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**ARE CHIEF SUSTAINABILITY
OFFICERS A KEY LEVER FOR
SUSTAINABILITY
TRANSFORMATION? EXPERTS'
INSIGHTS ON CULTURE,
AUTHORITY, CSR VS CSiR AND
THE SDGS**

TRABAJO FIN DE GRADO

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ABSTRACT

The purpose of this investigation is to add to the limited academic literature on the role of Chief Sustainability Officer through determining whether Chief Sustainability Officers are a key lever of corporate sustainability transformation. After conducting six expert interviews, that included Chief Sustainability Officers from L'Oréal, Banco Santander, Barclays and one of Spain's largest health care and insurance providers, the author concludes that Chief Sustainability Officers are a key lever of corporate sustainability transformation. In particular, this investigation demonstrates that Chief Sustainability Officers help to foster a sustainability-focused corporate culture, thus facilitating the integration of sustainability into the core of the business. It also concludes that the authority that a Chief Sustainability Officer has in their position influences their ability to drive transformation, and that the focus of the Chief Sustainability Officer on reducing negative impacts of the firm versus increasing its positive contributions depends on the sustainability maturity of the company. Finally, this paper demonstrates that the Sustainable Development Goals framework is found to lack utility in defining sustainability strategy. Instead, Chief Sustainability Officer Experts suggest it is better for communicating strategy.

KEY WORDS

Chief Sustainability Officer – CSO

Top Management Team - TMT

Sustainability Transformation

Sustainable Development Goals – SDGs

Corporate Social Responsibility – CSR

Corporate Social Irresponsibility - CSiR

RESUMEN

El propósito de esta investigación es ampliar la limitada información disponible sobre el puesto de los Directores de Sostenibilidad determinando si los Directores de Sostenibilidad son una palanca clave en la transformación de la sostenibilidad corporativa. Tras realizar seis entrevistas a expertos, entre los que se incluyen Directores de Sostenibilidad de L'Oréal, Banco Santander, Barclays y una de las principales empresas de salud y seguros de España, el autor concluye que los Directores de Sostenibilidad son un propulsor clave en la transformación de la sostenibilidad corporativa. En concreto, esta investigación demuestra que los Directores de Sostenibilidad contribuyen a fomentar una cultura corporativa centrada en la sostenibilidad, facilitando así la integración de la sostenibilidad en el núcleo de la empresa. También concluye que la autoridad que tiene un Director de Sostenibilidad en su puesto influyen la capacidad de impulsar la transformación y que el enfoque de los Directores de Sostenibilidad en la disminución de impactos negativos de la empresa frente al aumento de contribuciones positivas depende de los avances que haya realizado la empresa en materia de sostenibilidad. Por último, este trabajo demuestra que el marco de los Objetivos de Desarrollo Sostenible carece de utilidad en la definición de la estrategia de sostenibilidad. Los expertos sugieren que es más útil para la comunicación de la estrategia.

PALABRAS CLAVES

Directores de Sostenibilidad – CSO

Equipo Directivo - TMT

Transformación de la sostenibilidad

Los Objetivos de Desarrollo Sostenible - SDGs

Responsabilidad social de la empresa - CSR

Irresponsabilidad social de la empresa - CSiR

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CHAPTER 1 | INTRODUCTION

The word ‘sustainability’ has never been more important in the corporate world (Farri, 2023). Due to strong stakeholder, market and regulatory pressures, we are in the midst of an inflection point in which an increasing number of firms are engaging with sustainability issues in a meaningful way (Johnson et al., 2020). Sustainability transformation is beginning to take place: from ‘introverted’ and ‘conservative’ approaches that treat sustainability as an extrinsic add-on, shifting towards ‘extroverted’ and ‘visionary’ approaches, aimed at embedding sustainability into the core of the business (Baumgartner and Ebner, 2010). However, traditional top management team (TMT) members don’t necessarily facilitate the required attention to the risks and opportunities of sustainability matters (Peters et al., 2018). Enter the Chief Sustainability Officer (CSO): a TMT member with the primary responsibility for sustainability in an organisation (Miller and Serafeim, 2014).

1.1 MOTIVATION OF THE PROJECT

Whilst there is extensive academic research on varying elements of corporate sustainability, the importance of the underlying ideas have not yet peaked (Pérez et al., 2022). This highlights that as sustainability continues to grow in importance in the corporate world, academic studies on the topic continue to be relevant and necessary.

This paper’s focus on the role of CSOs is motivated not only by the influence the executive team has on the decisions made in a firm but also by the exponential growth in the presence of the role: in 2021 more CSO roles were hired than in the last five years combined (Farri, 2023). However, despite the prevalence and importance of this role, the field is almost devoid of research on this relatively new role of CSO, as well as the implications it has on corporate social performance (Fu et al., 2017).

1.2 OBJECTIVES

The purpose of this investigation is to add to the limited academic literature on the CSO role through determining whether CSOs are a key lever of corporate sustainability transformation. To determine this, four objectives are set:

1. Assess the role CSOs play in fostering a more sustainability focused corporate culture

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2. Determine the correlation between the authority of the CSO position and their ability to make transformative changes
3. Analyse the focus CSOs have on reducing negative impacts (CSiR) versus increasing positive contributions (CSR)
4. Investigate the utility of the SDGs as a Framework for defining sustainability strategy for CSOs

1.3 METHODOLOGY

In order to achieve the proposed objectives, an extensive academic literature review on corporate sustainability transformation and the role of CSOs was carried out. This was performed using a combination of Google Scholar and Lancaster University's online library, the latter of which provides access to hundreds of thousands of electronic journal articles, eBooks and other resources (Lancaster University, n.d.). This extensive review of available academic literature aided the proposal of this project's hypotheses.

To answer the proposed hypotheses, primary research, in the form of six expert interviews, was carried out. The participants included:

1. The current CSO of L'Oréal for Spain and Portugal since 2021 (also previously the CSO of *El Corte Inglés* from 2015 until 2021)
2. The current CSO of one of the largest health care insurance providers in Spain since 2018
3. The CSO of *Banco Santander* from 2013 to 2019
4. The CSO of Barclays for Spain from 2011 to 2015 (also the CSO of the *Asociación Española de Banca* from 2015 until 2019)
5. The Founder and Partner of Transcendent, a Sustainability and Social Impact Consultancy firm in Madrid
6. The Sustainability Director (below executive level) for a Health Economics consultancy small and medium-sized enterprise (SME) in England since 2023

These interviews were aimed at gaining insights into the reality of the role as well as understanding the qualitative implications of CSOs' role in sustainability transformation. The scope of this project focuses on the Spanish market, with the exception of one English

participant interviewed to gain lower authority level insights. Further information on the methodology used in this project can be found in chapter 4.

1.4 PROJECT STRUCTURE

This project is structured in five parts. Firstly, the introduction presents the justification, contextualising corporate sustainability transformation and the CSO role. This first part also states the objectives and methodology used. The second and third sections review academic literature on the evolution of corporate social responsibility and the role of CSOs (respectively) as well as proposing the starting hypotheses. The fourth section outlines the working methodology and presents the main results of the qualitative investigation carried out, organised by the four starting hypotheses. Finally, the fifth section presents the main conclusions drawn, as well as the limitations and suggestions for future research.

CHAPTER 2 | THE EVOLUTION OF CORPORATE SOCIAL RESPONSIBILITY

2.1 EARLY CSR

The concepts of sustainability and corporate social responsibility can be said to, at a very high level, address the non-financial factors that impact a business's economic performance (Johnson et al., 2020). When the term 'sustainability' was first coined, it focused solely on environmental topics; however, over time it has adapted to encompass further aspects, including social and governance, and is now considered as a firm's ability to continue creating long-term value (Johnson et al., 2020). Although it has been around longer, CSR is harder to define. Despite over half a century of research and debate, there is no single widely accepted definition of CSR (Freeman, 2010). The Global Compact published a report in 1999 which defines CSR as voluntary commitments by the firm to social, economic, and environmental improvements (Mazurkiewicz & Crown, 2005). The European Union mirrors this idea of ensuring improvements, arguing that "Being socially responsible means not only fulfilling legal expectations, but also going beyond compliance and investing 'more' into human capital, the environment, and the relations with stakeholders." (Commission of the European Communities, 2001, p.6).

In the 1950s and 1960s concerns for environmental and social welfare began to appear in the corporate world. Scholars, such as Davis, planted the ideology that managers have a responsibility to go beyond legal compliance (1960) and hence the concept of business ethics was born. The generally understood idea was that the firm must broaden its obligations to consider more than just the bottom line (Freeman, 2010). Many of the first Non-Governmental Organisations (NGOs) were established to tackle these social and environmental concerns, and the philanthropic world took off. Businesses began considering ethics on a very basic level.

2.2 EARLY THEORIES OF SOCIAL RESPONSIBILITY

Developments in business ethics the 1970s and 1980s gave rise to the early theories of social responsibility: Milton Friedman's Shareholder Theory and Edward Freeman's Stakeholder Theory. In the 1970s, the New York Times published Friedman's article entitled 'The Social Responsibility of Business is to Increase Profits' which became the

widely adopted paradigm. This ideology suggests that the social responsibility of a firm is to maximise the money generated for its shareholders and owners, whilst ensuring compliance with society's basic rules (Friedman, 1970). Here, Friedman refers to 'society's basic rules' as two limitations that hinder profit maximization: firstly, local legal considerations - not engaging in any illegal practices - and secondly moral customs, complying with the societal morals of the environment in which the company operates (Friedman, 1970). The shareholder theory does not consider the creation of any value other than economical. All focus is placed on the short-term maximisation of profits, thus failing to recognise that although CSR policies may not result in short-term profit increases, they may decrease risk and increase long-term sustainability. The adoption of this paradigm led to sustainability being considered as an unnecessary cost and an external aspect to the primary role of the business (Porter and Kramer, 2011).

By 1997, Friedman's Shareholder Theory was promoted by the Business Roundtable, an association of Chief Executive Officers of America's leading companies, who declared that the principal objective of companies was to generate economic return for its shareholders (Clarke, 2020). This ideology has had a catastrophic impact on business and society over the last half-century (Pérez et al, 2022; Clarke, 2020). Whilst it was widely accepted in the past, such thinking is now heavily rejected by many stakeholders and scholars, meaning corporations who continue with this mantra are in crisis.

Edward Freeman rejected the hard separation of social and financial value proposed by Friedman (Freeman, 1984). He believed that financial and social performance are linked: better financial performance leads to better social performance, and better social performance boosts financial performance (Freeman, 2010). As a result of this relationship between social and financial performance, Freeman's stakeholder theory argues the firm has a responsibility to consider more than just the economical creation of value. This responsibility also extends to recognising the rights and dignity of all those affected by the business in order to ensure they are not seen as purely a means to serve the interest of the organisation. The belief that intentions behind CSR actions can be better satisfied if businesses focus on sustainability from a stakeholder responsibility lens, gave way to the 'Stakeholder Theory' (Freeman, 1984).

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Freeman's Stakeholder Theory has become one of the main, if not most frequently used, approaches to sustainability management research (Montiel & Delgado-Ceballos, 2014). The theory focuses on the relationships with all actors that are affected by, or affect, the businesses' operations and provides a starting point for medium- and long-term sustainability visioning (Hörisch et al., 2014). Through this stakeholder lens, CSR is considered as an intrinsic commitment in which a company strives to find ways of generating revenues that leads to constructive social, corporate, and environmental contributions. It is highly associated with the concept of business ethics that is inherent to business activity. In order to achieve this intrinsic commitment, CSR management is placed in the top management team, facilitating a transversal integration of sustainability into the entire business model through strategy and decision making.

Freeman's Stakeholder Theory receives much praise and support academically. For example, Venkataraman who suggests strategic management should work as an 'equilibrating mechanism' that is designed to continuously find solutions that endeavour to balance the interests of all of the company's stakeholders (2002). Finding this equilibrium facilitates the balance of economic and social responsiveness, an attribute that is crucial for long-term success (Ackerman, 1973).

The evolution of this responsible purpose, from Milton Friedman's profit maximisation doctrine to Edward Freeman's Stakeholder Theory has given rise to a transfer in importance: from 'Shareholder primacy' to 'Stakeholder primacy' (Johnson et al., 2020). This transfer in primacy and the promotion of the Stakeholder Theory was further supported by the Business Roundtable association in 2019 and the 2020 Davos Manifesto, which proclaimed that the modern business should consider all of its stakeholders in order to have a positive impact (Davos Manifesto, 2019; Clarke, 2020).

2.3 PROFESIONALISATION OF CSR

Building upon Freeman's Stakeholder Theory, business ethics continued to rise in importance. Rising demands for prioritisation of benefits outside of those of financial nature led to the suggestion of new theories and practices, for example the 'Triple Bottom Line' concept coined by Elkington in the early 1990s. This work was key in the convergence from sustainability as solely environmental into a tripartite conception. He

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theorized that firms can simultaneously deliver three types of benefits: financial, social, and environmental (Elkington, 1994). It encourages firms to consider not only the financial value they create, but also the social and environmental value that they add, or destroy (Elkington, 1994). CSR became professionalised in order to manage the triple bottom line of the firm.

However, CSR positions acted like stealth PR representatives in which their implicit goal was to deflect reputational risk (CSiR) through telling an appealing story about the company's sustainability initiatives (Eccles, 2023). The majority of the positions were located in the marketing and communications department with roles linked to foundations, philanthropy, and relations with NGOs. The purpose of the role was purely reputational. CSR remained an extrinsic add-on situated far from the core of the business. When sustainability management takes a peripheral function it, more often than not, served as positive promotion rather than transformative sustainable development of the business model, due to the lack of resources (Madsen & Ulhøi, 2021). These 'introverted', and 'conservative' approaches fail to contribute to holistic changes that are necessary to attain long-term social and environmental sustainability (Baumgartner & Ebner, 2010).

2.4 SUSTAINABLE DEVELOPMENT AND THE SDGS

Another key development in the evolution of CSR was the work started by Hans Jonas. He highlighted the need for action in a way that the consequences are compatible with life on earth (Jonas, 1984). This idea inspired the report titled 'Our Common Future' by the United Nations (UN) in 1987, which coined the concept of sustainable development that has shaped today's sustainability focuses. The report defined sustainable development as development which meets the needs of the current generation without compromising the ability of future generations to satisfy their own needs (World Commission on Environment Development, 1987). To aid the adoption of sustainable development in the private sector, the formation of the UN Global Compact was announced in 1999, a voluntary initiative based on commitments from CEOs to implement sustainable principles in their businesses.

Increasing efforts to ensure sustainable development both publicly and privately lead to the development of the Millennium Development Goals (MDGs) (Johnson et al., 2020).

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In an effort to tackle the world's major problems, in September 2000, the United Nations General Assembly launched eight MDGs to be achieved by 2015, which centred on the reduction of poverty globally (Hickman et al., 2023). The MDGs acted as an important precursor to the SDGs established at the COP21 by the UN in 2015. The SDGs were more specific than the MDGs. They were also accompanied by a strategy, the 2030 Agenda, in order to provide a global platform to facilitate sustainable development actions adopted by all UN Member States. The SDGs, which cover 169 targets and 17 major goals, set out an action plan with the aim of achieving the agenda by 2030, with a focus on challenges such as climate change, extreme poverty, eliminating hunger and reducing inequalities (Madsen & Ulhøi, 2021).

Schonherr et al. compliment the SDG framework for its ambition and universal scope which issues a common agenda to a diverse range of stakeholders across the globe, including international governments, non-governmental organisations, corporations, and society (2017). Before the development of this common agenda, the subjectivity, complexity, and competing interests of sustainable development limited the integration of sustainability into business strategy (Sullivan et al., 2018). The adoption of the SDGs creates a common language, not just nationally but also internationally, that has given rise to global sustainability benchmarks that apply across a wide range of industries. These benchmarks allow both public and private institutions to steer and evaluate their sustainability activities and outcomes (Sullivan et al., 2018).

Today, more and more firms are adopting the SDGs to demonstrate their commitment to sustainability. In 2019, PWC published a report in which, from a global sample of 1,410 firms, 72% indicated that they were engaging with the SDGs in some form (Lashitew, 2021). This increased adoption is a positive development that has the potential to stimulate the use of innovation and entrepreneurship to tackle pressing issues presented by climate change (Lashitew, 2021). By 2030, the SDGs are estimated to possess market opportunities worth up to 12 trillion US dollars (Madsen & Ulhøi, 2021). The engagement by so many firms with the SDGs highlights the change in awareness towards sustainability commitment that wouldn't have been possible twenty years ago. A key factor in this engagement is the universality of the SDGs, which encourages greater

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commitment to social and environmental issues by firms and actors that, traditionally, have been more passive in development and practice (Lashitew, 2021).

Lashitew argues that the SDGs universality, specificity, and linkage to corporate outcomes makes them attractive for firms to use in the communication and benchmark of their sustainability performance (2021). Sustainability efforts for solely a communicative purpose is an instrumental view of CSR, defended by companies only to the extent that it improves the bottom line. Whilst using the SDGs for communication is beneficial for firms, its draws away from the true purpose of the goals: to create sustainable development. There is a risk of firms misusing the SDGs for ‘Greenwashing’, a term that refers to the focus on salient aspects of sustainability and neglect of less observable aspects (Wu et al., 2020). In cases of greenwashing, the SDGs are used for an aesthetic purpose in order to enhance their level of perceived sustainability, rather than for transformative purposes. The ability to misuse the SDGs can arguably be blamed on the lack of sound internal and external accountability mechanisms that ensure the alignment of statements of action with measured outcomes (Lashitew, 2021).

2.5 THE EUROPEAN UNION’S REPORTING DIRECTIVES

In response to the development of the 2030 agenda, the European Commission has implemented various pieces of legislation over the last two decades aimed at corporate sustainability, the safeguarding and promotion of human rights (Duarte and Matias, 2022) and organisational accountability, most notably the Non-Financial Reporting Directive (NFRD). Entering into effect in December 2014, and effective as of the financial year beginning in January 2017 (Ottenstein et al., 2022), the NFRD applied to large public interest companies with over 500 employees. The legislation required firms to report non-financial (sustainability-related) information as well as the traditionally reported financial information (Ottenstein et al., 2022). The directive encouraged companies to develop a sustainably responsible approach as well as triggering improvements in ESG performance, as shown in a study by Aluchna et al. (2022).

In an attempt to further drive the integration of sustainability into firms’ considerations, the European Commission has developed a new reporting directive to replace the NFRD from January 2023: the Corporate Sustainability Reporting Directive (CSRD). With the

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aim to bring sustainable reporting on a par with financial reporting, the new directive is more ambitious both in scope and requirements than the NFRD. The scope has been broadened to include all listed companies (except micro-enterprises with a turnover, or total assets, of less than 2 million euros or less than 10 employees) and all large public interest companies that have at least 250 employees or 40 million euros in net turnover (or 20 million euros in assets) (Duarte and Matias, 2022). The directive also extends to any non-EU companies that have a subsidiary in the EU. Firms that meet these requirements must report double materiality and specific disclosure requirements.

Both reporting directives have played a huge role in the evolution of CSR, encouraging firms to take sustainability into consideration on a more integrated level. Whilst some companies were already carrying out such activities on a voluntary basis, the implementation of these directives helped motivate less-willing firms to integrate sustainability into strategic decision making.

2.6 STRATEGY AND SUSTAINABILITY MANAGEMENT

With the increasing pressure from consumers, governments and the regulations previously mentioned, businesses that continue to consider sustainability as extrinsic are currently in crisis. Given that in the past, the concept of CSR was widely considered as voluntary actions, they were extrinsic to the business and constituted as an add-on, rather than transformative actions aimed at embedding sustainability into the business model. Extrinsic CSR positions are no longer fulfilling expectations. Gradually, sustainability is becoming strategic. CSR roles that were once solely in charge of promoting a good sustainability-reputation are now becoming proactive action leaders ensuring integration of sustainability into corporate strategy.

CSR approaches adopted by firms will fail to be effective unless they are fully integrated into the operations of the business (Freeman, 2010). The goal of the integration of nonfinancial factors into corporate strategy is crucial in attaining long-term, sustainable value (Johnson et al., 2022). This ideology has been widely accepted by many executives and board members (Pollman, 2022). Continuing with 'ad-hoc' tactics to deal with external changes will no longer work and as such, it is suggested that managers must embrace more innovative thinking in order to adopt strategic approaches that deal with

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externalities (Madsen & Ulhøi, 2021). Freeman argues that social and environmental issues can no longer be separated from the firm, and in order to create real value for stakeholders and contribute successfully to sustainable development, a firm must link these social and environmental issues to the core of its business (2010).

Integrating these considerations to the core of the business, through strategy, is becoming a principal driver of decision making. Baumgartner and Rauter define strategy as a plan to achieve set goals in uncertain conditions (2017). Given the increasing number of challenges arising due to climate change and resource scarcity, it can be argued that uncertainty in today's economy has become the rule rather than the exception (Madsen & Ulhøi, 2021). Given the emphasis from corporate sustainability scholars that there are great interdependencies between firms and society and the ecological environment, there is a demand for companies to ensure a positive contribution towards economical and societal sustainable development in the face of this uncertainty (Schaltegger & Burritt, 2005). In order to do so, firms must fully understand the needs and expectations of all stakeholders, highlighting that the Stakeholder Theory can be purposefully applied in the context of sustainability management (Hörisch et al., 2014). Starik and Kanashiro define sustainability management as the "formulation, implementation and evaluation of both environmental and socio-economic sustainability-related decisions and actions" (Starik & Kanashiro, 2013, p.12). In more recent years, CSR has further evolved and become linked to the future of the company. It has become understood that companies must innovate in order to be sustainable going forwards. Thus, many corporations have begun to link innovation to climate change and technology development (Madsen & Ulhøi, 2021).

It can be argued that the definition of strategy that ensures the transversality of sustainability lies in the hands of board members. Freeman's stakeholder approach suggests that CSR must be placed in the top management level in order to achieve a transversal conception of the entire business model. The assignation of responsibility and authority of ESG issues at board level is often the first step in the development of sustainability strategies. Giving these issues to the highest level of decision makers transforms the entire process, making it more robust (Johnson et al., 2020). However, this 'promotion' of interests does not imply that all interests are considered equally. In many

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cases, the duties to some stakeholders take precedence over those to other stakeholders, for example positive duties to some stakeholders are overshadowed by the negative duties of compliance to laws and regulations (Carson, 1993). Top management faces the challenge of identifying which stakeholders are involved with certain activities upon which business success, and survival, is dependent and gathering their input in order to effectively manage their well-being (Hörisch et al., 2014).

A special issue of the *Journal of Organisational Change Management* that focused on sustainability stated that the best leaders will not only transform their businesses but will also possess the vision to change mindsets and attitudes within their industries (Madsen & Ulhøi, 2021). This argument highlights the need for a shift in thinking from treating sustainability management as an add-on carried out by an independent department to a holistic approach embedded into the very core of the business.

CHAPTER 3 | THE ROLE OF CHIEF SUSTAINABILITY OFFICERS

3.1 INTRODUCTION TO THE ROLE OF CHIEF SUSTAINABILITY OFFICER

Hambrick and Mason's 'Upper Echelons Theory' suggests that the TMT can have a notable impact on the organisation's priorities and outcomes (1984), thus suggesting their influence over the success of sustainability management in the organisation is significant. As a result of their influence, senior executive positions are often created in response to opportunities and risks that emerge externally. Recent examples include positions such as Chief Technology Officers (CTOs), Chief Financial Officers (CFOs) and most recently, CSOs (Miller & Serafeim, 2014).

Miller and Serafeim define CSOs to be an executive position charged with the primary responsibility of sustainability matters within the organisation (2014). Whilst "CSO" is the most common title for the role, some organisations label the position differently with titles such as Chief Environmental Officer, Head of Sustainability and CSR Director (Fu et al., 2017). It is important to recognise that CSOs differ from sustainability managers, given that the latter do not hold executive authority (Kanashiro & Rivera, 2019).

Since the first CSO appointment by DuPont in 2004 (Wang et al., 2023), the presence and importance of CSOs in many of the largest companies worldwide has been steadily increasing (Strand, 2014; Gupta et al., 2021; Wang et al., 2023). Corporations such as UPS, Coca-Cola and Kellogg's are among these (Fu et al. 2017). Strand argues that corporate sustainability has achieved an upper echelon status given that CSOs are usually ranked amongst the tenth highest posts in their organisations (2014).

It could be argued that a key reason for this increased presence of CSO positions in the last two decades is the increase in sustainability regulation. After the 2008 financial crisis and implementation of financial regulations, financial experts at an executive level became a vital part of TMTs. Kanashiro and Rivera argue that, given the increase in sustainability regulations currently being seen, it is expected that the presence of CSOs will increase to deal with this regulatory pressure (2019).

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Miller and Serafeim present a model which explores the evolution of the role as the company becomes more sustainably mature (2014). The model consists of three stages of sustainability maturity: firstly compliance, secondly efficiency, and thirdly innovation. They suggest that nearly all companies begin to engage with sustainability on a purely compliance basis. Sustainability management is extrinsic to the business as efforts are rarely connected to strategy nor coordinated centrally (Miller & Serafeim, 2014). In this stage, CSO positions or equivalent seldom exist and when they do, the position holds very little authority.

In pursuit of achieving organisational efficiencies that benefit the bottom line, companies begin to become more strategic, often by appointing a CSO. The activities performed by the CSO are generic, including responsibilities like identification of material sustainability issues, sustainability reporting and management of stakeholder relationships (Miller & Serafeim, 2014). It is in the second and third stage that CSOs are given more authority, thus taking a stronger leadership position in the company. This transition of power means they become involved in every stage of sustainability management.

Whilst some companies fail to move beyond their focus on efficiencies, some integrate sustainability into the core of the business in order to achieve advanced transformation and enter the third stage: innovation (Miller & Serafeim, 2014). In this stage, efforts are more strategic, focusing on balancing long-term profitability with societal and environmental externalities through the creation of business models, procedures, systems, and operations (Miller & Serafeim, 2014). The focus shifts to forging a strong culture. This is found to be more achievable thanks to the increased authority of the position, given the increased probability that CSO reports directly to the CEO in this later stage.

3.2 KEY RESPONSIBILITIES OF CHIEF SUSTAINABILITY OFFICERS

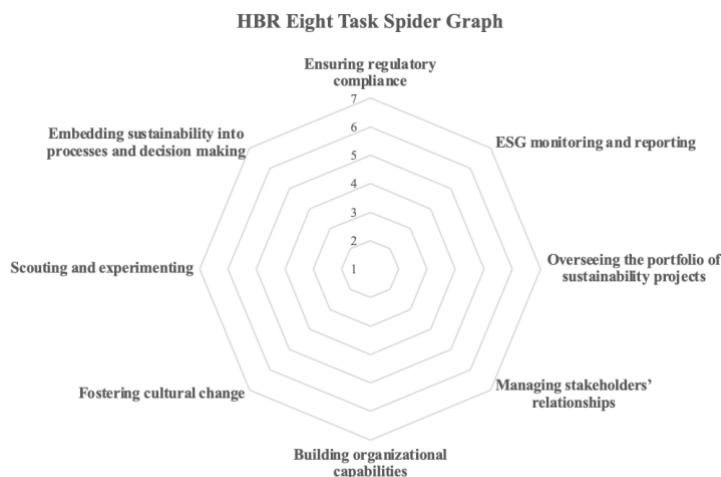
Academically there is limited discussion on the formalisation of the CSO role and consensus of what the role involves. Whilst similar C-suite positions, such as the CFO, are well established, the CSO has only emerged recently, presenting a limit in benchmarks and history (Farri, 2023). Studies by Eccles (2023) and Miller and Serafeim (2014) shed

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light on the vague advice and inconsistent understanding of responsibilities present in the limited academic literature.

From the academic literature review carried out, mentionable key responsibilities of the role include identification of and attention to applicable ESG issues (Eccles, 2023), strategy development (Miller & Serafeim, 2014) and stakeholder relationship management (Farri, 2023). Harvard Business Review (HBR) presents a ‘Eight Key Responsibilities of a CSO’ framework. Originally designed for the role of Chief Innovation Officer, HBR have updated this framework to help CSOs visualise their eight key responsibilities in order to successfully execute the sustainability agenda as well as ensure the role covers all dimensions of sustainability (Farri, 2023). The eight key responsibilities identified by the framework are as follows:

1. Ensuring regulatory compliance
2. ESG monitoring and reporting
3. Overseeing the portfolio of sustainability projects
4. Managing stakeholders’ relationships
5. Building organizational capabilities
6. Fostering cultural change
7. Scouting and experimenting
8. Embedding sustainability into processes and decision making



1–2: Low effort; 3–5: Medium effort; 6–7: High effort

Image 1: HBR Eight Task Spider Graph (Farri, 2023).

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Given this is one of the most recent frameworks, making it very applicable to the current understanding of the role, and its concise yet clear nature, it can be argued that this is a powerful and useful tool to analyse the key responsibilities of CSOs today.

A CSO's ability to successfully carry out these eight tasks can be impacted by a number of factors. Firstly, Kanashiro and Rivera argue that greater regulatory demands can increase the political power of the position to encourage proactive environmental protection investments (2019). Furthermore, relationships and the location of the position is another key factor for success. In Miller and Serafeim's study, they found that CSOs are more successful in promoting organisational change when they were located as close as possible to key areas where sustainability had the ability to generate value (2014). Given the responsibilities of the role, a CSO's authority depends on their relations with the centres of decision making: the CEO and other TMT members.

Relationships with the rest of the business are also crucial in the success of a CSO, especially for responsibility number six: Fostering cultural change. Miller and Serafeim argue that organizational change and culture transformation can't be imposed from the top (2014). Instead, it depends on interactions of local subcultures, meaning CSOs need relationships throughout the organisation to help foster cultural change.

3.3 EVALUATION OF THE CHIEF SUSTAINABILITY OFFICER ROLE

Whilst the forementioned factors are facilitating the CSOs path to success, there is much speculation about whether CSOs are hired to realise sustainability opportunities or merely exercise damage control (Kanashiro & Rivera, 2019). This idea is further supported by other academics, including Peters et al. who argue that prior research documents that CSOs are often related to symbolic gestures that lack substantive contribution to sustainability performance (2018).

However, many researchers have argued that the CSO role can help improve environmental performance when operating in industries with strict regulations (Kanashiro & Rivera, 2019), increase engagement in CSR activities and decrease corporate social irresponsibility (Fu et al., 2017).

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Whilst the appointment of CSOs is argued to have some influence on the environmental performance of a firm, there is little opposition to the idea that the presence of a CSO positively affects the financial performance of the firm. Wang et al. found that firms with a CSO or equivalent TMT position were three times more likely to be selected for the Dow Jones Sustainability Index (DJSI) than firms without such a position (2023). This suggests that the presence of a CSO highlights an organisation's commitment to sustainability (Henry et al., 2018) and thus contributes to the financial element of the triple bottom line.

In addition to this improved financial performance, Wang et al. argues that the appointment of a CSO can positively contribute to fostering a sustainable culture and as such, should be considered by all CEOs (2023). Appointing a CSO gives rise to a shift in the TMT's values towards sustainability and raises the priority level of sustainability on the TMT's agenda, simply by asking questions that may not have been asked by traditional members (Wang et al., 2023; Strand, 2014). These questions are particularly crucial as they contradict the often-short-term financial goal focus of other TMT members (Peters et al., 2018). The inclusion of a CSO in the decision-making centre of a firm causes the dissemination of sustainability related ideas throughout the firm and sends a strong signal that sustainability is a priority. As a result, individuals begin to change behaviours thanks to having a more sustainable focus, leading to the growth of a sustainable culture (Strand, 2014). Therefore, hypothesis 1 is proposed:

Hypothesis 1: CSOs help foster a more sustainability-focused corporate culture

Before appointing a CSO, a central leader of sustainability is usually absent. Instead, it is usually up to the discretion of middle managers and department level solutions. More often than not, the lack of centralised leadership impedes organisational learning and causes a lack of consistency in sustainability practices and commitment (Kanashiro & Rivera, 2019). Middle managers often lack the authority to make the necessary changes to improve environmental performance beyond simply complying with regulations, and given sustainability initiatives are usually seen as costly, individual departments lack the necessary resources to implement them (Kanashiro & Rivera, 2019). Sustainability is stuck as an extrinsic add-on activity. However, given their position on the TMT, the authority of a CSO overcomes these obstacles by acting as a bridge between top and lower

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management (Hashmi et al., 2023). By lifting the awareness of sustainability to the executive level, the transformative change, and the integration of sustainability into the core of the strategy is facilitated (Henry et al., 2018). Nevertheless, a CSO's ability to ensure this pivotal change depends on the level of authority the position holds as well as the cooperation from other TMT members (Eccles, 2023). Thus, hypothesis 2 is formulated:

Hypothesis 2: The authority of the CSO position impacts the CSO's ability to integrate sustainability into the core of the organisation

Whilst there is little doubt that appointing a CSO signals a positive sustainable image to customers, employees, and other stakeholders (Wiengarten et al., 2015), there still remains doubts about the motivations for appointing a CSO. Strand argues that some may install a CSO position in the TMT for legitimacy purposes as a symbolic image of improved environmental commitment (2014). This suggests that appointing a CSO does not always indicate organisational change, but rather a greenwashing approach aimed at responding to sustainability pressures and societal expectations (Peters et al., 2018). The adoption of a highly visible practice, such as adding a sustainability-focused TMT member, may represent 'ceremonial conformity' in which the fundamental operations of the firm are not altered in a significant way – constituting a symbolic rather than substantive governance mechanism (Peters et al., 2018). Hiring a merely symbolic CSO leaves the firm in the compliance or efficiency stage of Miller and Serafeim's Sustainability Maturity Model (2014).

With the goal of assessing the CSO role in more depth, there have been a few notable academic studies including those conducted by Strand (2014), Wiengarten et al. (2015), Fu et al. (2017), Peters et al. (2018), Henry et al. (2018) and Kanashiro and Rivera (2019). Although most of these studies are more than five years old, they offer key insights into evaluating the role of CSOs and thus are considered applicable in the review of academic literature surrounding CSOs. The key conclusions of each study are presented in table I.

Peters et al., argue that a likely factor that can distinguish whether a CSO has been appointed for a symbolic versus substantive purpose is the sustainability experience and knowledge the individual has (2018). Given that strategic resources aren't productive

Study	Sample summary	Main conclusions
Strand, 2014	46 TMT positions compared 2010 to 2012 and 4 in-depth interviews with CSOs from large corporations	<ol style="list-style-type: none"> 1. Reasons CSO positions are installed can include: <ol style="list-style-type: none"> a. In response to challenges in legitimacy of the business b. In an effort to realise external opportunities that need attention and coordination by a strategic level position 2. The successful implementation of bureaucratic machinery can help sustainability considerations extend beyond the tenure of a CSO
Wiengarten et al., 2015	123 announcements that appoint a chief executive of CSR to existing or newly created positions by U.S. listed companies between the years 2004 and 2012	<ol style="list-style-type: none"> 1. The presence of a CSO does result in financial performance benefits (under certain conditions and characteristics) 2. The greatest financial performance benefits are achieved when the CSO is female and has a CSR functional background 3. CSR executive should be appointed through internal promotion
Fu et al., 2017	A sample of S&P 500 firms for the period of 2005–2014	<ol style="list-style-type: none"> 1. The presence of a CSO increases a firm’s socially responsible activities (CSR) 2. The presence of a CSO decreases a firm’s socially irresponsible activities (CSiR) 3. The presence of a CSO has a greater effect on reducing CSiR than on increasing CSR socially responsible activities (CSR)
Peters et al., 2018	419 firms from the S&P 500 index over the 2002-2008 period	<ol style="list-style-type: none"> 1. There is no association between CSO appointments and sustainability performance for firms that were already poor performers 2. Firms with higher levels of prior sustainability performance that appointed a CSO began to experience significant improvements in performance after 3 years 3. CSOs with prior sustainability expertise are associated with increases in sustainability performance in firms with strong prior performance, but not in firms with poor prior performance.
Henry et al., 2018	22 global energy companies in Corporate Knight’s ‘Global 100’ sustainability index over the 2005 to 2016 period	<ol style="list-style-type: none"> 1. The presence of a CSO does not boost triple bottom line performance.
Kanashiro and Rivera, 2019	All S&P 500 firms required to report their toxic emissions from 2006-2011	<ol style="list-style-type: none"> 1. Presence of a CSO is associated with higher levels of pollution emissions 2. CSOs have a positive influence on environmental performance if faced with strict environmental regulations

Table I: Summary of key studies on the CSO role (Own elaboration)

individually, they need to be understood by leaders in the context of the firm in order to be deployed effectively (Peters et al., 2018). Wiengarten et al. suggests that internal hiring of someone with a functional CSR background is most suitable for substantive CSO appointment, whereas for symbolic, marketing purposes, the most effective choice is a younger candidate with an MBA degree (2015). The suggestion of the latter emphasises that there is the possibility that firms use the position of the CSO as a marketing initiative to improve stakeholder's perception of the firm's commitment to sustainability.

Whilst it cannot be ruled out that some firms may use the CSO role for greenwashing purposes, Strand argues that symbolic attempts aren't necessarily always a bad thing, given that it has the potential to lead to the change it claims to represent (2014). As long as a total decoupling of rhetoric from considerations does not occur, then appointing a CSO will signal that the organisation has sustainable aspirations and subsequently lead to action (Strand, 2014).

One can argue that the intentions of appointing a CSO can be analysed through the focus of the role. Fu et al., believes that the sustainability performance of a firm can be evaluated upon two aspects: the increase of socially responsible actions and the reduction of socially irresponsible actions (2017). This idea is also promoted by Eccles who suggests that the CSO role is becoming strategic, if strategy is defined as choosing what not to do (2023). Social psychology research demonstrates that there is an attentional allocation bias towards negative stimuli and information meaning managerial attention is often more focused on avoiding the bad rather than encouraging the good (Fu et al., 2017). This attention bias is not only true for managers but also other stakeholders, who may evaluate the success of targets based on negative behaviour, for example, carbon dioxide emissions. This results in information on the negative impacts of the firm being more influential than that of positive impacts (Fu et al., 2017). This was a key conclusion of Fu et al's. study in which it was found that CSOs have a greater impact on decreasing CSiR activities than increasing CSR activities (2017). Therefore, hypothesis 3 is produced:

Hypothesis 3: CSOs focus more on reducing negative impacts of the firm than increasing positive contributions

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One could argue that the development of the SDGs provides businesses with a new framework to better manage both its CSR and CSiR activities. The opportunity-based development agenda that departs from duty-based past development programs, helps to guide managerial decisions in terms of sustainability (Lashitew, 2021). The definition of the SDGs helps to establish the focus parameters of the sustainability management strategy. It is crucial to mention that the relationship between the SDGs and the CSO position is mutually beneficial. The SDGs act as a scientifically backed framework to help CSOs with strategy definition, and the success of converting the SDGs into meaningful levers for sustainability engagement and transformation hinges upon the efforts of CSOs working to embed the goals into the core corporate strategy (United Nations, n.d.). However, it would be interesting to investigate whether this is the reality. Thus, hypothesis 4 is proposed:

Hypothesis 4: The SDGs are a useful framework for CSOs in sustainability strategy definition

CHAPTER 4 | THE ROLE OF CHIEF SUSTAINABILITY OFFICERS IN SUSTAINABILITY TRANSFORMATION

4.1 PURPOSE AND OBJECTIVES OF THE QUALITATIVE WORK

The purpose of the primary qualitative research carried out in this project was to obtain first hand expert knowledge of the role of CSOs in sustainability transformation. Expert interviews were chosen as the most suitable method because, as argued by Von Soest, expert interviews are key for the analysis of complex decision-making processes (2023). Moreover, many of the main studies that investigate the CSO role, discussed in table I, take a quantitative approach, assessing the role through analysing key performance indicators (KPIs). However, many of these academics suggest that future research could take a qualitative approach, through in-depth interviews with experts to better understand the reality of the role (Henry et al., 2018; Fu et al., 2017; Peters et al., 2018).

Whilst expert interviews present many benefits, it is important to also highlight the limitations of this method. Firstly, given that expert insights are inherently personal, they may not always be representative or replicable (Von Soest, 2023). Furthermore, experts may intentionally or unintentionally mispresent information (Von Soest, 2023). This is especially true in this project given that two of the participants are previous CSOs, thus meaning the passing of time may have impacted how well they remember certain aspects of the role.

The interviews aim to gain insights into the reality of the CSO role from experts' opinions and experiences, investigating the following objectives:

1. Assess the role CSOs play in fostering a more sustainability focused corporate culture
2. Determine the correlation between the authority of the CSO position and their ability to make transformative changes
3. Analyse the focus CSOs have on reducing negative impacts (CSiR) versus increasing positive contributions (CSR)
4. Investigate the utility of the SDGs as a framework for defining sustainability strategy for CSOs

4.2 RECRUITMENT AND PARTICIPANTS

Given that the TMT is notoriously difficult to access methodologically (Strand, 2014), convenience sampling (Bryman and Bell 2007, pp. 197–199) was used to conduct interviews with experts to whom the author could gain access. Although convenience sampling is not representative of the entire population (Strand, 2014), it was felt justified in this project given the difficulty accessing CSOs and the objective of providing insights into the reality of the role. This sampling resulted in a total of six interviews.

Participants were considered eligible for this investigation if they had a role specifically dedicated to sustainability, CSR or any equivalent, and were situated in, or reported to, the TMT. As inside and outside experts should both be included in research (Von Soest, 2023), Ángel Pérez Agenjo, an exception to these criteria, was interviewed to gain an outside expert perspective on the CSO role. Moreover, Von Soest argues that lower level inside experts should be included to gain alternative perspectives (2023). Susan Brown, whose role is not executive level, was interviewed in order to gain insights on sustainability management roles with less authority.

Table II presents the names and positions of the six participants, in interview chronological order. It is important to note that whilst none of the roles are labelled as ‘CSO’, the positions are the equivalent.

Beatriz Morilla	<ul style="list-style-type: none"> • Head of Citizenship at Barclays from 2005 to 2011 • Head of Sustainability at <i>Asociación Española de Banca</i> from 2011 until 2019
Ángel Pérez Agenjo	<ul style="list-style-type: none"> • Founder and partner of Transcendent, a Sustainability and Social Impact Consultancy firm in Madrid
Susan Brown*	<ul style="list-style-type: none"> • Sustainability Director for a Health Economics consultancy SME in England since 2023
Delia García	<ul style="list-style-type: none"> • Sustainability and CSR Director at L’Oréal for Spain and Portugal since 2021 • Head of Sustainability at El Corte Inglés from 2015 until 2021
Federico Gómez Sánchez	<ul style="list-style-type: none"> • Head of Sustainability at Banco Santander 2013 to 2019
María López*	<ul style="list-style-type: none"> • Head of Corporate Responsibility and Sustainability at one of the largest health care insurance providers in Spain (since 2018)

*Pseudonym used as participant wishes to remain anonymous

Table II: Summary of participants

More detailed information on participants' career history and sustainability expertise can be found in chapter 7.1.

4.3 INTERVIEW PROCESS

The interviews were performed in English, carried out in a mixture of in-person and online settings in order to reduce barriers to accessing the TMT. The interviews lasted between thirty minutes to an hour. Ideally, the interviews would have all been extended to at least an hour; however, given the busy schedule of the CSOs, thirty minutes was the maximum time some participants could offer. Every interview was recorded, and a transcript was produced afterwards in order to facilitate analysis.

A semi-structured format was used given this is the most appropriate for expert interviews (Tansey, 2007). In order to generate descriptive insights of the “what” and “how” of the CSO role, interview guides were constructed, personalised to the profile of the participant, ordered by the themes of each hypothesis with preformulated questions that allowed for flexibility for follow-up enquiries and probes (Von Soest, 2023). The interview guide templates used can be found in chapters 7.2 and 7.3. The interviews were conducted over a two-week period from the 21st of February until the 1st of March 2024.

4.4 DATA COLLECTION AND ANALYSIS TECHNIQUE

Interviews were recorded through Microsoft Teams which automatically produced a transcript after the recording had finished. Transcription was used as the substantive content was the focus of the analysis (Flick, 2014). The phases of interview data analysis proposed by Flick were used: (1) data reduction; (2) data reorganization; and (3) data representation (2014).

In the first stage, data reduction, transcripts were read whilst listening back to the interview recording to ensure the transcript produced captured the main views coherently. Whilst carrying this out, key extracts that related to any of the four hypotheses as well as ideas that added value to the project were highlighted. The author expresses regret that the transcripts and audios are unavailable for sharing. Before the interview, it was agreed with each participant that access to the transcripts and recordings would be limited to the author and director of the project. The purpose of restricting this access was to encourage

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the participation of CSOs in the research as well engage in open and candid discussions. The terms of participation agreement can be found in chapter 7.4.

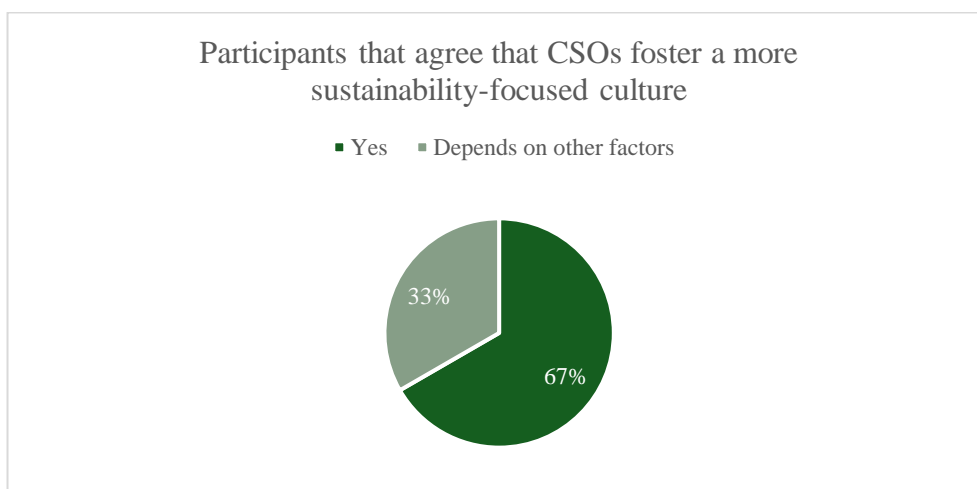
In the second stage, data reorganisation, thematic analysis was used to categorize and reconstruct interview material in a way that captured the crucial concepts (Flick, 2014), in this case the four hypotheses. Highlighted data from the previous stage was organised by hypothesis. The use of thematic analysis incorporates connection and categorisation, thus allowing the investigator to consider relationships among categories (Ayress, 2008).

In the final stage, data presentation, a mixture of pie and bar-charts are used to present the data visually. This was chosen as the most appropriate method given participants were asked if they agreed or disagreed with the hypotheses proposed. In most cases, participants gave a clear yes or no answer, allowing the use of binary representation. Key excerpts, shown in italics, are also used throughout the next section to best present the views of the experts interviewed. Given that English was not the first language of many participants, excerpts have been edited for clarity, making slight grammatical and syntax changes as well as removing word repetitions. Words that have been added for clarity are denoted with the use of square brackets [].

4.5 ANALYSIS OF RESULTS

This section discusses the main results drawn from the six expert interviews, in order of the four hypothesis this project aims to analyse.

Hypothesis 1: CSOs help foster a more sustainability-focused corporate culture



Graph I: Participants that agree that CSOs foster a more sustainability-focused culture

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Four out of the six the participants strongly agree with the statement that CSOs help foster a sustainable corporate culture. This confirms that Harvard Business Review's 'Eight-Task Spider Diagram' is correct to include 'Fostering cultural change' as a key role of CSOs. The other two participants suggest that the extent to which CSOs can change the corporate culture is dependent on the sustainability maturity of the firm (Ángel Pérez Agenjo) as well as the level of support from the CEO (Susan Brown). The previous CSO of Banco Santander, Federico Gómez Sánchez, compares the role of CSO to a boat captain:

"I would say the role of CSO, it was like the boat captain...The first [thing] is looking at the future saying there is a wave that is coming regarding the environment, and nobody listens...Then you start to convince the different areas in order to manage recent opportunities regarding the environment and climate topics...because you have a lot of knowledge and information... if there is no CSO, nobody will talk about sustainability in the culture."

This extract suggests that CSOs play a key role in fostering sustainability culture as without the position, no one will fight for sustainability to be a priority. Federico also highlights that efforts to foster a sustainable culture must move in both directions; upwards, in terms of raising the topic of sustainability to the executive level, and downwards, in terms of collaboration with other departments. Beatriz Morilla, the previous CSO of Barclays, highlights that *"someone needs to be constantly challenging the executive committee"* in order to ensure sustainability is considered at the top level. This aligns with HBR's 'Eight Task Spider Graph' which suggests a key responsibility of the CSO is embedding sustainability into processes and decision making.

In terms of fostering a sustainable culture in the downwards sense, María López emphasises that *"you cannot do sustainability in isolation"* and suggests that CSOs must engage and involve the entire organisation in its efforts in order to successfully foster a sustainable culture. This view was also supported by Delia García, CSO of L'Oréal, who says *"it's really important to involve people"*. One example of how L'Oréal involves people in fostering a sustainable culture is through an awards scheme for the internal development of sustainability initiatives and projects. Ángel Pérez Agenjo, Founder and

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Partner of Transcendent, proposes Sustainability Champions as another way to ensure internal engagement. He argues that:

“Identifying people who have the eagerness to help and also influence their areas on sustainability matters...creates conductors of information upwards and downwards”.

Through including as many internal stakeholders as possible, knowledge of sustainability is built: *“you create passion for sustainability and also upskilling”* (Delia García, L’Oréal). These arguments all suggest that the reality of the role aligns with Madsen and Ulhøi’s view that changing mindsets and attitudes is key to transformation (2021). They also highlight the importance of including internal stakeholders in the process, aligning with the thinking of Freeman in the Stakeholder Model.

It is interesting to comment on some of the factors that participants mentioned that can hinder or facilitate a CSO’s ability to foster a more sustainability focused culture. Firstly, Susan Brown mentions that *“until you have complete buy-in from the CEO [changing the culture is difficult]”*, highlighting that the willingness from the TMT to incorporate and consider sustainability as a priority can influence the transformation of culture. Moreover, Ángel Pérez Agenjo mentions that a CSO’s dedication to fostering a more sustainable culture *“depends a lot on what level the company is along their sustainability journey”*. This relates to Miller and Serafeim’s sustainability maturity model which suggests that cultural transformation doesn’t become a priority until the final stage of maturity, the innovation stage, where efforts to integrate sustainability into the core of the business are made (2014). The following extract from the interview with Ángel Pérez Agenjo also suggests that in order to successfully foster a sustainability focused culture, companies must ensure engagement is representative of the core of the business:

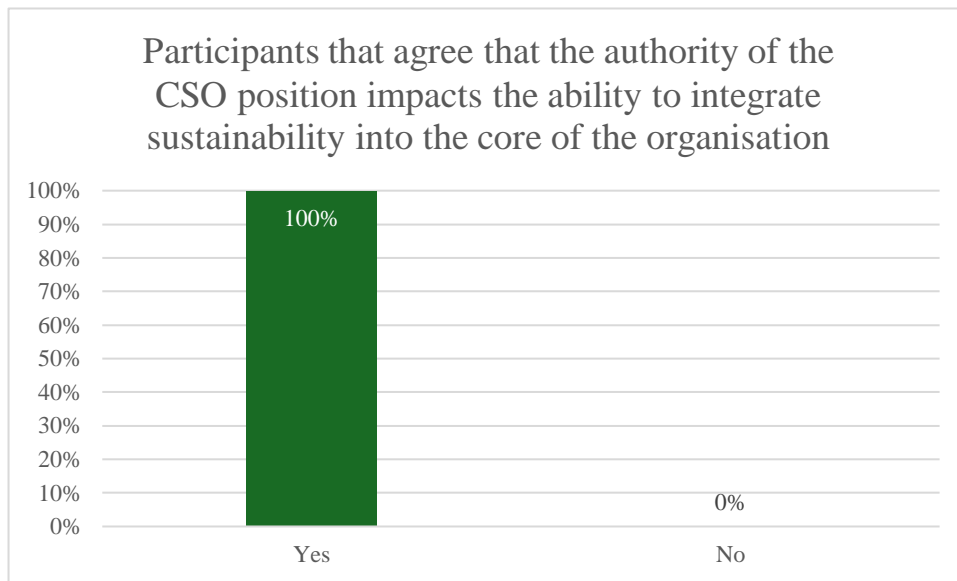
“If your company is very intense on carbon emissions, engaging employees only on the social side of sustainability... could be engagement that might be misleading... I'm a strong believer that sustainability works, delivers, and engages best if it's closer to the core business of a company”.

All of the insights presented in this sub-section highlight that CSOs play a key role in fostering change to a more sustainability-focused culture. Cultural change through upwards and downwards engagement and upskilling helps transform sustainability from

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an extrinsic element, which presented a lack of internal stakeholder engagement, to an integrated intrinsic element, imbedded into the core of the business. Thus, hypothesis 1 is supported, the arguments presented suggest that CSOs do help foster a more sustainability-focused corporate culture.

Hypothesis 2: The authority of the CSO position impacts the CSO's ability to integrate sustainability into the core of the organisation



Graph II: Participants that agree that the authority of the CSO position impacts the ability to integrate sustainability into the core of the organisation

All participants strongly agree that the level of authority of the CSO position impacts their ability to integrate sustainability into the core of the organisation. This outcome agrees with Eccles' argument that a CSO's ability to ensure change depends on the authority the position holds (2023). By giving sustainability decisions to the highest level of decision makers, the entire process of sustainability management becomes more robust. The following extracts illustrate some of the arguments presented by participants as to how authority influences the ability as CSO to make changes:

"We are always part of the decision... being part of the Executive Committee at the company for Spain and Portugal, it makes it possible to be at all levels of decision making, at all levels of strategy...[this] makes it possible to hear all of what is happening at the company and to be part of the conversation". – Delia García (L'Oréal).

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“If the [Chief Sustainability] officer is in the corner of the organisational structure, it cannot be a driver to enhance corporate culture with sustainability...difficult to engage on sustainability... [CSOs] need to get huge support from the senior level and from the board to make [their] work easier and to make things happen” – Ángel Pérez Agenjo (Transcendent).

“[the position] needs to be senior...they need to be respected...they need to be powerful...[as a CSO] if you report to human resources, there’s no credibility at all...if you report directly to the head of comms...[stakeholders] will understand that as greenwashing...I think it helped [that] I had the CEO backing me up when I had all these discussions with the Chief Risk Officer, the Chief Marketing Officer” – Beatriz Morilla (previously a CSO at Barclays).

In the final extract Beatriz Morilla suggests that who the CSO reports to can alter the perception internal stakeholders have of the legitimacy of the role in making transformative change. She further argues that *“Given that I knew perfectly well what the Chief Risk Officer did, what the Chief Marketing Officer did... I think that helped a lot also to give credibility to [the role]”*.

Ángel Pérez Agenjo also suggests that:

“[CSOs] need to be properly equipped on sustainability and [they] need to understand internal politics within a company to be able to influence... a person who doesn't have a previous history in the company [will not be] highly influential”.

This insight highlights that the background and knowledge a CSO also impacts the level of influence they have over change in the business. This idea is further supported by Beatriz Morilla (previously a CSO at Barclays) who said that she *“understood why they chose me [to become the CSO] because I knew banking...someone from outside Barclays would not have understood”*, thus suggesting that Wiengarten et al.’s conclusion that internal CSO promotion is better still holds true (2015).

Another key insight from the interviews conducted is that governance structure plays a role in the influence the CSO position holds and the integration of sustainability into the core of the business. Delia García (L’Oréal) says that transformation is guided by two key

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factors, “*first is creating culture and second how actions are pushed... it’s all about the governance structure*”. This idea is also supported by Ángel Pérez Agenjo and Federico Gómez Sánchez who suggest that:

“[the presence of an executive sustainability committee chaired by the CEO] sends a very strong signal...they are spending quality time looking at [sustainability]. This has a halo effect that plays in the favour of the Chief Sustainability Officer... structural governance is also important”. – Ángel Pérez Agenjo (Transcendent).

“It was not just who I will report to [that influences the power that the position had to make decisions and changes], but also the whole governmental change...it meant sustainability was more integrated into the whole business.” – Federico Gómez Sánchez (a previous CSO at Banco Santander).

The importance of governance structure in the influence of the CSO role also links to the “buy-in” from the TMT on sustainability aspects. Ángel Pérez Agenjo uses an example of how support from the senior management team influences the success of using the SDGs:

“I would say having the support from senior management level is the number one driver [of ensuring the usefulness of the SDGs]... I may be the CSO of a company and I’m fully convinced... and my plan is based on SDGs. [However], if my top management team doesn’t believe [in the legitimacy of the SDGs], it will be a failure.”

Susan Brown further highlights this:

“The plan was for the CEOs to set the sustainability strategy...they actually didn’t set them at all last year. There were a lot of people changes...we were not making our sales targets...this is often what happens, unfortunately, sustainability wasn’t seen as essential, so it moves down the priority list.”

The lack of sustainability action from the TMT in this case can be argued to be a result of the lack of authority of Susan’s role, as when this occurred, she did not have the authority to ensure the inclusion of sustainability in the TMT’s priority list due to not being on the executive committee.

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Participants also highlight that the ‘buy-in’ from other departments impacts the CSO’s ability to integrate sustainability into the core of the organisation. Both María López and Susan Brown mention that the finance department was one of the key blockers to making changes in the organisation:

“The key blocker is financial...[sustainability initiatives] can pay back in a few years... [but] most of them, they pay back in the long term, which is different language and different decisions.” – (María López, health insurance).

This idea was further highlighted by Beatriz Morilla who says that *“nobody likes change...for [internal stakeholders], [sustainability] it’s just a stopper”*. This highlights that without creating a culture that promotes sustainability, and highlights it as an opportunity, CSOs may face huge amounts of resistance in trying to make transformative changes. Ángel Pérez Agenjo further expands on this by suggesting the importance of CSOs having strong connections with other departments:

“There should be a strong connection between the two: sustainability officer and the people officer...[often]someone has been [investigating] how to be more efficient in the business and there is a connection with being better on the environmental side. So, the role of the CSO is to move that faster and as part of that road, [they] probably need to find out who has been working towards this agenda before and how to get them as your group of allies in order to move this forward faster.”

This links back to the point made by Beatriz Morilla that deep knowledge of the business and the roles performed in different functions helps add to the credibility of the CSO role, and thus the willingness of internal stakeholders to facilitate changes.

Linked to these ideas of authority, many participants mention how the design of the CSO role, specifically its central position, impacts their ability to make changes. Many participants highlight that in the absence of the CSO position, sustainability management would be dispersed, unorganised and lack the needed oversight to make transformative changes, as evidenced by the following extracts:

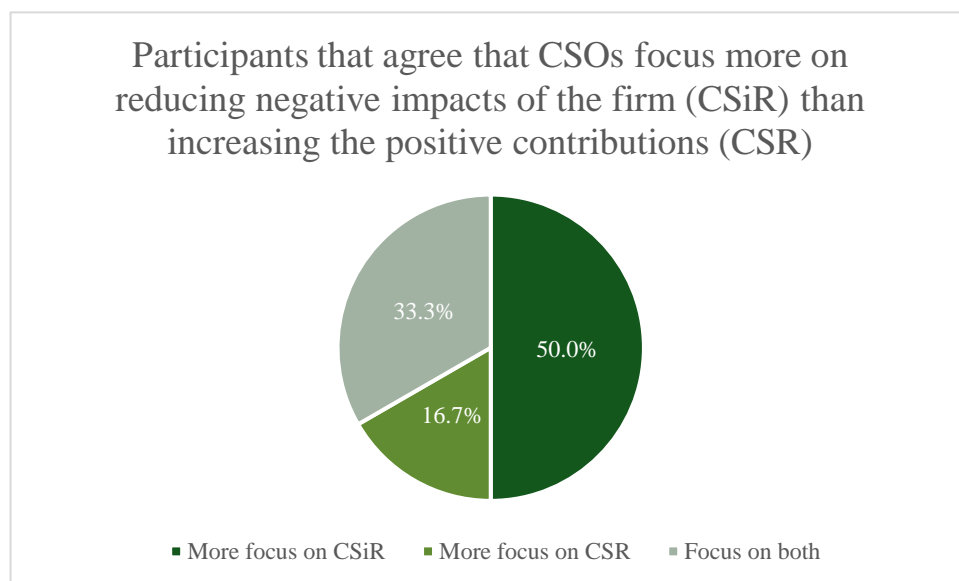
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“I think its key that [the position] has an overview of everything, they don't essentially have to have all the detail, but [the position] needs to have an overview of what's happening, so you can make strategic decisions” (María López, health insurance).

“If there was not a CSO, there will not be anyone in the back talking about sustainability...it would be dispersed... there would be different pockets talking about sustainability, but just for their own area... but there is no coherence if there is no-one- role who oversees all the aspects.” (Federico Gómez Sánchez, a previous CSO at Banco Santander).

The arguments mentioned in this sub-section suggest that the authority a CSO holds in the firm does impact their ability to make transformative changes and integrate sustainability into the core of the business. As such, hypothesis 2 is supported. Participants highlight their background experience, who they report to, the governance structure and the support from the TMT as well as other key departments, like finance and people, are also key elements of this authority to make changes. They also mention that having a central sustainability position with authority optimises the management of sustainability within a firm.

Hypothesis 3: CSOs focus more on reducing negative impacts of the firm than increasing positive contributions



Graph III: Participants that agree that CSOs focus more on reducing negative impacts of the firm than increasing the positive contributions

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In this section, CSiR refers to reducing negative impacts of the firm and CSR refers to increasing positive contributions. The participants gave varied responses regarding hypothesis 3. Three of the six participants said that there is more focus on reducing CSiR activities (Ángel Pérez Agenjo, Federico Gómez Sánchez and Susan Brown), one said there is more focus on CSR activities (Delia García) and two said there is a mixture of both (Beatriz Morilla and María López). However, it is important to note that the question, given its complexity, could not be answered with a simple yes or no. The overall sensation from participants suggests that the relationship the role has with CSR activities as opposed to CSiR activities is influenced by the sustainability maturity of the company.

To explore this idea, it is important to analyse the evolution of participants' role over time. The following extracts present the nature of the participants' roles in their initial stages. Many highlight that the role was reactively implemented in order to deal with pressure from stakeholders and regulation and as such there was more focus on CSiR activities:

“Previously [the role was called] CSR Director...It was previously mainly on social issues, volunteering, philanthropy, these kind of things... I reported to the General director of Comms, Marketing and Research from 2013 up to 2018. Then this whole area was moved to the chairman's office... it was the sustainability function and culture function. Then both of them merged, and then [the role became] the responsible banking director.” – Federico Gómez Sánchez (a previous CSO at Banco Santander).

“I would say that seven years ago, there were not many companies where sustainability positions, number one were named as such, and secondly had enough relevance within the company. In my experience, most of them were part of communications or compliance or legal or even they were part of the foundation... they were perceived as cost centres instead of profit centres... they were far from the core of their business.” – Ángel Pérez Agenjo (Transcendent).

“There was a huge crisis related to the mis-selling of the insurance associated to some credits... the CEO at that time launched a new area called citizenship...before it was corporate social responsibility, but it was not as strategic.” – Beatriz Morilla (a previous CSO at Barclays).

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“[The integration of sustainability] was very much pushed from the client side...because obviously for them we’re scope 3...it is very much focused on [being] up to scratch with their sustainability goals.” – Susan Brown (Health Economics Consultancy).

These extracts show that many CSO positions developed from low-level CSR manager roles whose focus was on philanthropy and extrinsic social responsibility not related to the core of the business. Ángel Pérez Agenjo suggests that various factors such as *“the perfect storm of regulation, expectations”* meant that companies began to *“identify the [sustainability] function as more relevant...it became an interest for the company itself to upskill people working in sustainability.”*

This suggests the position starts to become strategic through increased authority, exemplified very clearly by the move of the Sustainability Director in Banco Santander from the Comms, Marketing and Research department to the Chairman’s office. Federico Gómez Sánchez highlights that: *“[whilst the roles] main concentration is minimising risk...this evolved over time...a change from minimising risk to optimising impact and optimising opportunities.”*

Insights from L’Oréal’s CSO for Spain and Portugal, Delia García, presents an interesting example of how more sustainably advanced companies may be starting to shift the focus from exclusively reducing negative environmental impacts to the creation of positive ones.

“We’re in a transformation phase...This transformation not only within our own boundaries, but also creating something different for the ecosystem...We created the programme ‘Hair Salons for the Future’. Within that programme we have a whole route map for the salons to become sustainable, to become more efficient in water and energy. The main waste of the salon is hair, and if you don’t have a way to really transform it into something, you are creating a lot of waste. We won prizes with this programme for recycling little hairs...used to absorb oils in ports...and in agriculture cultivation ...On one hand, [it’s] sustainability itself and transforming the ways of doing, but on the other hand, it’s creating positive impact through our ecosystem.” – Delia García (L’Oréal).

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The 'Hair Salons for the Future' programme mentioned by Delia García represents L'Oréal's efforts to help their business ecosystem transform sustainably. L'Oréal also acknowledges that whilst reducing their impact is necessary, it is insufficient (L'Oréal, 2020). The establishment of their strategy, L'Oréal for the future, in 2020 outlines the sustainable transformation the group aims to achieve by 2030. One of the three pillars of this strategy is "Contributing to solving the challenges of the world by supporting urgent social and environmental needs" (L'Oréal, 2020, p.6). L'Oréal have integrated positive contributions into their strategy through the creation of various initiatives such as the L'Oréal Fund for Nature Regeneration, a 50-million-euro impact investing fund to finance recycling and plastic waste management innovation and allocated 100 million euros to impact investing dedicated to the regeneration of ecosystems (L'Oréal, 2020). These strategies are used to create positive impacts link to the innovation stage of Miller and Serafeim's Sustainability Maturity Model in which, the most sustainably mature companies begin to use innovation to tackle sustainability issues (2014).

Whilst some companies with a similar level of sustainability maturity as L'Oréal may have more of a focus on increasing positive contributions, Ángel Pérez Agenjo suggests that the reality is that most businesses have not yet reached this level of maturity:

"Today, [businesses] are far more focused on reducing negative environmental impacts, probably highly influenced by regulations...If you are a business that is based on people, and you are not very heavy on CO2 emissions, you need to keep an eye on [CO2 emissions], but that should not be the core of your efforts on sustainability...I think [sustainability] is getting closer to the core of the business, but it's still not there. And in most of the cases, we are in the fixation of this reporting madness. Sustainability regulations are obliging companies to do better on how they report, but at the same time it is taking up too much space, not allowing companies to truly leverage sustainability as another business driver or lever. This need to deliver regulation is in some cases not allowing companies to be at full speed on leveraging sustainability for the better."

These insights suggest that heavy regulation is a driver of the focus on CSiR activities, as a lot of reporting is related to environmental KPIs such as carbon emissions (negative environmental impacts). As such, it is drawing away the focus of CSOs from creating positive impacts. This relates to Carson's ideas that the positive duties to some

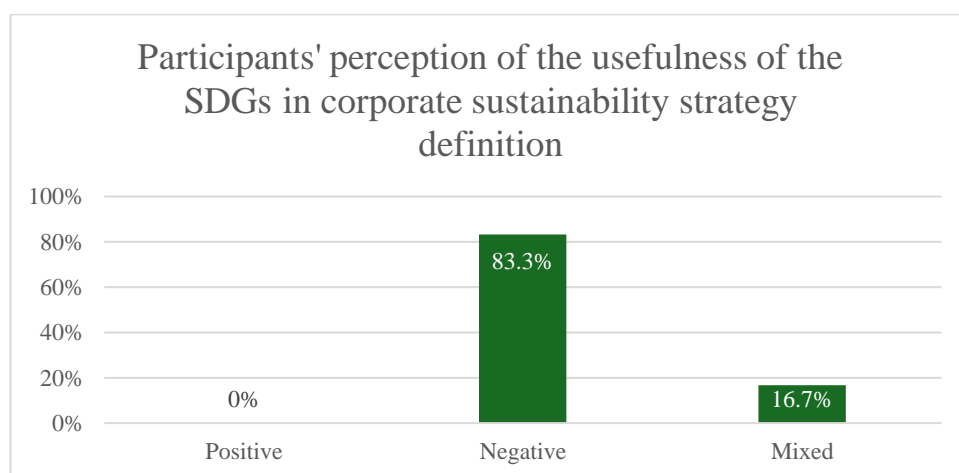
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stakeholders are overshadowed by the negative duties of compliance to laws and regulations (1993). Whilst this is one perspective of regulation, it is important to highlight the important role regulation has played in motivating sustainability efforts in firms on a wider scope and scale, as mentioned in chapter 2. As well as regulatory bodies, it is interesting to discuss the importance of considering stakeholders in CSR and CSiR decisions mentioned by Federico Gómez Sánchez (a previous CSO of Banco Santander), who highlights the shift from shareholder primacy to stakeholder primacy:

“I will say nowadays regulators and clients are the main stakeholders which are driving the management of climate and environmental topics, and investors are also relevant but not as relevant as regulators and clients.”

From the arguments presented, it is concluded that hypothesis 3 is better answered on a case-by-case basis, given that the focus on CSR or CSiR is highly dependent on the sustainability maturity of the firm. As firms advance along their sustainability journey and increase the level of sustainability integration in the core of the business, insights suggest firms shift their focus to increasing positive contributions (CSR) rather than decreasing their negative impacts (CSiR). A key take away from this sub-section is the idea proposed by Ángel Pérez Agenjo that regulation is driving the focus on CSiR and reporting, hindering firms’ ability to focus on increasing positive contributions and sustainability transformation.

Hypothesis 4: The SDGs are a useful framework for CSOs in sustainability strategy definition



Graph IV: Participants' perception of the usefulness of the SDGs in corporate sustainability strategy definition

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Most participants expressed overall negative perceptions of the usefulness of the SDGs as a framework for defining corporate sustainability strategy. Beatriz Morilla (previous Barclays CSO) was the only participant to express a more balanced view, weighing both the positives and negatives equally. However, the overall perception was negative, as shown by the following extracts:

“I would say [they are useful] very indirectly...I don't think the SDGs are very useful, at least for us.” – Federico Gómez Sánchez (a previous CSO at Banco Santander).

“I am a bit frustrated with the use of the goals and I think that it's a pity that they have been weaponized or used as something to throw against each other on the political side....It is difficult to stick to with them because of this very politicly polluted atmosphere around the SDG's...it's losing its strength as we move forward.” – Ángel Pérez Agenjo (Transcendent).

“I don't think they're particularly useful because I don't think people are aware of them internally, and I think it's such a big piece of work to make them aware of them that actually it would take away from the things that were actually trying to achieve.” – Susan Brown (Health Economics Consultancy).

One key limitation of using the SDGs as a framework for sustainability strategy development that participants mention is the difficulty in translating the SDGs to corporate language. For example, Beatriz Morilla highlights that there was a lot of confusion regarding the application of SDGs in a corporate sense due to the lack of answers: *“we needed some clarifications, and in Brussels they didn't have the answers because they're regulators, and the regulators are always behind”*. This echoes the limitations of the SDGs suggested by Lashitew that the efficacy is limited by the lack of regulating and supporting institutions (2021).

María López further explains that the SDGs are very easily applicable on a high level, but fail to be translated to the specifics of the business on a detailed level:

“It is difficult for companies to align to those goals because they are not as specific, and they are not translated to the corporate world; translated to their actual business. So, you need KPI's that actually align to your business and aligned to what

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you're doing. So, what we've done is create our own KPI's and match them to the bigger SDG. Like higher up, it's quite easy to apply it to your business, but when you get into the real detail, that's when the problems arise. How you contribute to the actual goal is when you have to be very specific."

Susan Brown echoes this lack of application on a detailed level, as well as highlighting that the plethora of information about them can inhibit full understanding:

"I think they're quite wordy. There's quite a lot of information that you have to look to get into a level where there could be useful... It's trying to unravel them to make sure that you can actually put practical KPIs...And also if you look at all of them, it's slightly mind blowing. You have to really unravel the ones that you can really make a difference to...They're useful as a guide, but I think from a very day-to-day practise point of view that it is an aspiration that you can have to use that information."

Whilst the SDGs are praised academically for the specificity and linkage to corporate outcomes (Lashitew, 2021), the insights from the experts interviewed in this project suggest that this is true on a high level, but their use presents issues on a detailed level.

Another key common perception from participants is that the SDGs are better for communicating strategy rather than defining it. Many of the participants highlight that they used the SDGs after sustainability strategy was created to prioritise or communicate their chosen strategy:

"We use them as a framework to mark what we already have as a strategy for CSRD." – María López (health insurance).

"It's a frame made to communicate, but I wouldn't say it's a frame for creating the strategy for me. Creating the strategy is more about understanding very, very well the business and ecosystems network you have within the company, but also with your main stakeholders...[You create the strategy] and then maybe use them to order and prioritise."
– Delia García (L'Oréal).

"[when deciding strategy] first you decide what's relevant to the business. I would say that they are something that come up after the decision to focus on specific

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topics...we're not driven by the SDGs." – Federico Gómez Sánchez (a previous CSO at Banco Santander).

Whilst the overarching perceptions are negative, it is important to also mention the strengths that participants mention regarding the SDGs:

"I really like them because there is so much fuss about things that you really don't know and I think it helps you, like a framework...The problem is that people don't have time. So, you need to find a story, a short story that is easy to tell...about how much it's going to cost me." – Beatriz Morilla (a previous CSO at Barclays).

"it's a nice framework to globally explain what we do and contribute to our bigger goal...It's a great thing that actually it's global standards that are aligned for global goals that the world needs. So, I think that aspect gives you a view of actually what is needed so you're not working in a different direction." – María López (health insurance).

"It's visual, it's easy to understand, it's easy to remember which is key...It can be a fantastic tool to accelerate any sustainability agenda if it fits nicely with the current situation of how the leadership is understanding sustainability. On the other side, it can be a fast and failure if you get this strong opposition from the decision makers in the company." – Ángel Pérez Agenjo (Transcendent).

This insight from Ángel Pérez Agenjo further highlights the importance of 'buy-in' from the CEO and other TMT members for CSOs to be able to make sustainability transformative changes as well as for the SDGs to be useful in the definition of corporate sustainability strategy.

In light of the participants' views that the SDGs have a limited utility in sustainability strategy, many suggest other methods and solutions, which are interesting to include in this project given that they add value. Delia García highlights that:

"It's very important for a good sustainability strategy to prioritise what you want to do depending on what you do best...The L'Oréal for the future strategy is based on the planetary boundary. We really need to transform the whole business to make it net-zero, to make it more circular and to make it more positive."

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The planetary boundaries, nine boundaries which upon transgression may cause catastrophic consequences for the planet's systems (Rockström et al., 2009), is another environmental framework upon which sustainability strategy definition could be based on, as in the case of L'Oréal. However, it is important to recognise that this framework only covers the environmental aspect of sustainability.

Ángel Pérez Ajenjo also suggests an interesting approach to transformation through the analysis of previous cases of success:

“[Firms should] loop backwards and see which transformations have been successful in a company and which areas have been able to make an impact within the company, and then try to mirror...like a secret recipe... the more fluid you can make this move...and to be perceived as not invasive in current operations, in my view that is the smartest way....It should be the duty of the sustainability officer to understand the overall global corporate agenda, to pick the key topics and the key stakeholders to engage with.”

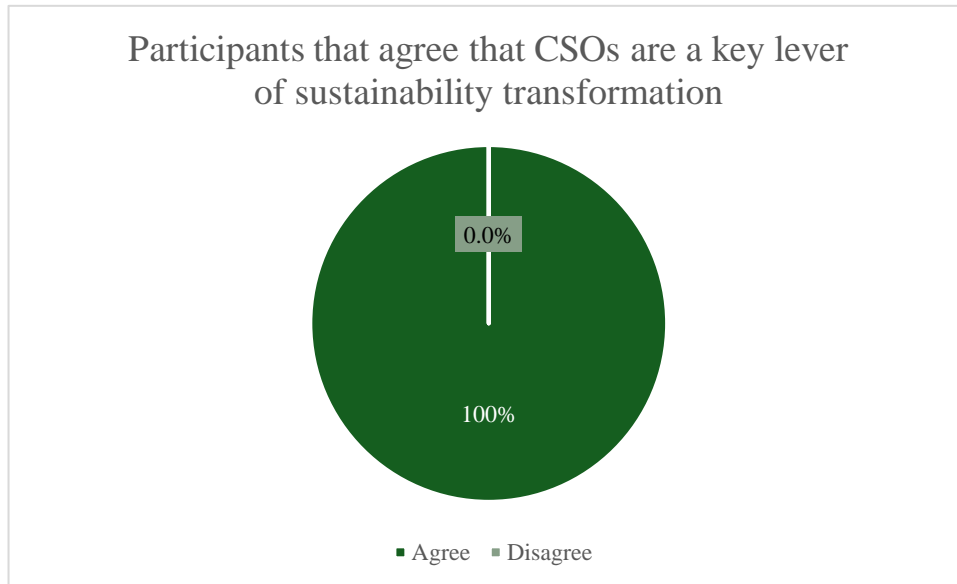
These ideas highlight that when deciding strategy and thus the process of transformation, firms should use methods that have been successful in the past for the specific firm. This line of thinking suggests that 'one-size fits all' frameworks such as the SDGs may not be successful on a case-by-case basis. Moreover, the idea of making transformation as fluid as possible links to the arguments made for hypothesis 2, that the 'buy-in' and cooperation from other departments is key in transformation. By making transformation as non-invasive as possible, as suggested by Ángel Pérez Ajenjo, it is likely that other departments will cooperate and support the sustainability transformation, rather than see it as an obstacle.

Given the arguments mentioned in this sub-section, hypothesis 4 'The SDGs are a useful framework for CSOs in sustainability strategy definition' is rejected. Insights from experts suggests that the SDGs are difficult to translate on a detailed level to specific KPIs relevant to the firm and as such don't serve in the definition of sustainability strategy. However, they can be useful for communicating strategy at a high level, as long as the TMT and other relevant stakeholders have sufficient knowledge of the SDGs. Instead, participants suggest that firms should define and prioritise sustainability strategy on the

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core of their business as well as using previous successful methods to carry out this transformation.

Project question: Are CSOs a key lever for sustainability transformation?



Graph V: Participants that agree that CSOs are a key lever of sustainability transformation

To conclude the interviews, a final question was asked: “To what extent do you agree or disagree with the statement: CSOs are a key lever of sustainability transformation”, to which all six participants strongly agreed with, as shown by the following extracts:

“I strongly agree. They have the strategic vision. I think we're in the best position to actually integrate across all departments...Stakeholder engagement, communication, collaboration, it's all part of our role.” – María López (health insurance).

“Absolutely, absolutely, absolutely. I really think that the CSO...it's really important because you really need to have a vision and you really have to understand the challenges.” – Delia García (L'Oréal).

“I agree with that. As I mentioned before, if there was not a CSO, there will not be anybody talking about sustainability...it would be dispersed.” – Federico Gómez Sánchez (a previous CSO at Banco Santander).

“Definitely. I think without them in place, all it would be is an add-on.” – Susan Brown (Health Economics Consultancy).

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“Yeh, if he or she doesn’t do it, who’s going to do it?” – Beatriz Morilla (a previous CSO at Barclays).

“100%. I fully agree on that one.” – Ángel Pérez Agenjo (Transcendent).

All of the answers show a strong agreement that CSOs are a key lever of sustainability transformation and that without them, sustainability efforts would be considered as an add-on (extrinsic to the business), and it would not be integrated into the core of the business. However, it is important to recognise the potential bias in these answers, given that the majority of the participants are, or were, CSOs. This sentiment is natural as individuals generally perceive their professional contributions as crucial.

CHAPTER 5 | CONCLUSIONS

5.1 KEY FINDINGS

The climate crisis and push for sustainable development globally has meant businesses that don't integrate sustainability into the core of their business are in crisis. One method being used by companies to shift sustainability from a simplistic 'add-on' to an intrinsic element at the core of the business is appointing a CSO. The purpose of this project was to determine whether CSOs are a key driver of this sustainability transformation. To determine this, four objectives were set, based on four aspects that impact sustainability transformation and integration:

1. Assess the role CSOs play in fostering a more sustainability focused corporate culture
2. Determine the correlation between the authority of the CSO position and their ability to make transformative changes
3. Analyse the focus CSOs have on reducing negative impacts (CSiR) versus increasing positive contributions (CSR)
4. Investigate the utility of the SDGs Framework in defining sustainability strategy for CSOs

In order to achieve these objectives, four hypotheses were constructed based on the literature review carried out in chapters two and three. Interviews with six sustainability experts allowed the following conclusions to be drawn for each hypothesis:

Hypothesis	Conclusion drawn
Hypothesis 1: CSOs help foster a more sustainability-focused corporate culture	Supported
Hypothesis 2: The authority of the CSO position impacts the CSO's ability to integrate sustainability into the core of the organisation	Supported
Hypothesis 3: CSOs focus more on reducing negative impacts of the firm than increasing positive contributions	Dependent on the sustainability maturity of the firm

Hypothesis 4: The SDGs are a useful framework for CSOs in sustainability strategy definition	Rejected
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Table III: Conclusions drawn for each hypothesis (Own elaboration)

It was concluded that CSOs help foster a more sustainability-focused corporate culture, meaning hypothesis 1 was supported. If there is no CSO position, there is usually no central role present that has the authority nor vision to ensure that sustainability is embedded into the corporate culture. CSOs can use their position to integrate a sustainable culture across departments, through both upwards (senior management team) and downwards (engagement of internal stakeholders) promotion of sustainability. Their ability to foster a strong sustainability focused culture is dependent on how sustainably mature the firm is as well as the support from the CEO on promoting sustainability in the firm. Fostering a strong sustainability focused culture facilitates the transformation of sustainability from extrinsic to intrinsic, moving it closer to the core of the business.

This study also found that the authority of the CSO position impacts the ability to integrate sustainability into the core of the organisation so, hypothesis 2 was also supported. If CSOs are given large amounts of authority, they are included in more conversations so can promote the consideration of sustainability in decision making. Without them, no one fights for sustainability to be a priority. Factors such as support from the TMT, respect from other departments and the governance structure all influence this level of authority to make changes. Who the role reports to as well as their employment history and knowledge of internal operations influences the respect and cooperation from other departments. Participants mentioned the finance department was often resistant to changes proposed highlighting the importance of sustainability culture to overcome this resistance to change. The governance structure can send strong signals internally that the TMT is dedicating time to sustainability affairs thus increasing the perceived authority the CSO has from other departments' points of view. Without the presence of this central position with authority, sustainability management is dispersed, inefficient and incoherent, resulting in slow or null transformation.

The results from this investigation suggest that the focus CSOs have on reducing CSiR activities compared to increasing CSR activities, hypothesis 3, can only be answered on a case-by-case basis given that it is highly dependent on the sustainability maturity of the

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firm. Many of the sustainability management positions started as extrinsic roles that focused on philanthropy, volunteering and reported to marketing and communications. When the positions move to executive level, becoming CSOs, strategy becomes a greater part of the role, and companies may begin to consider positive contributions as part of their sustainability strategy. The more sustainably advanced companies, such as L'Oréal, may begin to shift the focus to creating positive contributions through innovation. However, most businesses are yet to reach this level of maturity, arguably due to the huge force of regulation that means CSOs dedicate a lot of time and attention to reporting and compliance. This also highlights that stakeholders such as regulators and clients are considered more important than investors, thus highlighting the shift from shareholder primacy to stakeholder primacy.

Whilst the focus of many firms is primarily the reduction of negative impacts rather than increasing positive contributions to society, this focus still represents positive transformation. As discussed in chapter 2, at the beginning of this century, sustainability efforts were merely philanthropic and aimed at deflecting reputational risk. This shift to reducing negative impacts highlights the positive development of the path towards corporate sustainability. Although not all firms have reached the point of complete integration, it is important to acknowledge the dedication and progress made thus far in corporate sustainability transformation.

Finally, it was found that the SDGs are not a useful framework for defining sustainability strategy for CSOs, thus, hypothesis 4 is rejected. Participants highlighted that it proves difficult translating and applying the SDGs on a detailed level to the specific business. They can be useful as a high-level guide as they give a good global vision of how the company aligns with global needs. They are suggested to be better for communicating strategy rather than defining it. Many participants said they can be used to prioritise strategic elements or to communicate the strategy to internal stakeholders. However, this latter use is dependent on the internal knowledge of the SDGs as well as the 'buy-in' from the rest of the TMT members. Participants suggested that sustainability strategy definition is very specific in that it involves a deep understanding of the business and its ecosystems and prioritisation on what the individual firm is best at. As such, a one-size-fits-all framework like the SDGs are argued as unapplicable at a firm specific level.

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However, it is important to highlight that the SDGs can be praised for their universality and creation of a common agenda, as discussed in chapter 2. The engagement of many firms with the SDGs highlights a changing awareness and commitment towards sustainability that did not exist twenty years ago.

Finally, CSOs are concluded to be key levers in sustainability transformation. They are crucial in driving sustainability efforts given their ability to foster corporate culture and the authority of the position allowing for interdepartmental integration. Without the presence of a CSO it is likely that sustainability may not be advocated for as a priority in decision making, thus resulting in sustainability being treated as an add-on through extrinsic actions. CSOs' vision and understanding of the company allows them to make transformative changes not only through going beyond reducing negative impacts of the business but also defining a strong sustainability strategy that brings sustainability closer to the core of the business.

5.2 IMPLICATIONS

The findings from this study are useful both in academic sense; for those interested in sustainability transformation and sustainability management positions, as well as in corporate sense; for example, for CEOs deciding if appointing a CSO will facilitate the integration of sustainability into their business. Moreover, this study adds to the limited academic literature available on CSOs, of which most was conducted in a quantitative approach over five years ago. This project provides recent insights as well as filling the gap of qualitative information available the CSO role through the use of expert interviews. Focusing on the Spanish market also fills the gap of CSO knowledge on markets outside of the US, given that majority of the main studies previously carried out focus on the US market.

5.3 LIMITATIONS AND FUTURE AREAS OF RESEARCH

One of the main challenges faced in this project was gaining contact with CSOs given their demanding workload and status in the TMT. As such, the sample used in this project was small and convenience based, resulting in a lack of representation of the whole population. Moreover, all of the CSOs with executive status interviewed had roles in large international corporations which again affects the extent to which this project can be

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representative of the entire population. Future research could compare how the role influences sustainable transformation in organisations of differing sizes. As already mentioned, this study focused mainly on the situation in Spain, given that five out of the six interviewees are based in the Spanish market. Future research could look into the role of CSOs in other European countries in order to expand the geographical scope of academic literature on the role of CSOs. The insights on how CSOs foster a sustainability-focused culture were particularly interesting and further research could be carried out through analysing how internal stakeholders perceive corporate sustainability before and after appointing a CSO. This could also extend to gaining insights on how other TMT members perceive the CSO role and the extent to which the role is a driver of sustainability transformation.

**Declaración de Uso de Herramientas de Inteligencia Artificial Generativa en
Trabajos Fin de Grado**

Por la presente, yo, Rebecca Cole, estudiante de Administración y Dirección de Empresas con Mención Internacional de la Universidad Pontificia Comillas al presentar mi Trabajo Fin de Grado titulado “*Are Chief Sustainability Officers a Key Lever for Sustainability Transformation? Experts’ Insights on Culture, Authority, CSR Vs. CSiR and the SDGs*” declaro que he utilizado la herramienta de Inteligencia Artificial Generativa ChatGPT u otras similares de IAG de código sólo en el contexto de las actividades descritas a continuación:

- Constructor de plantillas: Para diseñar formatos específicos para secciones del trabajo [lluvia de ideas de preguntas adicionales para las plantillas de las entrevistas]

Afirmo que toda la información y contenido presentados en este trabajo son producto de mi investigación y esfuerzo individual, excepto donde se ha indicado lo contrario y se han dado los créditos correspondientes (he incluido las referencias adecuadas en el TFG y he explicitado para que se ha usado ChatGPT u otras herramientas similares). Soy consciente de las implicaciones académicas y éticas de presentar un trabajo no original y acepto las consecuencias de cualquier violación a esta declaración.

Fecha: 15.03.2024

Firma:

A handwritten signature in black ink, appearing to read 'Rebecca Cole', written in a cursive style.

CHAPTER 6 | BIBLIOGRAPHY

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CHAPTER 7 | ANNEXES

7.1 FURTHER PARTICIPANT INFORMATION

Many of the participants were recruited via email through Beatriz Morilla (professor of sustainability at ICADE) who, as a previous CSO herself, had a large network of CSO contacts.

This section gives a brief description of each participant, including their career history and expertise in the field of sustainability. It is presented in interview chronological order.

Beatriz Morilla – Head of Citizenship at Barclays 2011 to 2015 and Head of Sustainability at *Asociación Española de Banca* until 2019

Beatriz was Head of Tax at Barclays Spain from 2005 until 2011, when she was recruited by the CEO of Barclays to take the newly implemented role of Head of Citizenship, equivalent to the CSO role, at the European level. Along with CEO of Barclays Foundation, she occupied the position for three and a half years until 2015. During her tenure, she reported directly to the CEO in Spain and Europe. She then went on to work as the Head of Sustainability at the *Asociación Española de Banca* for four years in which she reported to the General Director for the first three and to the Association's Spokesman in her last year. As well as teaching Sustainability at Comillas and CUNEF University, she is currently the CEO of *Empieza Por Educar*, a social foundation that aims to better the lives of the less fortunate through education.

Ángel Pérez Agenjo – Founder and partner of Transcendent, a sustainability and social impact consultancy firm in Madrid

In 2017, Ángel Pérez Agenjo left his role as Senior Marketing Director of Europe, Canada and Australia for Eli Lilly Pharma, where he had spent the last 20 years working. He shifted his career into impact, social entrepreneurship and sustainability and founded Transcendent, a sustainability and impact consulting firm. Over the last seven years, Transcendent has helped clients such as Iberia, L'Oréal and *Telefónica* advance their sustainability and impact journey.

Susan Brown (pseudonym) – Sustainability Director for a Health Economics Consultancy SME in England

As this participant chose to remain anonymous, she will be referred to using the pseudonym ‘Susan’. She works at an English SME that offers consulting services to the pharmaceutical sector. Susan started working here as Marketing Manager and some of her responsibilities included the organisation of company charity and volunteering events. Due to pressure from clients and suppliers to improve the sustainability of the company, she was appointed by the CEO as Social Responsibility Lead in 2022 and a year later was promoted to Sustainability Director in 2023.

Delia García – Sustainability and CSR Director Spain and Portugal at L’Oréal

Delia specializes in environmental management and sustainable development and has an extensive sustainability career history. Her early career included various environmental roles at CO2 Solutions, *Mapfre* and *Garrigues Medio Ambiente*. In 2010, she created the Corporate Responsibility Department in SanLucar Fruit, S.L. and in 2015 she started leading the Sustainability Department in El Corte Inglés. In 2020, she founded the ‘Women Action Sustainability’ association. She then started her current position in 2021 as the Sustainability and CSR Director of L’Oréal for Spain and Portugal, reporting to the CEO for Spain and Portugal as well as the CSO of Europe.

Federico Gómez Sánchez – Head of Sustainability at Banco Santander 2013 to 2019

Federico worked as a Senior Economist at Banco Santander until 2013 when he was promoted to become the Head of Sustainability. Until 2018, the role was part of the Communications, Marketing and Research department. The position was then moved to the Chairman’s office as part of the Sustainability and Culture function. During his tenure, Banco Santander was ranked the most sustainable bank in the world by the Dow Jones Sustainability Index in 2019. Federico left the position in 2019 to continue working for Banco Santander in the Economic Research department, carrying out investigations in the sustainable banking field.

María López (pseudonym) - Head of Corporate Responsibility and Sustainability at one of Spain’s largest health services and insurance provider

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As this participant chose to remain anonymous, she will be referred to using the pseudonym 'María'. María had experience working in Sustainability Services for a large consulting firm before becoming the Senior Corporate Responsibility and Sustainability Manager at a health insurance firm for five years. She was then promoted to Head of Corporate Responsibility and Sustainability for Europe and Latin America at one of Spain's largest health services and insurance provider.

7.2 CSO INTERVIEW GUIDE AND QUESTIONS

The following interview guide was used as a template for the interviews with CSO participants as well as Susan Brown. Some personalisation and modifications to questions were made based on the profile of each participant.

INTRODUCTION (2-5 MINS)

RESEARCH INTRODUCTION

- Firstly, thank you very much for agreeing to participate in this interview
- Hugely interested in sustainability not just academically but also personally → huge pleasure to speak to someone with your knowledge and influence!
- Just a reminder that all information and opinions shared in this interview will be analysed and used for the research project according to the signed anonymity agreement
- Can I double check you've got about [x] minutes to chat today?
- **Introduce project:**
 - Final year student studying international business management at Comillas in Madrid, Spain
 - Currently writing my dissertation on Chief Sustainability Officers.
 - In this project, Chief Sustainability Officers refers to any senior management position charged with the primary responsibility of sustainability matters within the organisation. This includes all elements of ESG (environmental, social and governance)
- **Purpose of the interview:**
 - My research aims to investigate the role of CSOs in sustainability transformation
 - This interview aims to gain insights into the reality of the role, looking in detail at:
 1. Corporate sustainability culture
 2. Authority in the position
 3. Relationships with CSR and Corporate social irresponsibility
 4. Sustainable development goals
- **Interview structure:**
 - Comprised of 2 sections

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1. General questions about your sustainability experience as well as previous and current roles
 2. More specific questions on the 4 aspects of focus already mentioned
- If you have any questions throughout the interview, please feel free to ask them
 - Going to start the recording now

GENERAL QUESTIONS ABOUT PARTICIPANT, ROLE, AND COMPANY (5-10 MINS)

CSO position

- Name of the position
- Which country (s)
- Department in which it is located
- Who you report to
- Hired internally or externally?
- Main roles and duties of the position

Development of the sustainability position

At the company, what was the role like before they appointed a CSO?

- Name
- Who the role reported to
- Department

(What is the position now that you've left?)

HYPOTHESIS 1: CSOS HELP FOSTER A MORE SUSTAINABILITY-FOCUSED CORPORATE CULTURE (5-10 MINS)

- Can you describe the relationship your role has on fostering a sustainable culture (do you have much influence, have you noticed changes in employee behaviour or attitudes towards sustainability)
- Did you encounter any challenges or barriers in promoting sustainability within the organization?
- Do you agree/disagree that Chief Sustainability Officers help foster cultural change to become more sustainable

HYP 2: THE AUTHORITY OF THE CSO POSITION IMPACTS THE CSO'S ABILITY TO INTEGRATE SUSTAINABILITY INTO THE CORE OF THE ORGANISATION (5-10 MINS)

- Does who you report to have an influence on the power your position has to make change?
- Any other factors that influence your authority in the organisation?

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- Do you feel the CSO role has helped optimise the management of sustainability within the firm? Any examples of changes in organizational structures/policies/processes related to environmental management during your tenure?
- Did you encounter any challenges in making changes due to your (lack of) authority?
- Do you believe the CSO role helps to imbed sustainability into the core of the business?

HYP 3: CSOS FOCUS MORE ON REDUCING NEGATIVE IMPACTS OF THE FIRM THAN INCREASING POSITIVE CONTRIBUTIONS (5-10 MINS)

- Of the different initiatives implemented during your tenure, would you say they primarily involved reducing negative impacts (CSiR) or increasing positive contributions (CSR)?
- Would you say the implementation of these initiatives was reactive (as a result of external pressures such as regulation) or proactive (in order to efforts to exploit external opportunities)
- To what extent do you agree/disagree that the reality of your role is to realise sustainability opportunities rather than exercise damage control

HYP 4: THE SDGs ARE A USEFUL FRAMEWORK FOR CSOS IN SUSTAINABILITY STRATEGY DEFINITION (5-10 MINS)

- In your professional opinion, do you feel the SDGs are useful in defining sustainability strategy in your role and in general?
- Can you please describe the interactions/relationships your role and company had with the SDGs?
- Are there any factors you feel influences the usefulness of the SDGs in your role as CSO?

CLOSING

- To what extent do you agree/disagree with the statement that “Chief Sustainability officers a key lever for sustainability transformation”

THANK YOU

- That concludes this interview
- Do you have any questions or comments?
- Thanks once again for your participation. Your insights are very much appreciated for the project

7.3 SUSTAINABILITY EXPERT INTERVIEW GUIDE AND QUESTIONS

The following interview guide was used in the interview with Ángel Pérez Agenjo, a sustainability expert.

INTRODUCTION (5 MINS)

RESEARCH INTRODUCTION

- Firstly, thank you very much for agreeing to participate in this interview
- Just a reminder that all information and opinions shared in this interview will be analysed and used for the research project according to the signed anonymity agreement
- Introduce project:
 - Currently writing my dissertation on Chief Sustainability Officers.
 - In this project, Chief Sustainability Officers refers to any senior management position charged with the primary responsibility of sustainability matters within the organisation. This includes all elements of ESG (environmental, social and governance)
- Purpose of the interview:
 - My research aims to investigate the role of CSOs in sustainability transformation
 - This interview aims to gain insights into the reality of the role, looking in detail at corporate sustainability culture, authority of the role, relationships with CSR and CSiR (Corporate social irresponsibility) and the SDGs.
- Interview structure:
 - Comprised of 2 sections
 1. General questions about your sustainability experience as well as previous and current roles
 2. More specific questions on the 4 aspects of focus already mentioned
- If you have any questions throughout the interview, please feel free to ask them
- Going to start the recording now

GENERAL QUESTIONS ABOUT PARTICIPANT, ROLE, AND COMPANY (10 MINS)

BACKGROUND ON YOUR SUSTAINABILITY CAREER HISTORY AND EXPERTISE

- Description of your sustainability career history and expertise

CSO ROLE EVOLUTION

- Can you give any insights into how sustainability management positions have evolved over the last decades? (changes in name, department its located in, who the role reports to, roles and duties)
 - (HBR framework suggests the following 8 key roles)
 1. Ensuring regulatory compliance
 2. ESG monitoring and reporting
 3. Overseeing the portfolio of sustainability projects
 4. Managing stakeholders' relationships
 5. Building organizational capabilities
 6. Fostering cultural change

Are Chief Sustainability Officers a Key Lever for Sustainability Transformation?

7. Scouting and experimenting
8. Embedding sustainability into processes and decision making

Companies' dedication and commitment to sustainability

- How would you describe the evolution of corporate dedication and commitment to sustainability?
 - Miller and Serafeim model suggests 3 levels of maturity:
 1. Compliance
 2. Efficiency
 3. Innovation
- Do you feel companies are integrating sustainability into the core of the business?

HYPOTHESIS 1: CSOS HELP FOSTER A MORE SUSTAINABILITY-FOCUSED CORPORATE CULTURE (10 MINS)

TMT LEVEL

- To what extent do you believe that the priorities of CSO differ to the priorities of other TMT member's priorities (CEO, CFO, COO)?
- From your experience, do Chief Sustainability Officer have much influence over other leaders and decision-makers within the organization?

INITIATIVES

- In your experience, do CSOs implement initiatives and programs to foster a sustainable culture?
- Do you have any examples of how CSOs engage and communicate with employees to promote sustainability awareness and participation?

RESULTS

- Were there any observable changes in employee behaviour or attitudes towards sustainability from these initiatives?
- How do you measure the success or impact of sustainability-related cultural changes within the organization? (any specific metrics or key performance indicators)?
- Are there any challenges or barriers that CSOs might encounter in promoting sustainability within the organization?

SUMMARY

- To what extent do you agree/disagree with the statement that "Chief Sustainability Officers help foster cultural change to become more sustainable"?

HYP 2: THE AUTHORITY OF THE CSO POSITION IMPACTS THE CSO'S ABILITY TO INTEGRATE SUSTAINABILITY INTO THE CORE OF THE ORGANISATION (10 MINS)

Are Chief Sustainability Officers a Key Lever for Sustainability Transformation?

AUTHORITY

- Who do CSOs usually report to?
- Does who they report to influence their level of authority?
- Are there any other prominent factors that could affect this level of authority?

SUSTAINABILITY STRATEGY

- In general, can you describe the involvement, if any, that sustainability has within in the strategy of companies?

ORGANISATIONAL STRUCTURES/PROCESSES

- Do you believe there are any benefits of the CSO role over more fragmented roles (such as department sustainability managers) in terms of optimising sustainability management
 - fragmented ownership
 - competition for resources
 - inefficiency
 - position and responsibility overlap and duplication
- Can you give any examples of bureaucratic structures/policies/processes that can be implemented to optimise environmental management?

RESULTS

- What challenges may CSOs face in efforts to make changes
- To what extent do you agree/disagree that the CSO role helps to imbed sustainability into the core of the business?
- Do you see the CSO role position having a future in or is it a temporary role to accelerate sustainability transformation?

HYP 3: CSOS FOCUS MORE ON REDUCING NEGATIVE IMPACTS OF THE FIRM THAN INCREASING POSITIVE CONTRIBUTIONS (10 MINS)

- Are there any particular stakeholders that CSOs dedicate more attention and time to? And why?
- Do you believe that of the different environmental goals/initiatives implemented, would you say they primarily involved reducing negative impacts (CSiR) or increasing positive contributions (CSR)?
- Would you say the implementation of these initiatives is reactive (as a result of external pressures such as regulation) or proactive (in order to efforts to exploit external opportunities)
- To what extent to you agree/disagree that the purpose of the CSO role is to realise sustainability opportunities rather than exercise damage control

HYP 4: THE SDGS ARE A USEFUL FRAMEWORK FOR CSOS IN SUSTAINABILITY STRATEGY DEFINITION (10 MINS)

Are Chief Sustainability Officers a Key Lever for Sustainability Transformation?

- Do you feel companies use the SDGs in sustainability strategy?
- What are the main reasons for said interactions/relationships with the SDGs?
- To what extent do you feel the SDGs are useful in guiding sustainability strategy in the CSO role and in general?
- Are there any factors you feel influences the usefulness of the SDGs?
- Have you identified any unexpected opportunities or benefits associated with aligning with SDGs?
- Do you feel CSO time is split equally across each factor of ESG (environment, social, governance) or is there a particular focus on one. Why is this?

CLOSING

SUMMARY QUESTION

- To what extent do you agree/disagree with the statement that “Chief Sustainability officers a key lever for sustainability transformation”?

THANK YOU

- That concludes this interview
- Do you have any questions or comments?
- Thanks once again for your participation. Your insights are very much appreciated for the project.

7.4 ETHICAL PRINCIPLES OF CARE

To ensure informed consent and confidentiality, each participant was required to read and sign an interview consent form, shown below:



Interview Consent Form

Research project title: Are Chief Sustainability Officers a key lever for sustainability transformation?

Thank you for agreeing to be interviewed as part of the above research project. It is asked that participants read the accompanying information sheet and then sign this form to certify that they approve the following:

- The interview will be recorded, and a transcript will be produced
- The transcript of the interview will be analysed by Rebecca Cole as research investigator
- Access to the interview transcript and audios will be limited to Rebecca Cole & her academic advisor with whom she might collaborate as part of the research process
- Any summary interview content or direct quotations from the interview will be anonymized so that the participant cannot be identified, and care will be taken to ensure that other information in the interview that could identify the participant is not revealed (unless consent to be named is given in the table below)

Anonymity agreement - please tick **ONE** box you agree with:

<input type="checkbox"/>	I agree to be named in the interview and my company identified
<input type="checkbox"/>	I wish for my name and company information to remain anonymous in the interview

Participant's Name:

Researcher's Name:

Rebecca Cole

Participant's signature:

Research investigator's signature:

Date:

Date: