CSOs need to receive real power for companies to avoid greenwashing

Public pressure and government regulation are turning sustainability into an organisational necessity. After a timid emergence over the past decade, job seekers are now refusing to work for companies without strong environmental policies.

The majority say they would reject a job offer from a company without one, according to a *Unily* report.

Many companies are responding to this pressure by committing to net-zero targets with more sustainable practice. As of this week, almost 16,000 companies in 162 countries have registered their commitment to the Paris climate agreement through the UN's *Global Compact*. While such commitments remain voluntary for many, the British government is in the process of making more environmental, social, and governance (ESG) reporting mandatory. Soon, most UK businesses will need to bare all in the name of net-zero.

As a result of both developments, we've seen the creation of a new c-level executive role: the chief sustainability officer (CSO). The CSO's role varies according to company and, due to its pioneering nature, requires frequent adjustments. Some may be limited to environmental concerns. Others find themselves involved in other adjacent activities.

Whatever they do, companies need to ensure they're committing to change, not just a flashy new role.

‘Greenwashing’ will no longer cut the cake

While more companies are creating CSO roles, they’re also increasing the CSO’s distance from the CEO. One *Deloitte* study found that only one in three at financial services firms have a direct connection to their company’s most important decision maker. This declining authority appears at odds with the role which, according to many, will soon become one of the most important executive positions. The Deloitte research labelled it the incoming ‘sense-maker in chief’.

Some have argued the increasing distance between CSO and CEO should be seen as a good thing. Sustainability should be embedded into every organisational practice. The distance suggests CSOs are well integrated. Although in theory this criticism holds water, I’m less certain of whether it’s effective in real organisations.

Sustainability has already become a crucial strand of many companies across the world, big and small. That goes beyond responding to regulations and appeasing potential employees. Investors have become more and more interested in their beneficiaries’ approach to climate and supply chain risk. Lloyds Banking Group even highlighted the change in its 2020 ESG *report*. Investors seek stability, and placing CSOs on the top branch of the executive hierarchy promotes that.

Sustainability will soon become inseparable from business success. An appearance of sustainable practice – ‘greenwashing’ – will be made pointless thanks to evidence-based labelling for products and services. CSOs will need to be in the right place with the right power to help their companies compete.

Enabling real change for the competitive advantage

It’s important to note that not all businesses should hire CSOs. This comes back to the principle of making decisions based on utility, not appearance.

Some sustainability initiatives will require some sort of ‘climate budget’ – rail travel funded by the company to reduce air miles, for example. Many small businesses will be unable to afford such tactics, let alone an expensive new c-level executive. Those in this position should seek other ways to align themselves with sustainable practice. Electing a ‘climate ambassador’ could be a suitable alternative. Being small, and therefore more agile, this should be easier for them in many ways.

Those companies that do decide to hire a CSO should consider first who they hire. Heads of energy are often valued based on their technical or educational background. CSOs require a different approach. To succeed in their roles, it’s important for them to express a passion for sustainability. They should also have or be able to develop a broad understanding of the business as a whole. For this reason, many companies promote an existing member of staff into the position, followed by a six-week sustainability training course.

Once established in their positions, CSOs need to create strategies that consider every aspect of their companies. For most, this will focus on their facilities – property and energy production (electrical and fossil fuel-based) contribute the majority of the world’s *carbon emissions*. They shouldn’t be afraid to target low-hanging fruit; we need to initiate rapid change here, and any adjustments will help. They also cannot afford to avoid their companies’ biggest and most problematic sources of unsustainable practice; we need to make big changes over the long term too.

It’s important not to underestimate the scale of change required here. It can be done, but the business of 2050 must look unrecognisable to the business of 2022, if we’re to limit global warming to 1.5 degrees celsius. Such change will require an authoritative CSO with powerful decision-making capabilities. The world has only required it on an ethical basis for the past decade. Now it has become a business imperative.

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