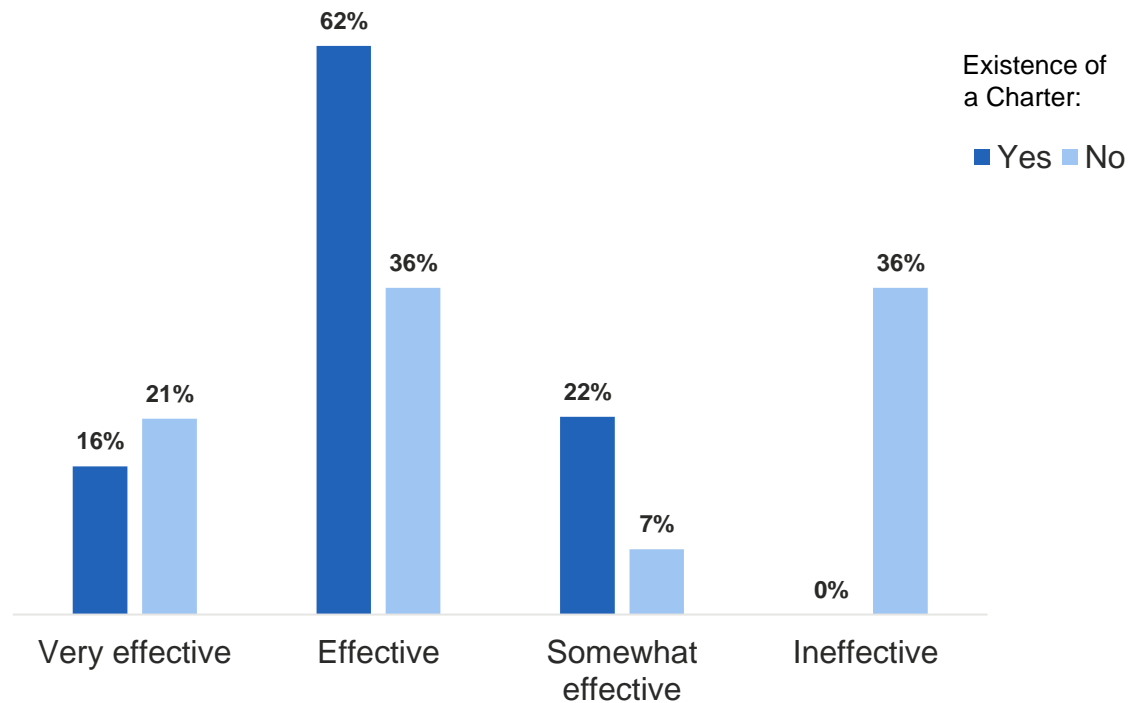
Perceived effectiveness of central sustainability teams in fulfilling their responsibilities (Q18) vs existence of steering committees at both C-Suite and below the C-Suite levels (Q20, Q22)



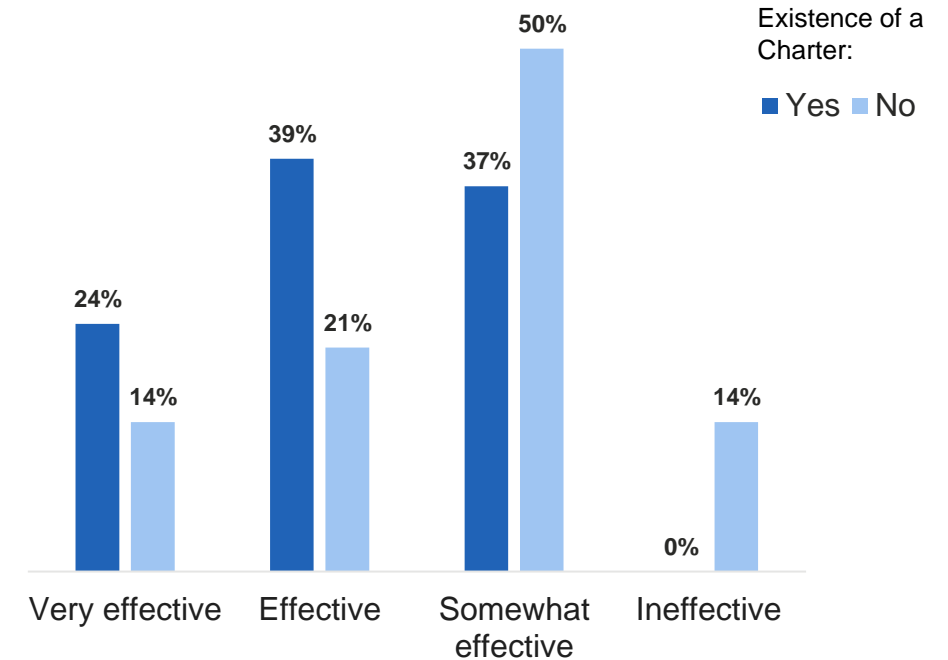
Companies that have a charter clearly describing the role and responsibilities of the steering committees also tend to have more effective steering committees

Perceived effectiveness of steering committees (Q26) vs existence of a Charter (Q24)

C-Suite steering committee

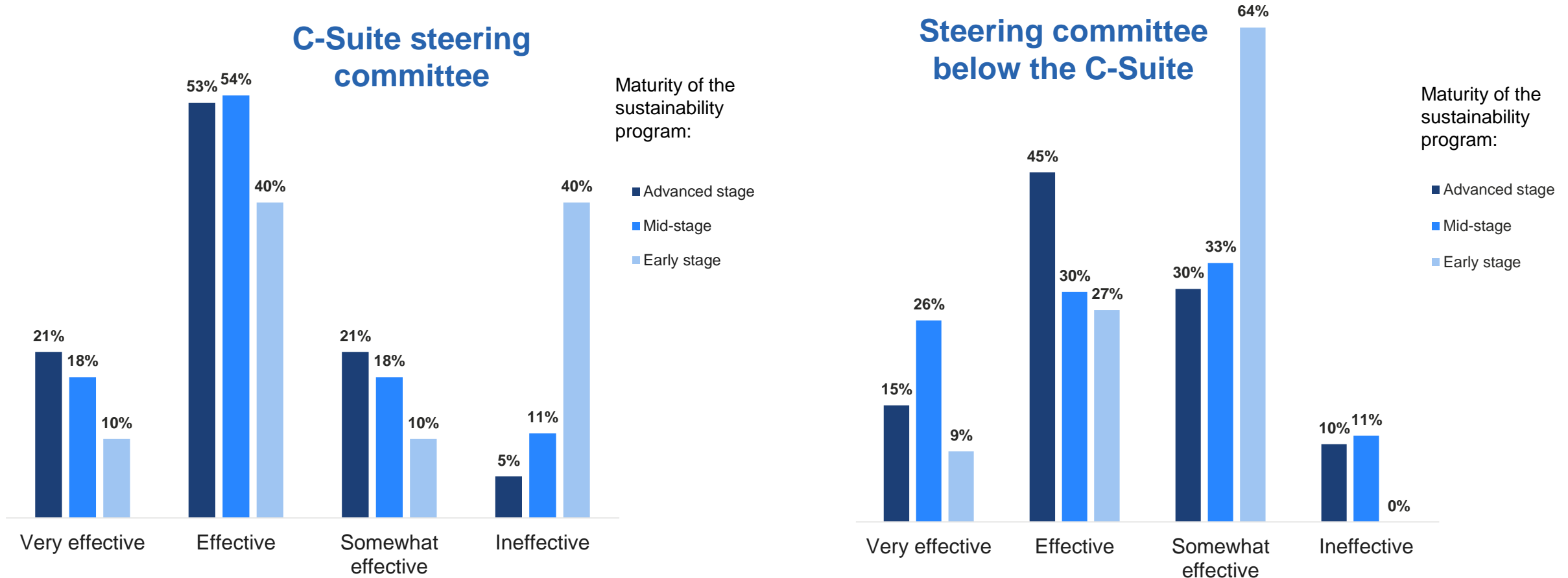


Steering committee below the C-Suite



Companies that have more mature sustainability programs seem to have more effective steering committees (*effective and very effective*)

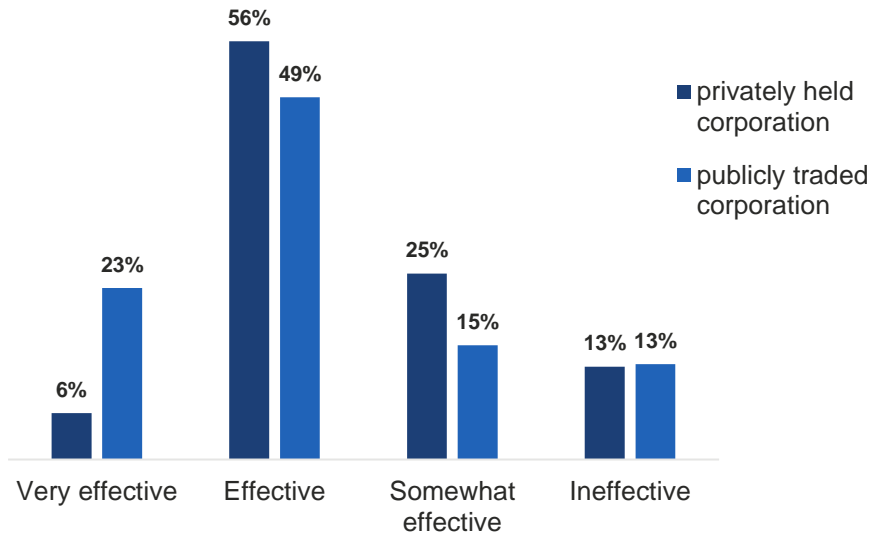
Perceived effectiveness of the steering committees vs maturity of the sustainability program (Q26 vs Q27)



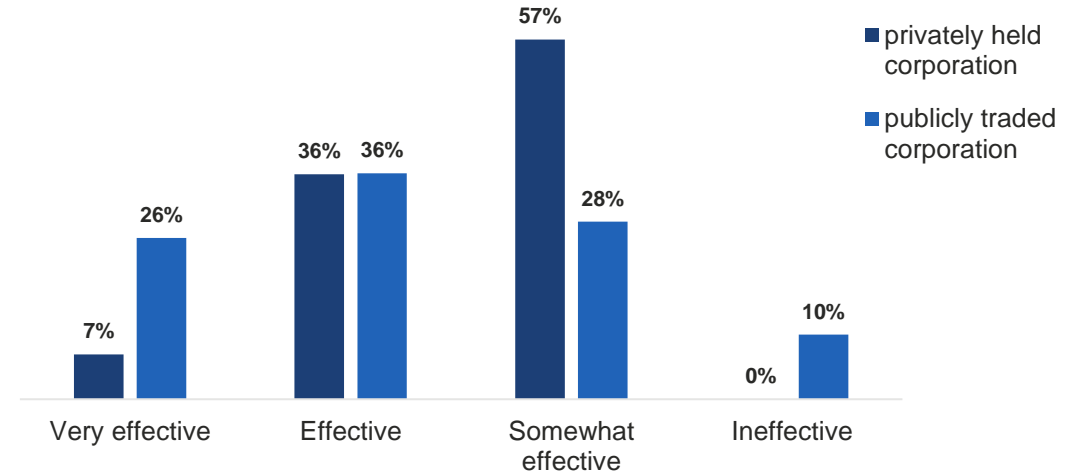
Steering committees' effectiveness is roughly the same at public and private companies (for the *effective option*)

Perceived effectiveness of the steering committees (Q26) vs type of companies (Q32)

C-Suite steering committee



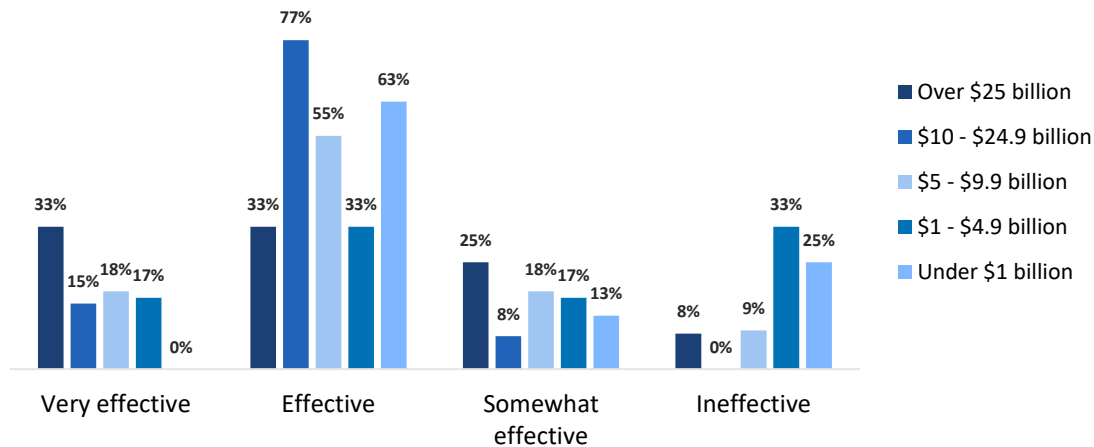
Steering committee below the C-Suite



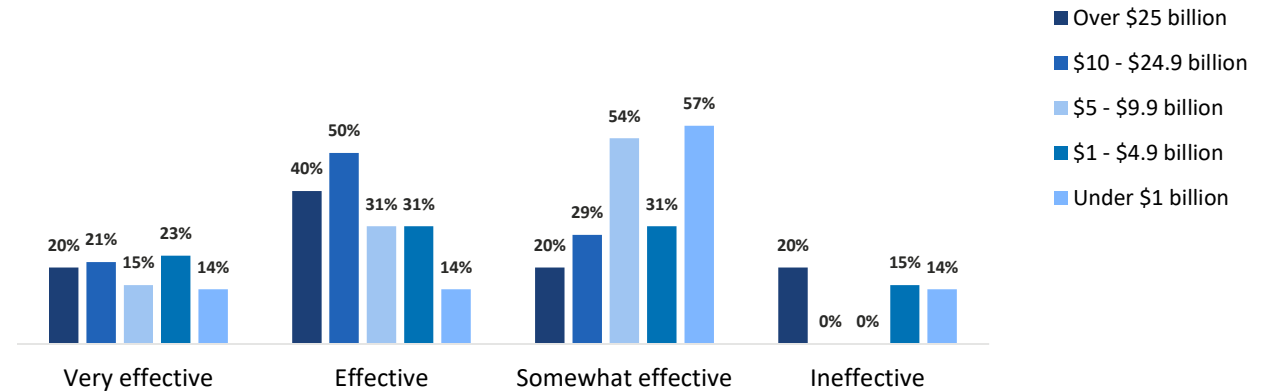
Larger companies seem to have more effective steering committees (*very effective and effective*) than smaller ones

Perceived effectiveness of the steering committees vs companies' annual revenue for FY 2023 (Q26 vs Q33)

C-Suite steering committee



Steering committee below the C-Suite

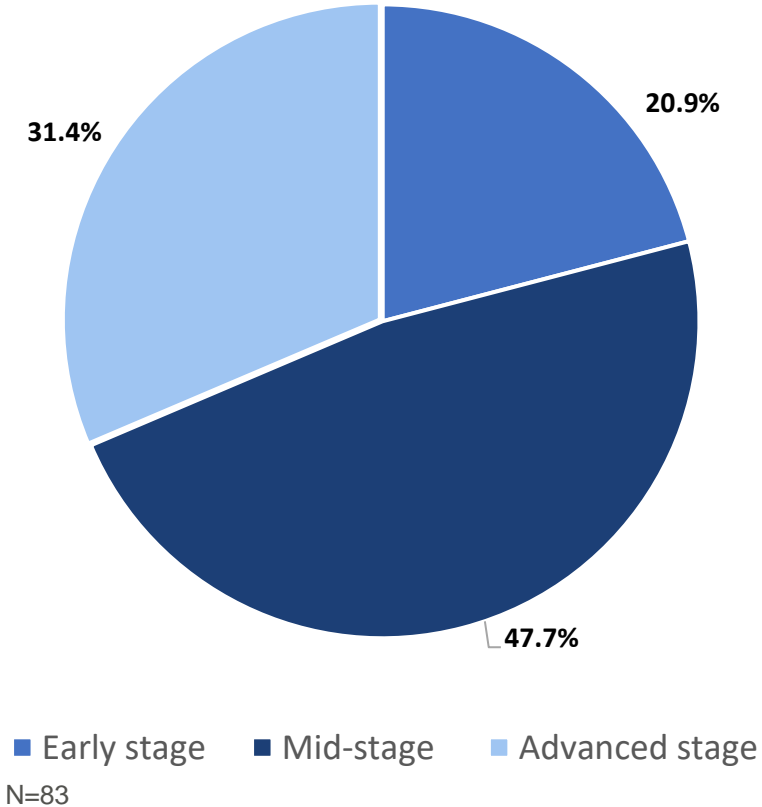


Sustainability Program



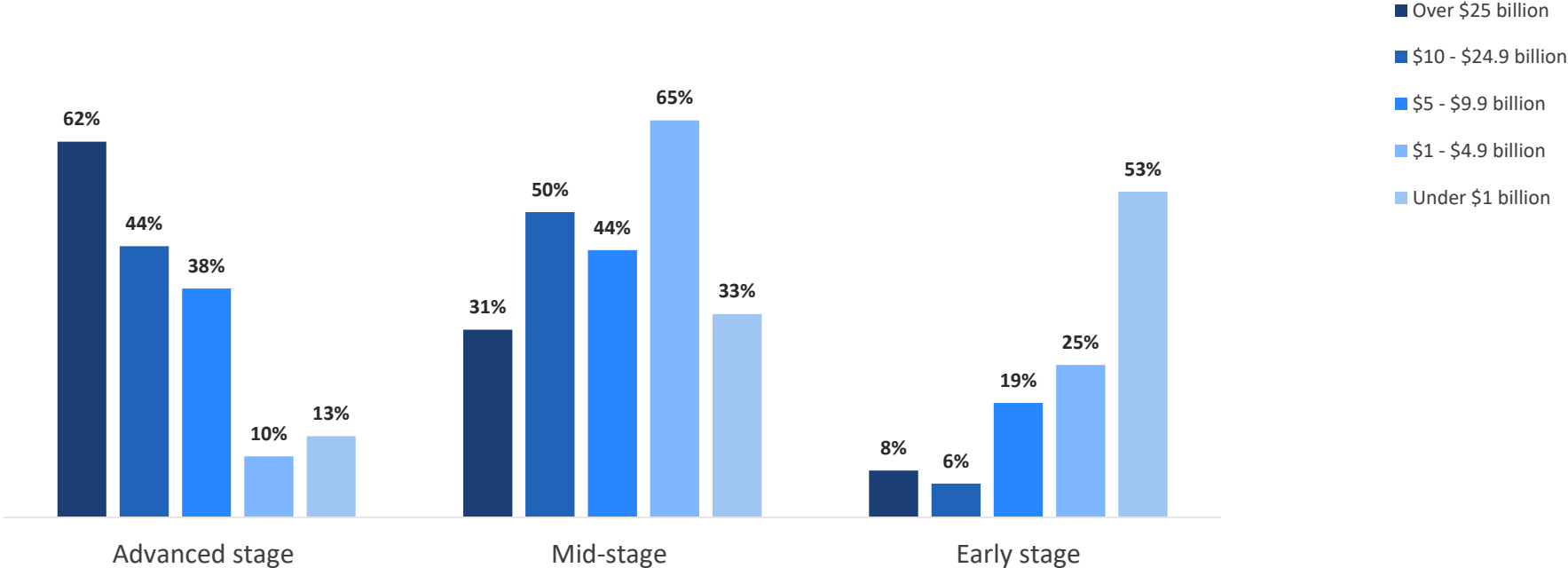
Most companies are at mid-stage of maturity of their sustainability programs

Maturity of companies' sustainability programs (Q27)



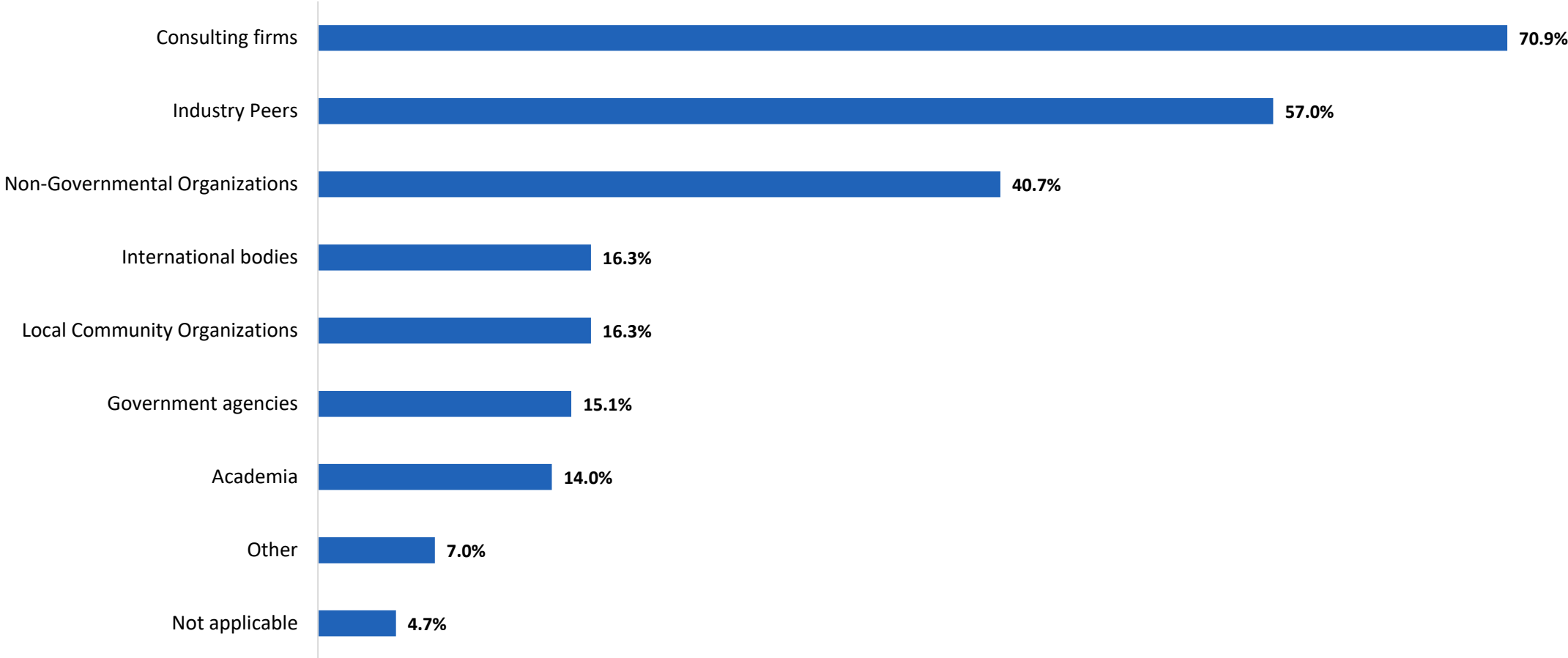
In general, larger companies seem to have more mature sustainability programs

Maturity of companies' sustainability programs (Q27) vs companies' annual revenue for FY 2023 (Q33)



Companies primarily partner with consulting firms and industry peers to implement their sustainability program

External entities with which companies primarily partner to implement their sustainability program (Q28)

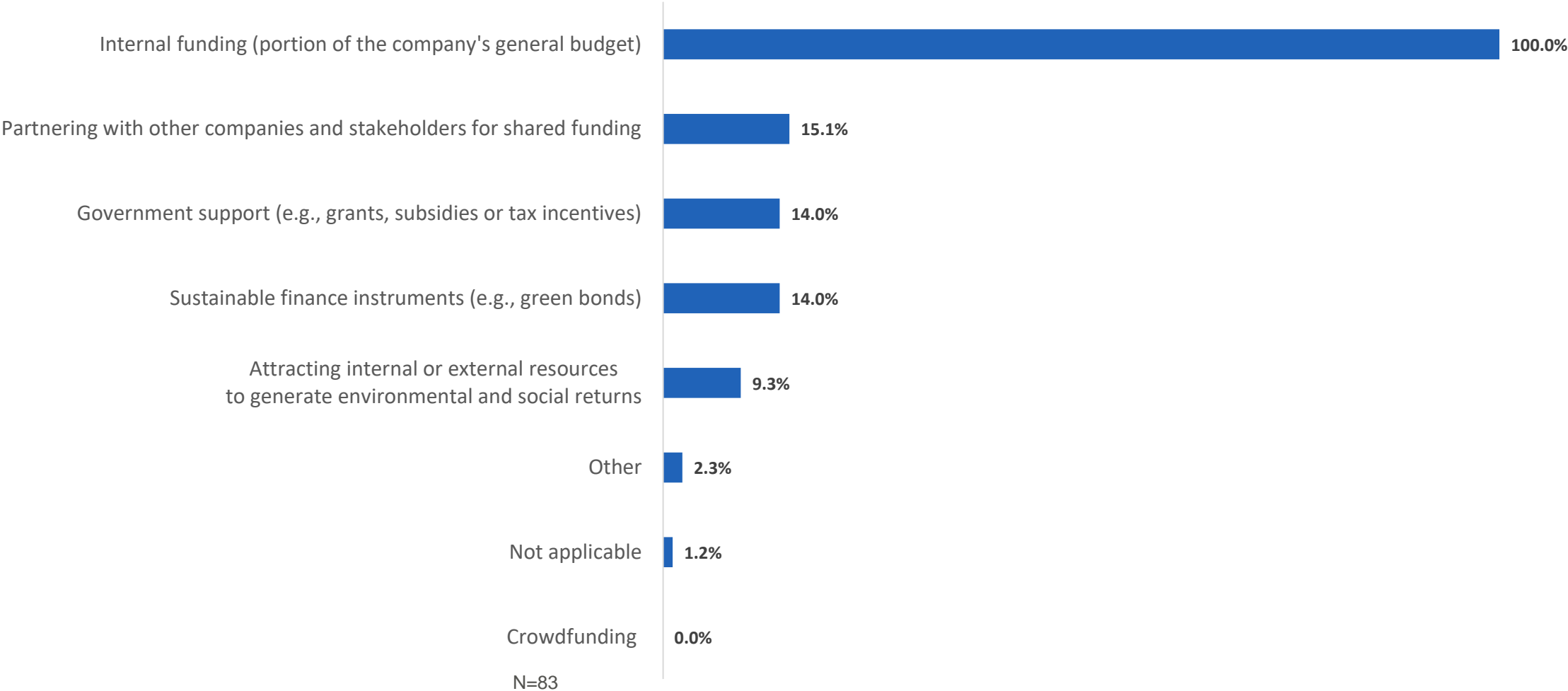


N=83



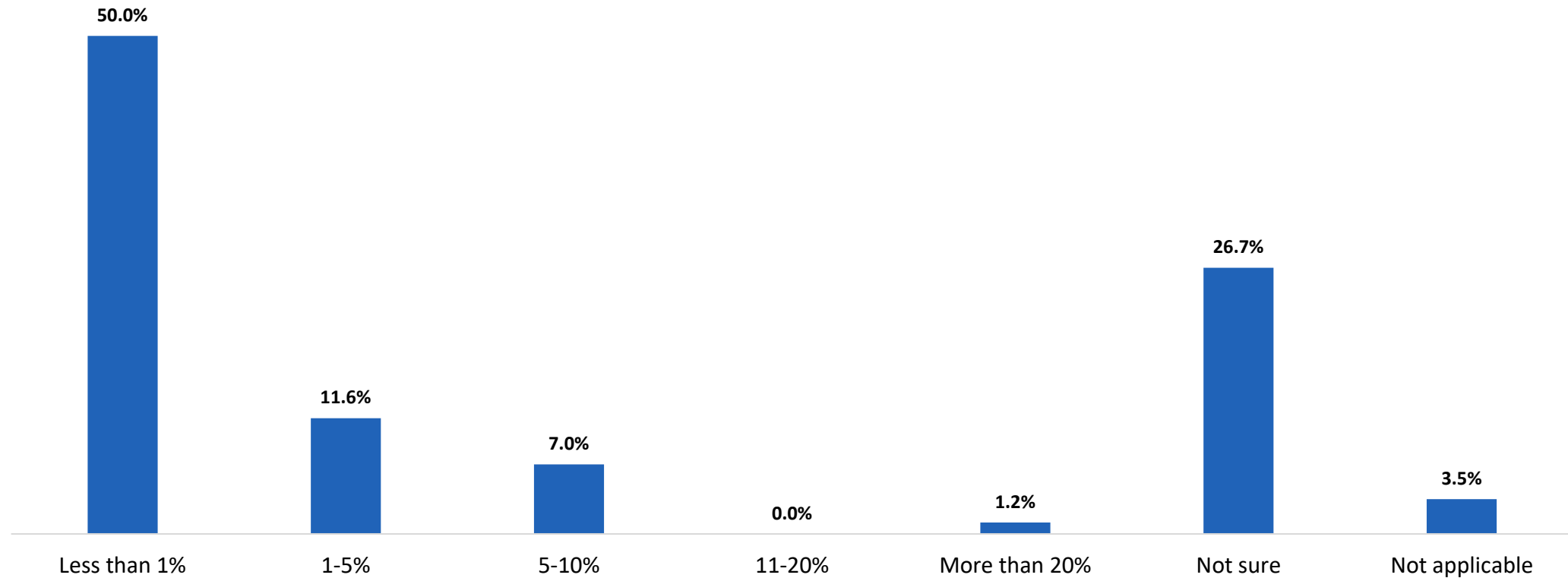
Companies all fund their sustainability programs through internal funding, with fewer than a fifth also leveraging other alternative funding sources (e.g. shared funding with partners, government support)

How companies fund their sustainability programs (Q29)



Most companies dedicate less than 5% of their annual operational and capital expenditures to sustainability

Percentage of a company's annual operational and capital expenditures dedicated to sustainability – FY 2023 (Q30)

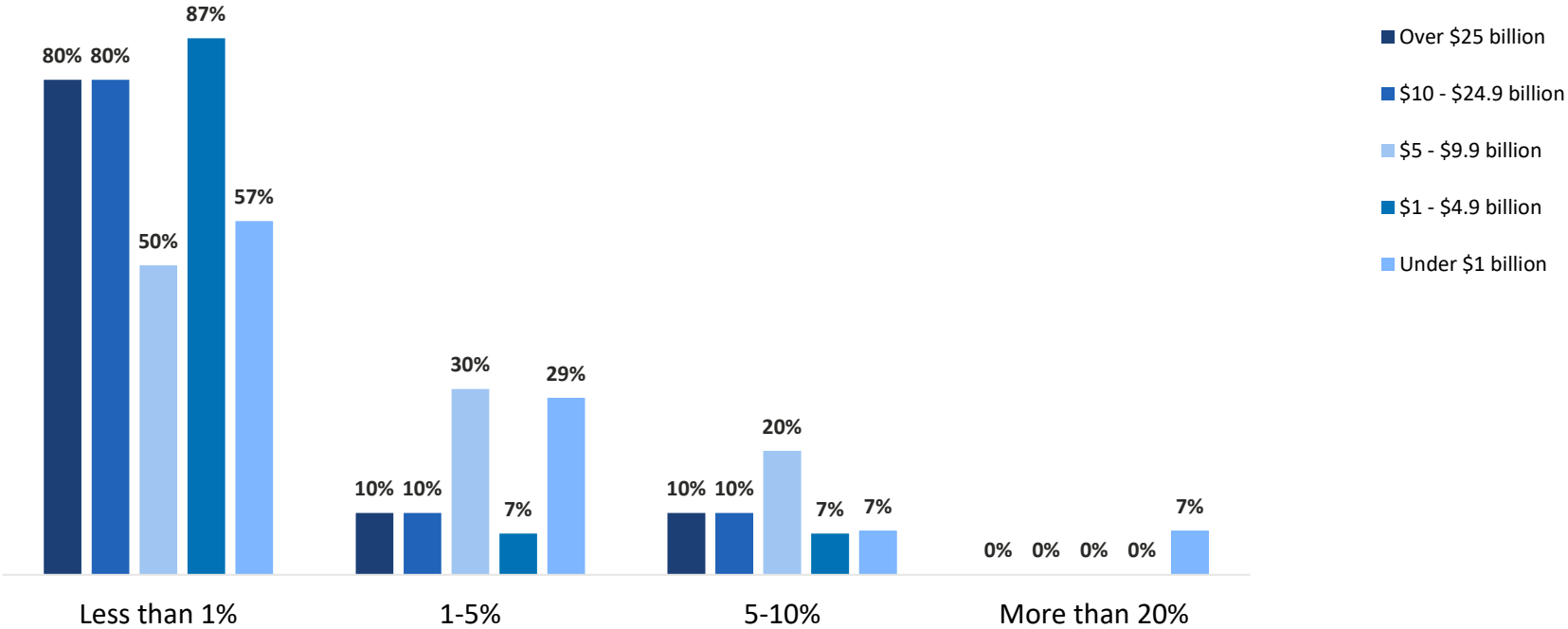


N=83



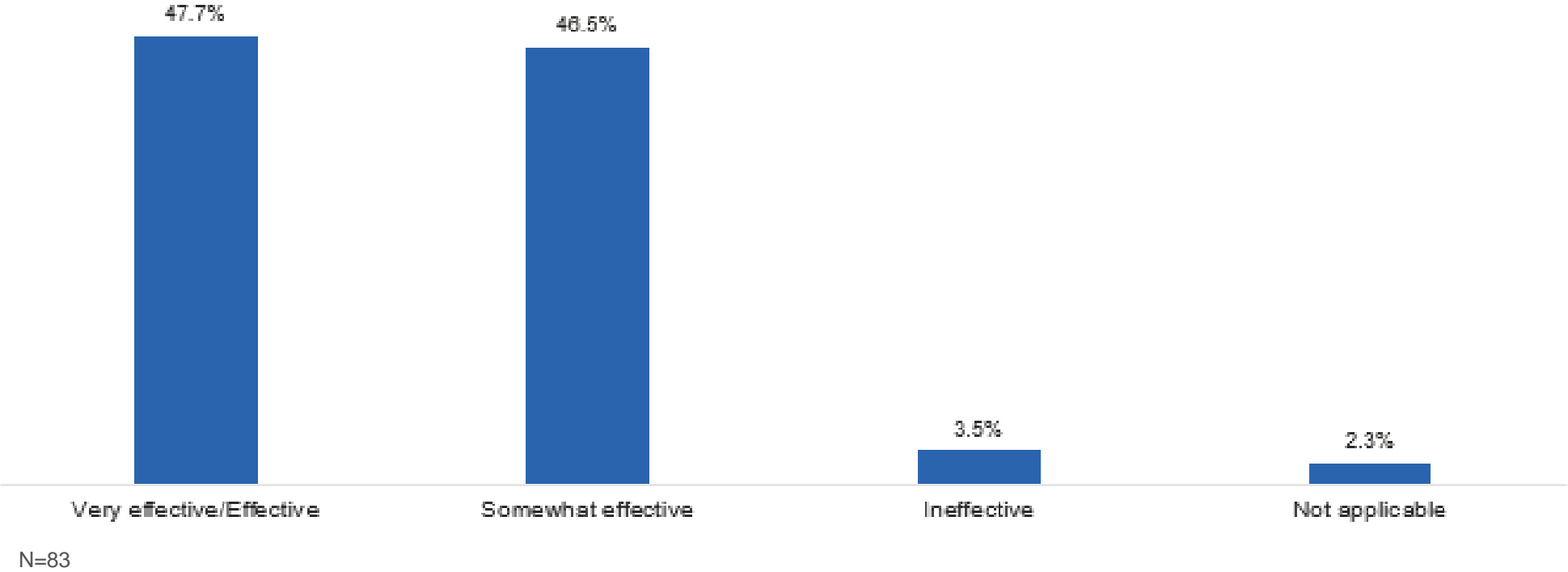
It's not always the largest companies that allocate more of their internal funding to sustainability initiatives

Percentage of a company's annual operational and capital expenditures dedicated to sustainability – FY 2023 (Q30) vs company's size (Q33)



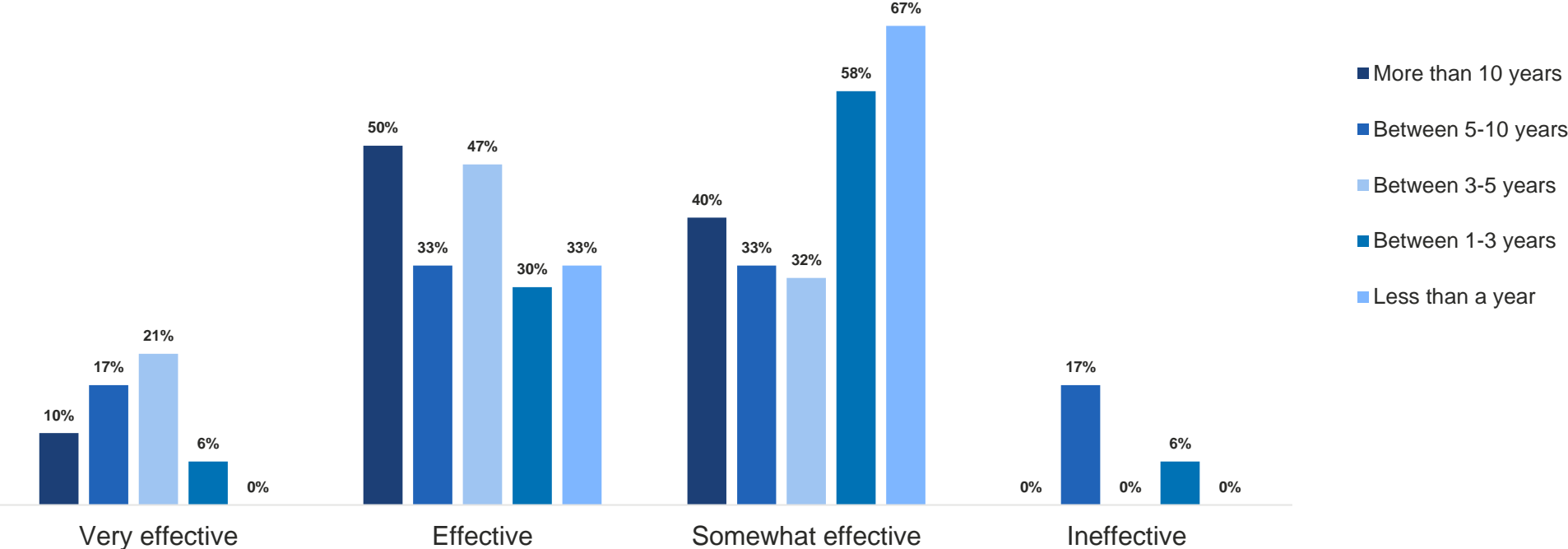
Companies are about evenly divided by perceiving their programs as effective/very effective (48%) vs somewhat effective (47%)

Perceived effectiveness of the overall sustainability program (Q31)



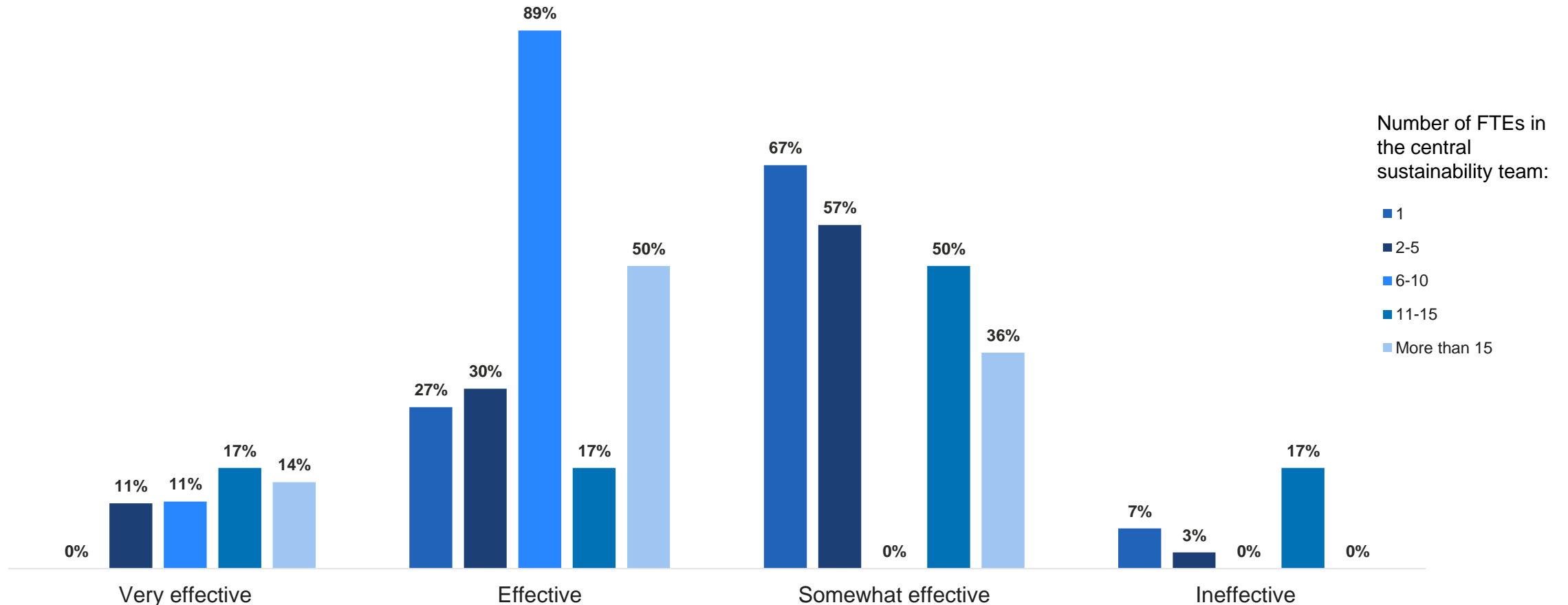
Companies that have had a CSO for a longer time seem to also have more effective sustainability programs

Perceived effectiveness of the overall sustainability program (Q31) vs how long the company has had a CSO (Q2)



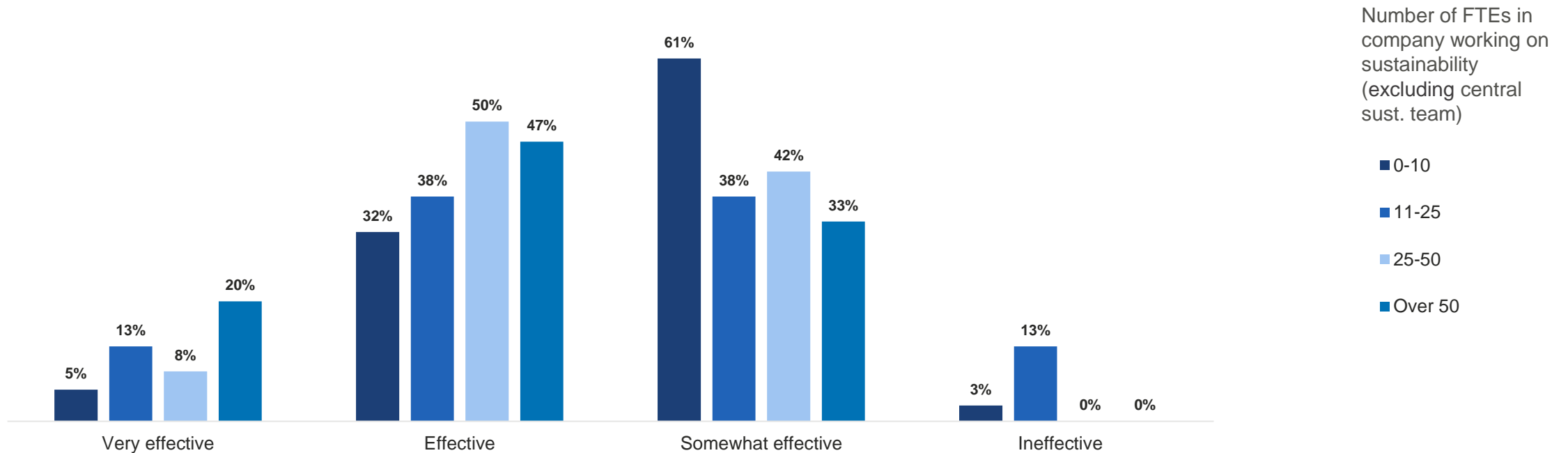
Companies that have between 6-10 FTEs in their central sustainability teams seem to have more effective sustainability programs

Perceived effectiveness of the overall sustainability program (Q31) vs number of FTEs in the central sustainability team (Q13)



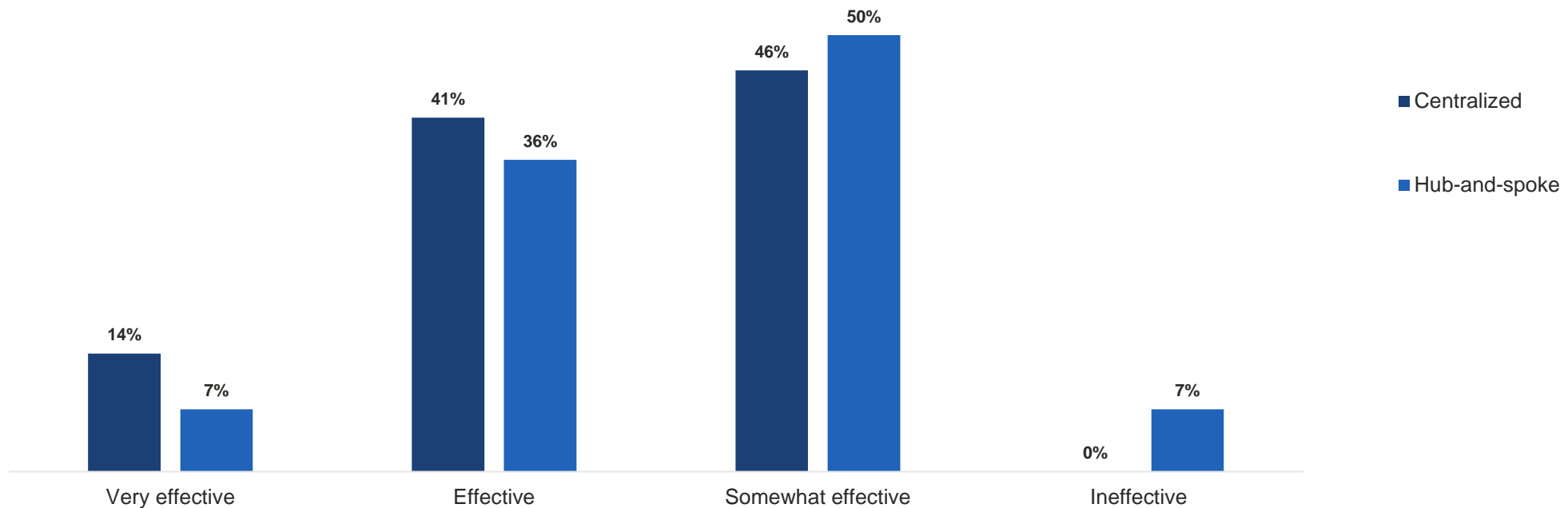
Companies with more FTEs working on sustainability across their organization seem to have more effective sustainability programs

Perceived effectiveness of the overall sustainability program (Q31) vs number of FTEs in company working on sustainability (excluding the central sustainability team) (Q14)



This is unclear whether the various approaches used by companies to address sustainability (hub-and-spoke, centralized) affect the effectiveness of their sustainability programs

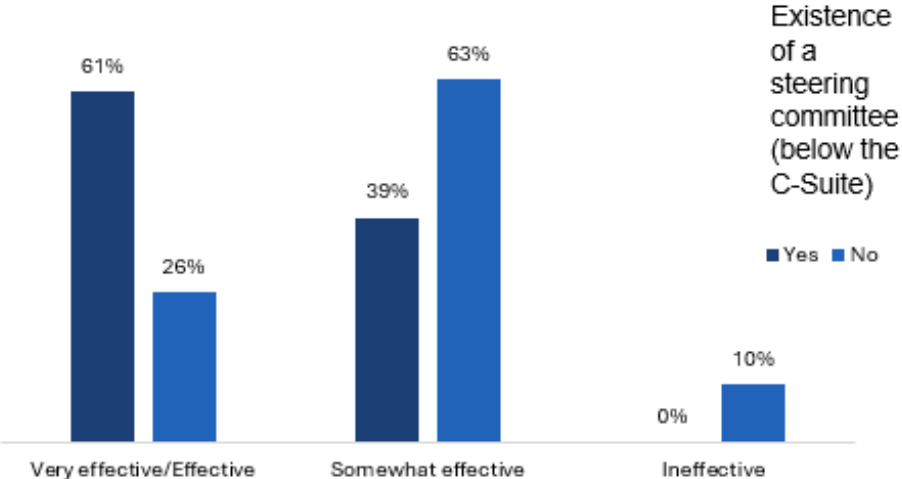
Perceived effectiveness of the overall sustainability program (Q31) vs how companies' sustainability team interact with the rest of the organization (Q16)



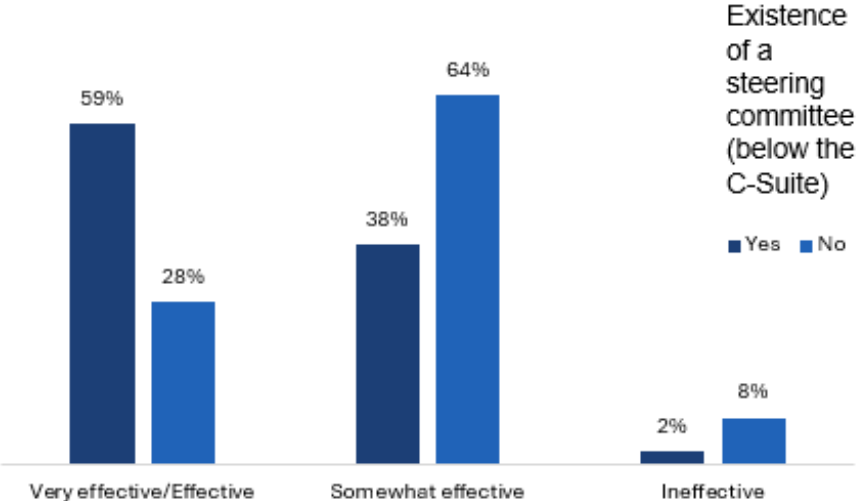
Companies with steering committees dedicated to ESG/Sustainability either at the C-Suite level or below the C-Suite tend to have more effective sustainability programs

Perceived effectiveness of the overall sustainability program (Q31) vs existence of steering committees (Q20)

C-Suite steering committee

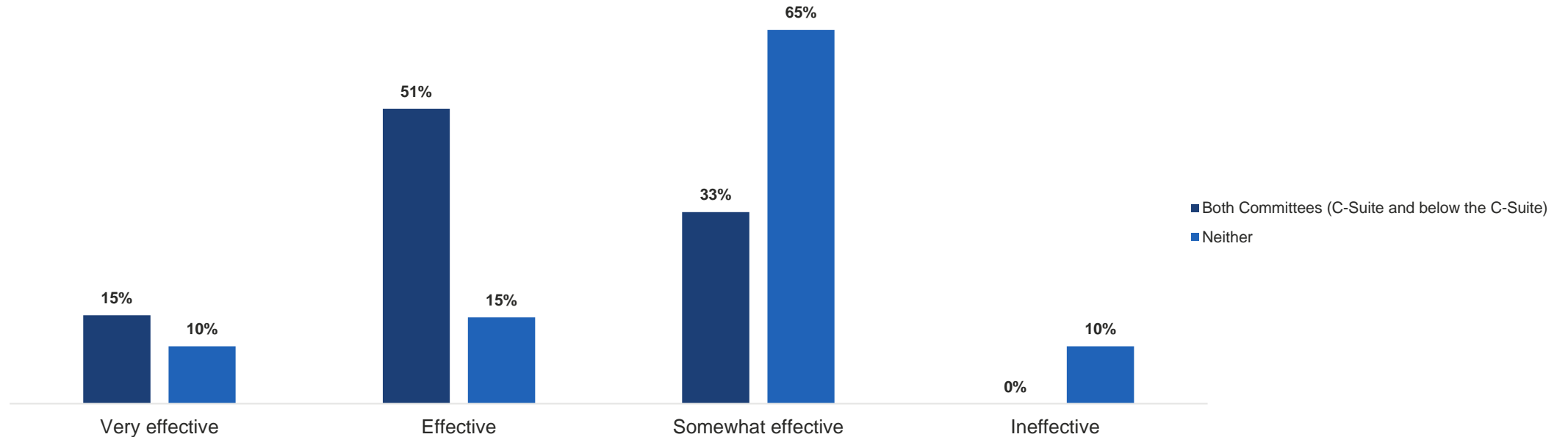


Steering committee below the C-Suite



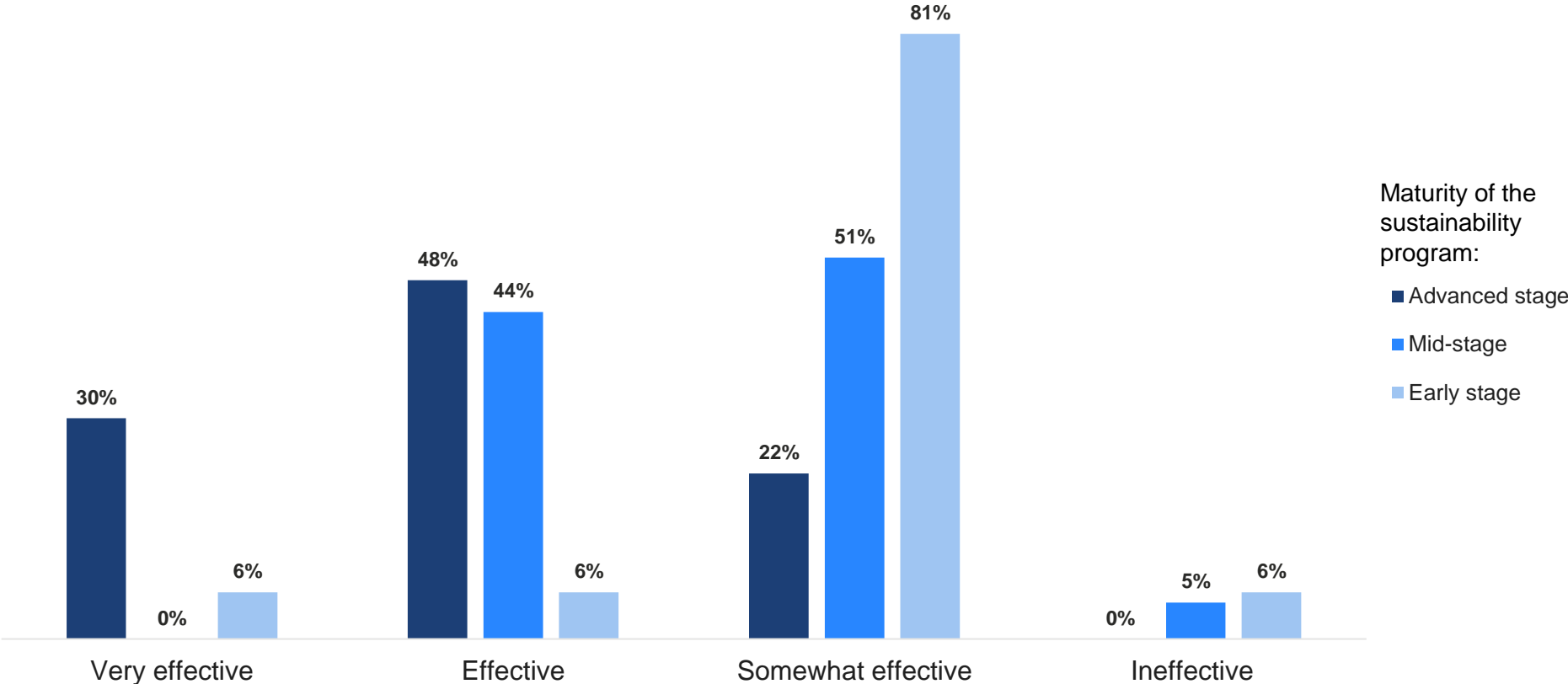
Companies with steering committees dedicated to ESG/Sustainability at both the C-Suite level and below also tend to have more effective sustainability programs

Perceived effectiveness of the overall sustainability program (Q31) vs existence of both steering committees (at the C-Suite and below the C-Suite levels) (Q20, Q22)



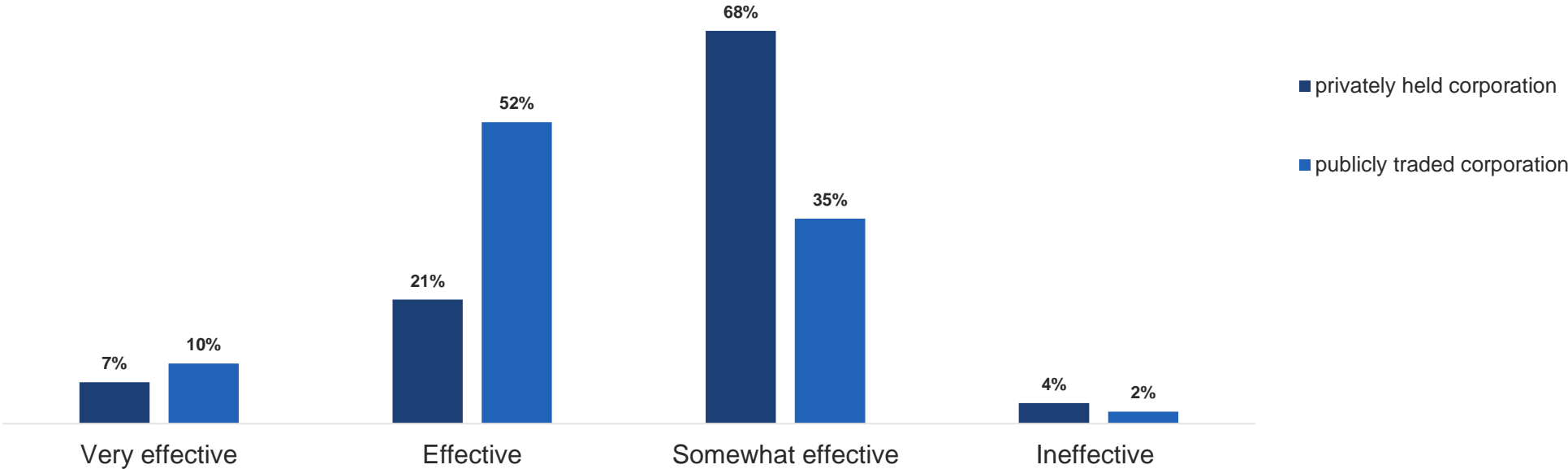
Companies at an advanced stage of maturity on sustainability tend to have more effective sustainability programs

Perceived effectiveness of the overall sustainability program (Q31) vs its maturity (Q27)



Publicly traded corporations seem to have more effective sustainability programs than privately held ones

Perceived effectiveness of the overall sustainability program (Q31) vs type of company (Q32)



Larger companies seem to have more effective sustainability programs than smaller ones

Perceived effectiveness of the overall sustainability program vs annual revenue of the company for FY 2023 (Q27 vs Q33)

