State of the Profession

by John Davies,
VP and Senior Analyst,
GreenBiz Group

GreenBiz group

WEINREB GROUP
Sustainability Recruiting
ESG Recruiting

TABLE OF CONTENTS

01/ EXECUTIVE SUMMARY

GreenBiz Group's sixth State of the Profession report once again takes a look at the evolution of the role of the sustainability leader in today's business world. As in years past, we conducted an in-depth survey to find out how much they earned, where they worked and what they did in the course of their job.

Our first report was published in 2010 and as we embark on a new decade it can be instructive to reassess how far we've come.

Professionalization of the profession

There are several indicators that the corporate sustainability professional is here to stay. In 2010, it was likely that a current employee would be tapped (or more likely would volunteer) to lead a nascent sustainability department. Today, companies are seeking out professionals. In 2012, only 45 percent of sustainability hires came from outside a large company whereas that number has now risen to 67 percent. Another indicator of sustainability being viewed as a true profession is the development of succession plans in advance of the exit (don't call it retirement) of what could arguably be called the first wave of sustainability professionals (see page 26).

Decade of expansion

The Great Recession officially ended in September 2010 but unemployment stood at 9.6 percent. Our first report identified hiring freezes, with only 28 percent of organizations planning to add headcount. Fast forward to 2020 and 58 percent of large organizations have increased headcount in the past two years and average team size has continued to grow throughout the decade.

Gender shift

In our 2010 report, we noted that men comprised 60 percent of sustainability executives in large companies and 54 percent in smaller firms (those with annual revenues less than $1 billion). That has shifted significantly: today, 58 percent of sustainability executives in large companies are women as are 54 percent in smaller firms. Participation rates aren't the only change as pay gaps between genders have narrowed over the past 10 years.

Higher education

Ten years ago, we noted how highly educated sustainability professionals were, with 65 percent of vice presidents, 57 percent of directors and 58 percent of managers holding a master's degree. Not much has changed at the director level but 75 percent of VPs and managers now report having a master's degree. The higher degree, however, doesn't necessarily translate to higher pay, especially for directors and managers. It is more likely the price of entry into the profession.

As we enter the ‘20s, there will be new challenges for sustainability executives. In the past, it wasn’t uncommon for a sustainability executive to opine that their goal was to work themselves out of a job. As many of the initiatives we report on in GreenBiz show, our contention is that sustainability executives will continue to work themselves into new jobs, or at least address new issues while ostensibly keeping the same title. Here are a few of the many initiatives we’ll be tracking over the next decade.

Today, companies are seeking out professionals. In 2012, only 45 percent of sustainability hires came from outside a large company whereas that number has now risen to 67 percent.

ESG reporting

Ten years ago, the majority of sustainability professionals didn’t get invited to meet with the investor relations team and probably couldn’t tell you where the Bloomberg terminal sat. Whether it’s the last couple of annual CEO letters from BlackRock’s Larry Fink or an increasing awareness of climate risk, the environmental and social data sustainability teams have been publishing is starting to get read by individuals of influence.

Climate crisis

United Nations recently released a new Emissions Gap Report that found that even if all current climate plans are implemented, temperatures are still expected to rise by 3.2°C, bringing even wider-ranging and more destructive impacts. Business has an important role to play in stemming the worst of these impacts and creating sustainable jobs and opportunities going forward.

CEO (and employee) activism

Sustainability leaders are in a unique position, with their experience in navigating across their organization’s functions, to help align CEOs and their employees toward common environmental and social causes.

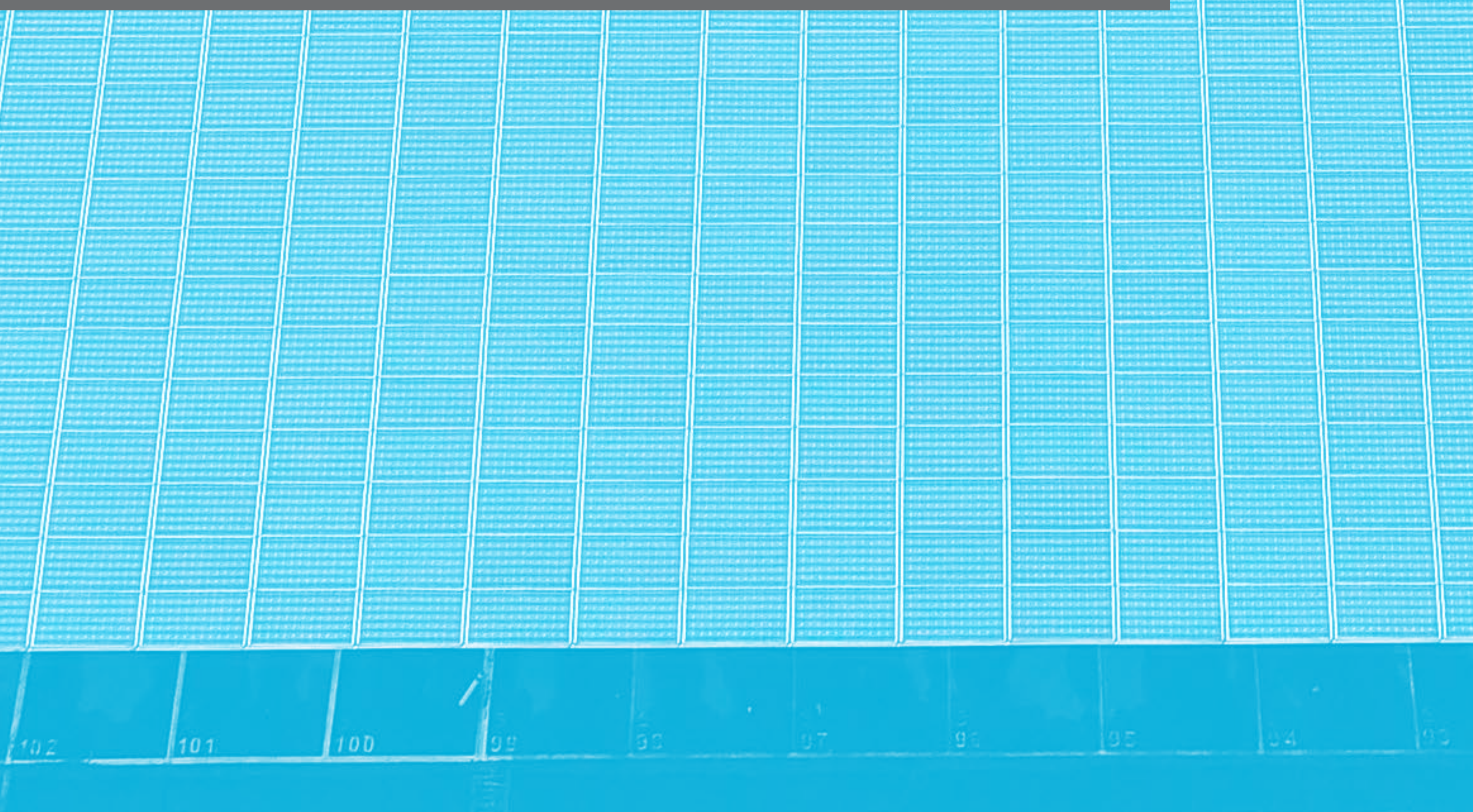
Sustainable development goals

The Sustainable Development Goals (SDGs), launched in 2015, represent an evolution from the UN’s Millennial Development Goals in that they established a stronger role for business in attaining ambitious global priorities. One of the features of the SDGs is that in each country, governments must translate the goals into national legislation, develop a plan of action, establish budgets and at the same time be open to and actively search for partners. Governments, business and civil society will need to work in concert to attain these goals.

02/ INTRODUCTION

This year we partnered with Weinreb Group Sustainability and ESG Recruiting and the Global Reporting Initiative to expand our reach of those surveyed. We have also partnered with LinkedIn to gain insights into the job postings and, more specifically, the skills required for those in the sustainability profession.

Before we get into the presentation of our results and analysis, there are a couple of points to make about the data presented in this report. Most of the charts, statistics and conclusions refer to companies with revenues greater than $1 billion, unless otherwise noted. One of the primary reasons for this is that many of the firms with revenues of less than $1 billion are either professional services firms, NGOs or educational institutions (25, 15 and 10 percent, respectively). An in-depth profile of survey respondents is presented in Appendix A. All monetary data has been converted to U.S. dollars.



03/ THE MORE THINGS STAY THE SAME, THE MORE THINGS CHANGE

We know the aphorism above is reversed, but 20 years into a new century makes one question whether the scale of change sought by those in corporate sustainability roles can ever be realized. As we enter a new decade, it's useful to take stock of where we've been and the goalposts ahead.

Climate crisis

The Paris Agreement's long-term temperature goal is to keep the increase in global average temperature to well below 2° C above pre-industrial levels and to pursue efforts to limit the increase to 1.5° C, recognizing that this would substantially reduce the risks and impacts of climate change. This will be challenging.

The straight-line growth rate of CO2 emissions measured at Mauna Loa, Hawaii, between 2000 and 2020 is 11.9 percent. Between 1980 and 2000 it was 9.2 percent and between 1960 and 1980 it was 7 percent. This against a backdrop of the Rio Earth Summit, the Kyoto Protocol and the Paris Agreement, which calls for annual emissions reductions of XX percent globally.

More recently, the United Nations recently released a new Emissions Gap Report that finds that even if all current climate plans are implemented, temperatures are expected to rise by 3.2° C, bringing even wider-ranging and more destructive climate impacts. Collective ambition must increase more than fivefold over current levels to deliver the cuts needed over the next decade for the 1.5° C goal. The United States planned withdrawal from the agreement doesn't make the task look any more achievable.

This is clearly a time for business to make an impact.

This is clearly a time for business to make an impact. Pre-competitive initiatives such as the RE 100 and REBA demonstrate companies are willing to show leadership by purchasing renewable electricity. Much of this effort has been led by sustainability executives who worked relentlessly to make the business case for large scale adoption of renewables.

CEO (and employee) activism

One of the more positive trends over the past couple years is a significant growth in CEO activism. In 2016, we started asking survey respondents to rate how involved their CEO is in the organization's sustainability program on a scale from one (openly dismissive) to seven (owns it, very engaged). It is certainly encouraging that none of this year's respondents view their CEO as openly dismissive. The real change in 2020 is that 43 percent rate their CEO's engagement at either a six or a seven. That's an eight-percentage point increase from 2018.

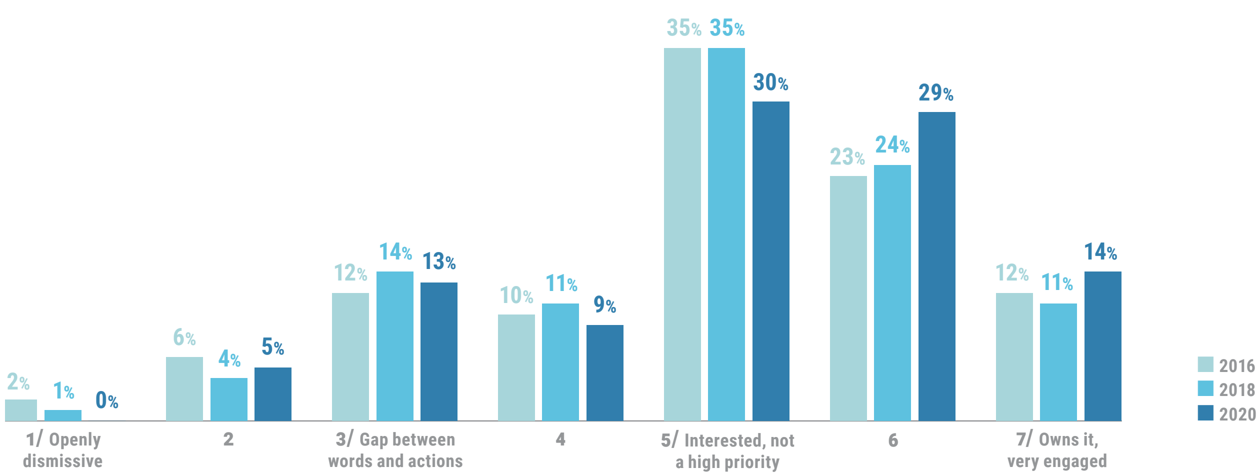
In what may be a significant indicator is the August 2019 announcement by the Business Roundtable, an association of CEOs from America's leading companies. Since 1997, the organization has endorsed principles of shareholder primacy – that corporations exist principally to serve shareholders. That was overhauled in 2019 when 181 CEO members committed to lead their companies for the benefit of all stakeholders – customers, employees, suppliers, communities and shareholders. That's a big ask, and billion-dollar corporations don't turn on a dime, but it does provide at least a modicum of backing for sustainability teams to push their leadership to take stands that align with their company's values..

There are other CEO-centric groups in the mix as well. The 200-member Chief Executives for Corporate Purpose "believes a company's business strategy for sustainable value creation — how well it fulfills its purpose in society — determines company success." The CEO Action for Diversity & Inclusion is a CEO-driven business commitment to advance diversity and inclusion within the workplace.

CEOs may need the help of these groups and more when faced with a potential increase in employee activism. As GreenBiz associate editor Deonna Anderson recently wrote, "Employee activism is not new — trade unions have long advocated for workers' rights — but the current rise in activist employees mirrors a trend that has been growing for years, and which seems to be hitting a peak as millennials increase their presence in the workplace. With growing distrust of governmental institutions, these younger employees are using their voices to advocate for change and demand that their employers do so, too."

As more Millennials and Gen Z job applicants seek to work for companies that share their values, sustainability leaders are in a unique position to help align CEOs and their employees toward common environmental and social causes.

On a scale from 1 to 7, how involved is your CEO in the sustainability program?



ESG reporting

Corporate reporting on sustainability — including environmental, social and governance (ESG) performance and achievements — has grown more than fivefold in the past 10 years. Roughly 20 percent of S&P 500 companies (the 500 largest publically traded U.S. firms) published a sustainability report in 2011. In 2018, that number rose to 86 percent.

During that same span of time, the majority of sustainability professionals didn't get invited to meet with the investor relations team and probably couldn't tell you where in their building the Bloomberg terminal sat. Whether it's the last couple letters from BlackRock's Larry Fink (see "Larry Writes a Letter," page XX) or an increasing awareness of climate risk, the environmental and social data that sustainability teams have been publishing is starting to get read.

There are now more than 600 ESG ratings agencies globally, according to the Global Initiative for Sustainability Ratings, as ESG data becomes a greater factor in companies' valuation and access to capital. The challenge is that current corporate ESG disclosures lack consistency and standardization.

As we wrote in the 2020 State of Green Business report, there has been increased interest in understanding the differences among the various ratings and rankings organizations. This has become more pronounced since Institutional Shareholder Services, and its main competitor, Glass Lewis, started focusing more on E&S and not just G. These two prominent proxy advisory services provide institutional investors with assistance in voting their shares at corporate annual meetings, and their combined influence is enough to get the attention of any CEO.

As our GreenFin Summits have borne out, an increased focus by asset managers on ESG issues is accelerating pressure on corporations to not only to disclose more, but to do more.

Sustainable Development Goals

The SDGs focus on time-bound commitments by 2030, much like the Paris Agreement's 2050 target. The 17 goals, launched in 2015, represent an evolution from the UN's Millennial Development Goals in that they established a stronger role for business in attaining national and global goals.

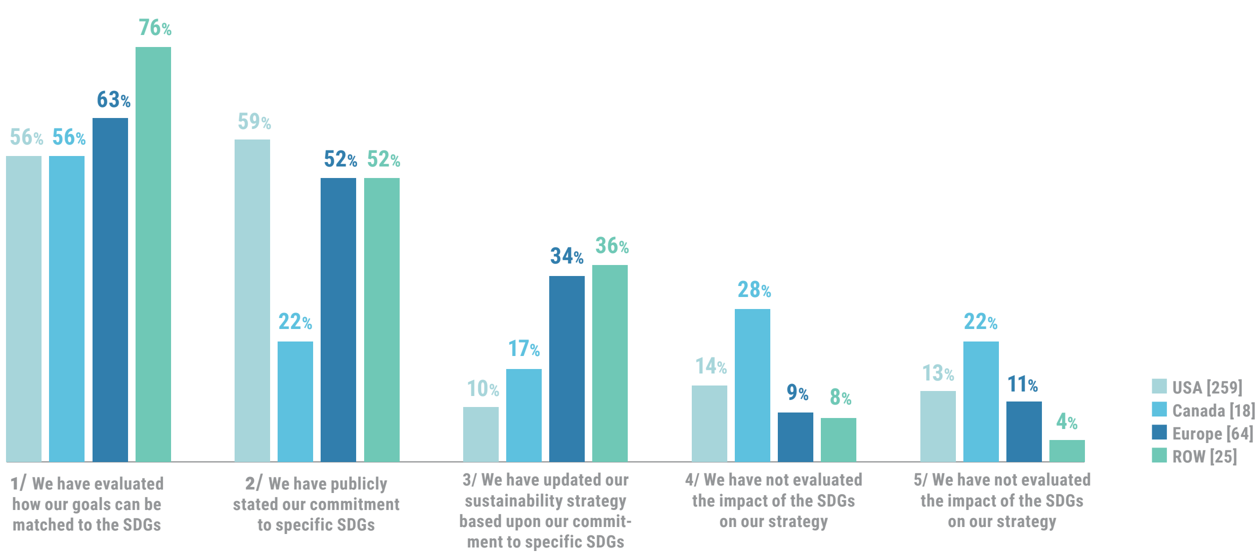
One of the features of the SDGs is that each country must translate the goals into national legislation, develop a plan of action, establish budgets and at the same time be open to and actively search for partners. That leads to another attribute the SDGs share with the Paris Agreement: the lack of a strong commitment from the United States.

We asked the survey participants if their company is embedding the SDGs in its strategic and operational goals. Overall, 58 percent of respondents from large organizations have evaluated how their organization's goals can be matched to the SDGs. Fifty-nine percent of U.S. respondents and 52 percent of European respondents have a publicly stated commitment to specific SDGs.

That is where the similarities between the United States and other parts of the world end. When we asked if organizations have updated sustainability strategy based upon a commitment to specific SDGs, only 10 percent of U.S. respondents have done this, more than three times more respondents in Europe and elsewhere in the world (34 percent and 36 percent, respectively). Members of the GreenBiz Executive Network have shared their perspective that companies that operate globally are likely to incorporate the SDGs into corporate strategy.

From an industry sector perspective, the biggest gap between matching goals to SDGs versus updating sustainability strategy to align with specific SDGs is in the retail industry, where 68 percent have matched goals but only 9 percent have updated their strategy to align with those goals. This is not surprising considering that close to 80 percent of our respondents are U.S.-based. Those classified in the industrial goods sectors (mostly B2B and manufacturing firms) are more aligned with the SDGs: 57 percent have matched their goals to the SDGs and 43 percent have updated their strategy based upon specific commitments.

Is your company embedding the Sustainable Development Goals in its strategic and/or operational goals (select all that apply)?



LARRY WRITES A LETTER

Laurence D. Fink is the Founder, Chairman and Chief Executive Officer of BlackRock, Inc., the world's largest asset manager, with $7.4 trillion in assets under management as of the end of 2019. In 2012, Fink started writing an annual letter to CEOs. His first letter was short and to the point, an effort to acquaint the addressed CEOs with BlackRock's approach to corporate governance and responsible investing. In the years following, the letters implored CEOs and boards of directors to avoid short-termism and, as in his 2017 letter, "lay out for shareholders each year a strategic framework for long-term value creation."

The role of business in society continued to be highlighted in Fink's annual letter to CEOs, as in 2018 when he wrote that, "Society is demanding that companies, both public and private, serve a social **purpose.** To prosper over time, every company must not only deliver financial performance, but also show how it makes a positive contribution to society" (emphasis added).

Fink's 2019 letter laid the groundwork for an increased focus on ESG, as he wrote, "In the years to come, the sentiments of these generations will drive not only their decisions as employees but also as investors, with the world undergoing the largest transfer of wealth in history: $24 trillion from baby boomers to millennials. As wealth shifts and investing preferences change, environmental, social, and governance issues will be increasingly material to corporate valuations."

As the CEO of the world's largest asset manager, Fink's letters are usually newsworthy. The 2020 letter may be the most impactful. He wrote in the second paragraph of the letter that, "Climate change has become a defining factor in companies' long-term prospects. Last September, when millions of people took to the streets to demand action on climate change, many of them emphasized the significant and lasting impact that it will have on economic growth and prosperity – a risk that markets to date have been slower to reflect. **But awareness is rapidly changing, and I believe we are on the edge of a fundamental reshaping of finance"** (emphasis in original).

BlackRock is already benefitting from this most recent letter, as Finland's largest pension insurance company invested $600 million into a new ESG fund. As BlackRock sees more investors reallocate their holdings to ESG-indexed funds, that impact can significantly influence corporate strategy.

SUSTAINABILITY PROFESSIONAL OPPORTUNITIES GREW IN 2019: HERE'S HOW AND WHERE.

Supply and Demand for sustainability professionals showed positive trends in recent years.

As consumers and investors become increasingly aware of the impact of climate change, more and more businesses are evaluating their environmental impact and driving sustainable solutions to reduce their carbon footprint. Given this trend, LinkedIn decided to take a look at job postings activity and members with sustainability in their job titles to see if there's a correlation between the heightened awareness on climate change and careers in sustainability.

+10%

Increase in sustainability job postings in past year

In 2019, there was 10% growth in job postings on LinkedIn for roles with titles related to Sustainability, above and beyond the overall growth in all jobs posted. This uptick was largely driven by the non-profit industry. Now, COVID-19 has disrupted the global workforce, and business and institutions are in a position to reimagine their sustainability efforts and environmental stewardship, which will remain imperative as we forge a path to reclaiming global health and economic stability.

+7.5%

Increase in sustainability professionals in 2019

In addition to job postings, we saw a 7.5% increase in LinkedIn members with a Sustainability job title in the past year, above and beyond the overall growth in total members. Top job titles that enjoyed the greatest growth were Sustainability Analyst, Sustainability Specialist, and Sustainability Advisor, each of which rose more than 20% over the past two years

These insights indicate greater demand for roles dedicated to sustainability within an organization, but do not quite paint the full picture. We know the responsibilities of sustainability spread across multiple functions in a company, rather than falling solely on the dedicated sustainability role. Hence, in coming years, we may see a rising demand for sustainability-related skills embedded in the job descriptions of a wider array of roles.

Where are the strongest opportunities for jobseekers hoping to enter the sustainability profession?

To understand the evolution of the sustainability profession and to pinpoint key opportunity areas for sustainability jobseekers, we identified the fastest growing skills, industries and geographies for dedicated sustainability roles.

We looked first at the core skills that are shared amongst sustainability professionals globally. These are a mixture of competencies related to sustainability (e.g. circular economy), business (e.g., stakeholder engagement, program development) and other topics related to technology and analysis. Of all of these skills, the fastest rising amongst sustainability professionals is Data Analysis, with statistically significant year-over-year growth of 18%.

Top 10 fastest rising skills amongst all LinkedIn users

01] Circular Economy

02] Presentation Skills

03] Creative Problem Solving

04] Corporate Sustainability

05] R

06] EHS (Environment, Health & Safety)

07] Data Analysis

08] Report Writing

09] Environmental Monitoring

10] Revit

Top 10 industries for sustainability jobs

01] Civil Engineering

02] Architecture & Planning

03] Fundraising

04] International Affairs

05] Renewables & Environment

06] Nanotechnology

07] Market Research

08] Environmental Services

09] Mechanical or Industrial Engineering

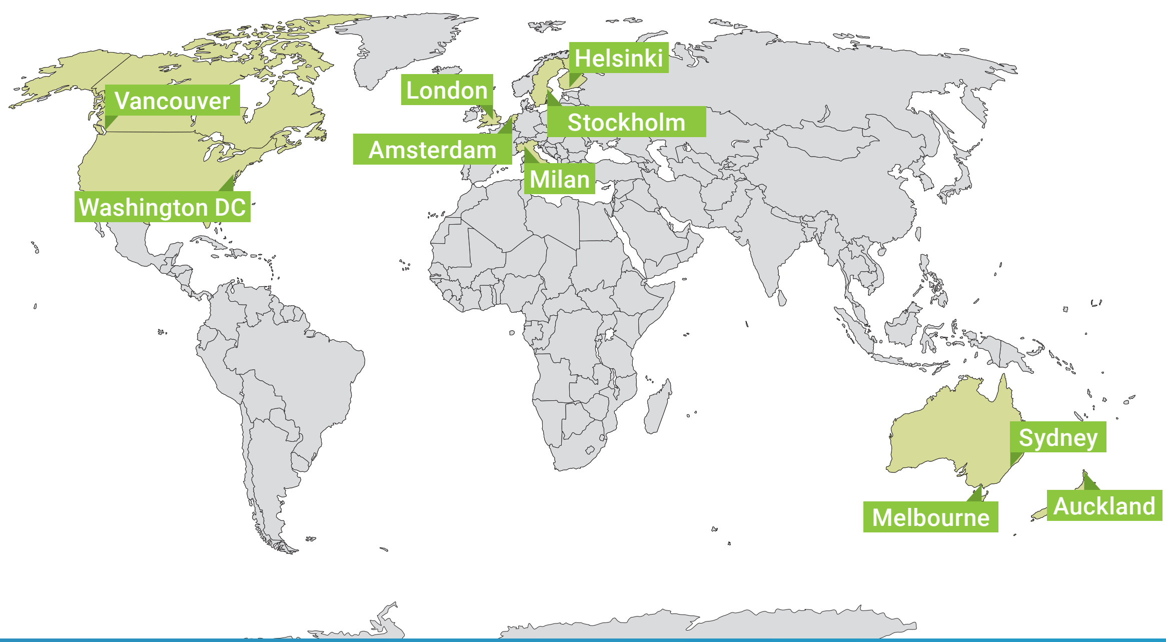
10] Legislative Office

Examining these skills in the wider population on our platform shows Circular Economy as the fastest rising. As employers evaluate a transition from linear to circular business models, they will require talent with circularity skills to navigate opportunities and challenges. Other sustainability-specific skills that have shown strong growth include Corporate Sustainability, EHS, and Environmental Monitoring.

Which industries are hot spots for sustainability job opportunities? Looking broadly, the top five industries currently employing professionals with core sustainability skills (not just professionals with sustainability titles) are: Civil Engineering, Architecture & Planning, Fundraising, International Affairs, Renewables & Environment.

The Civic and Social organization industry had the highest year-on-year job posting growth for roles specifically dedicated to sustainability.

Top 10 cities with highest proportion of population working as sustainability professionals



Amongst major cities with significant penetration of LinkedIn members, top cities with the highest proportion of professionals with sustainability titles spanned Europe, Canada, United States and Australia. Economies with the highest concentration of sustainability professionals are Sweden, Hong Kong SAR, Finland, New Zealand and Australia.

In summary, climate change is a defining issue of our time, and businesses globally are building sustainability roles into their organizations to implement solutions for their impacts on the environment. These roles include dedicated sustainability titles as well as integrated roles across various functions in an organization, as shown by the increase of and demand for Circular Economy skills. For those looking to forge a career in sustainability, Data Analysis is a particularly useful in-demand skill to learn.

ABOUT LINKEDIN'S ECONOMIC GRAPH: LinkedIn is developing the world's first Economic Graph – a digital mapping of the global economy – to create economic opportunity for every member of the global workforce. The Graph is based on more than 650 million LinkedIn members, 30 million companies, 20 million open jobs, and more than 80 thousand schools. By mapping the members, companies, jobs and schools, we are able to spot trends in talent migration, hiring rates, and in-demand skills by region. You can learn more about our regularly published reports at economicgraph.linkedin.com.

METHODOLOGY: Sustainability professionals are defined as having one of the following job titles: Sustainability Advisor, Sustainability Consultant, Corporate Responsibility Manager, Sustainability Intern, Director of Sustainability, Corporate Social Responsibility Manager, Sustainable Development Manager, Sustainability Coordinator, Sustainability Analyst, Sustainability Manager, or Sustainability Specialist. Core skills are identified as those skills shared by sustainability professional at a greater rate than in the general population, with a 99% confidence level. In addition, the core skills are shared by at least 1% of sustainability professionals. Where growth rates are reported they are indexed against the overall growth in the LinkedIn platform. Top cities and countries are ranked based on the percentage of LinkedIn members that have one of the sustainability titles listed above. Analyses were performed in December 2019.

04/ THE ORGANIZATION AND ITS LEADERS

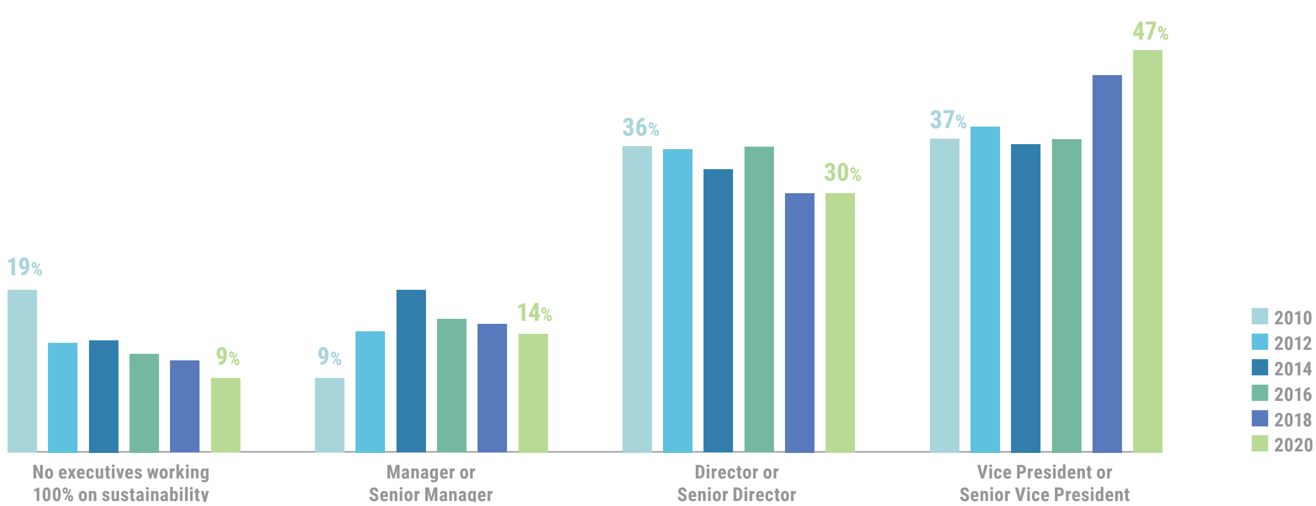
The question we're asked most often from an organizational point of view is where the sustainability function reports. Year over year, the results are the same: There is no consistent home within large or small organizations. While our survey lists 15 different functions to choose from, the leading choice – "other" – is selected by 33 percent of large organizations and 50 percent of smaller ones. Next on the list is corporate affairs, selected by 17 percent of large and 20 percent of small organizations. No other function ranks in double digits for any size organization.

Perhaps the more important questions concern how high up in the organization the sustainability leader sits and how close are they are to the CEO and the board of directors. Since we launched our first survey in 2010, we've asked respondents to identify the highest-ranking executive whose job is 100 percent focused on the company's sustainability efforts. Over those 10 years, we've seen a 10-percentage-point decrease of large companies having no executives working full-time on sustainability and a 10-point increase in the number of vice presidents or senior vice presidents in the role.

While only nine percent of large organizations lack a fulltime sustainability role, 27 percent of smaller firms report no one dedicated fulltime and only 24 percent of small firms have a vice president focused on sustainability. But when it comes to organizational hierarchy, 51 percent of sustainability leaders in small firms report directly to the CEO.

In large companies, there has been a significant increase in terms of the sustainability leader reporting to the CEO, from 19 percent in 2018 to 26 percent today. When we look at how this plays out in various industry sectors for which we have a

What is the title of the highest-ranking executive whose job is 100% focused on the company's sustainability efforts?

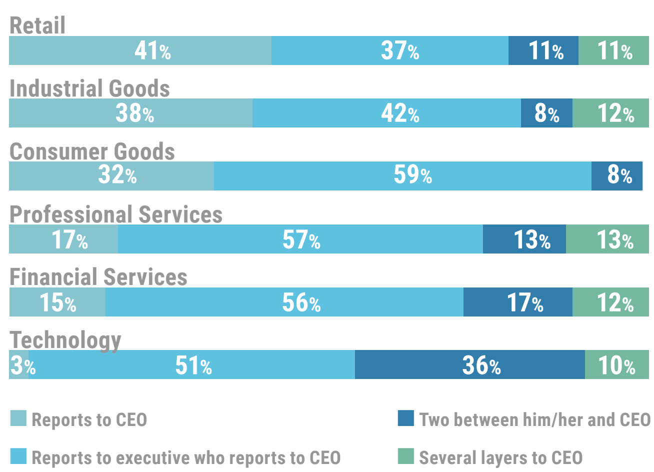


statistically large enough sample, 41 percent of retail sustainability leaders report to the CEO and another 37 percent report to an executive who reports to the CEO.

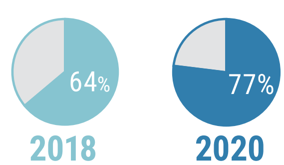
It's a different story in the technology sector, where only 3 percent of technology executives report directly to the CEO although 51 percent report to an executive who reports to the CEO. The consumer goods sector splits the difference but leads in terms of 91 percent of the highest-ranking sustainability executives either report to the CEO or an executive who reports to the CEO (32 and 59 percent respectively).

Another indicator of the rising influence of sustainability within large organizations is the increase of the number of vice presidents with responsibility for sustainability reporting to either the C-suite or the board of directors. This has almost doubled, from 33 percent in 2012 to 60 percent in 2020. There has also been a significant increase in the head of sustainability regularly reporting to the board of directors on their progress, from 64 percent in 2018 when we first asked this question to 77 percent this year.

In your organization's reporting structure, how many people stand between the highest-ranking sustainability executive and the CEO?



Percentage of sustainability leaders who regularly report to the board of directors on their progress

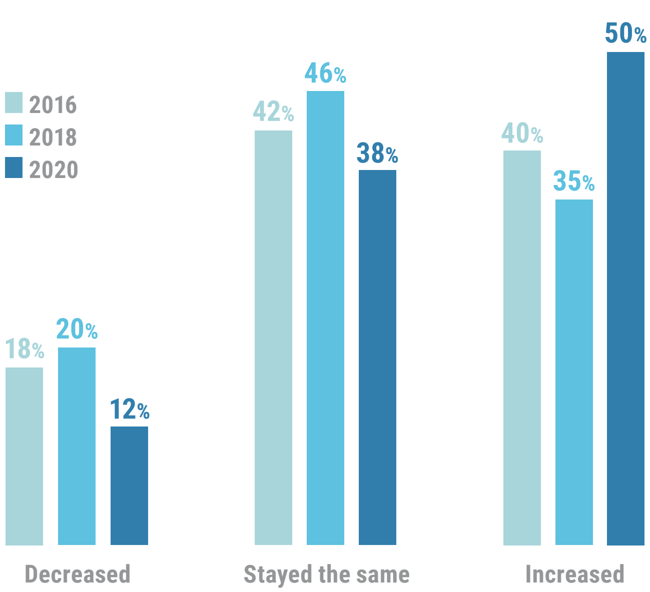


Budgets and Headcount

The good news for most organizations both large and small is that in the past two years' budgets and headcount have increased significantly. Let's start with budgets. We asked whether the sustainability budget in large organizations has increased or decreased in the past two years. Fifty percent of respondents replied that budgets had increased, a 15-point increase from 2018. For 88 percent of those respondents, budgets either increased or stayed the same. Only 12 percent decreased.

In terms of industry sectors, the majority of large retail companies made the biggest leap in investing in sustainability. In 2018, only 33 percent had noted a budget increase, whereas this year 57 percent of retailers said they had increased their sustainability budgets in the past two years. That's an impressive 24-point jump. Two other sectors, professional services and financial services, had more firms with bigger budgets, with increases from 21 to 32 percent and 35 to 48 percent, respectively.

Has your budget increased or decreased in the past two years?



A similar result holds true for smaller firms, although not quite as dramatic. Forty-five percent of those firms say their budgets increased, up from 37 percent in 2018. Only 10 percent replied that their budgets had decreased.

The size of the budget for large organizations varies greatly. Twenty-two percent of large organizations have no specific sustainability budget, although a majority of those (61 percent) also have no one dedicated fulltime to sustainability efforts. Forty-five percent of programs have budgets of under $1 million, 22 percent have budgets between $1 million and $10 million and 11 percent have budgets in excess of $10 million per year.

At smaller firms, 35 percent have no specific budget item and 53 percent have budgets under $1 million. Not surprisingly, only 2 percent of those firms have budgets greater than $10 million.

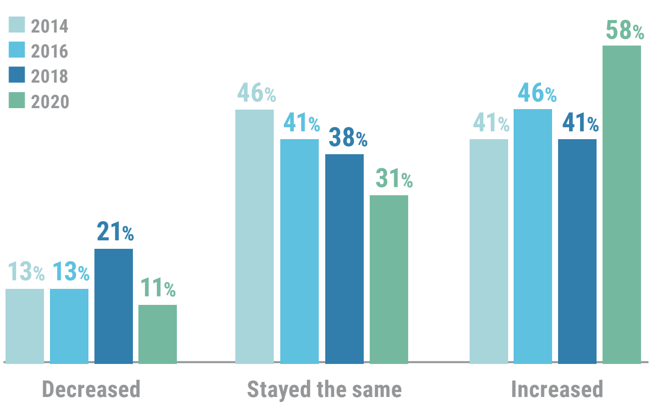
Given that budgets are increasing, we wanted to find out where these large companies were investing.

As to what sectors have the largest budgets, 42 percent of technology and retail companies have budgets in excess of $1 million. At the other end of the spectrum, only a quarter of financial services and industrial goods firms have budgets greater than $1 million. Thirty-two percent of consumer goods companies have budgets greater than $1 million.

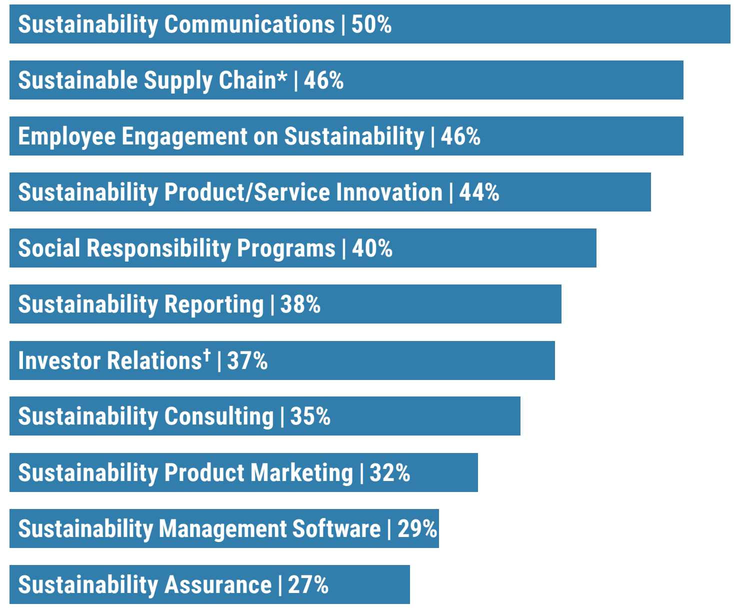
Given that budgets are increasing, we wanted to find out where these large companies were investing. Half of large-company sustainability departments plan to increase their communications budgets and 46 percent will be increasing their supply chain and employee engagement line items.

The investment priorities shuffle a bit for different industry sectors. Sixty-one percent of technology firms cite increased budgets for sustainability product and services innovation. In the CPG sector, the highest priority is sustainable supply chains (58 percent), whereas in retail and professional services employee engagement on sustainability is cited the most as receiving increased funding (55 percent and 52 percent respectively).

Has the headcount number increased or decreased in the past two years?



In your firm's next financial year, which initiatives will have increased budgets?



* including social and environmental
† including responding to surveys and investor calls

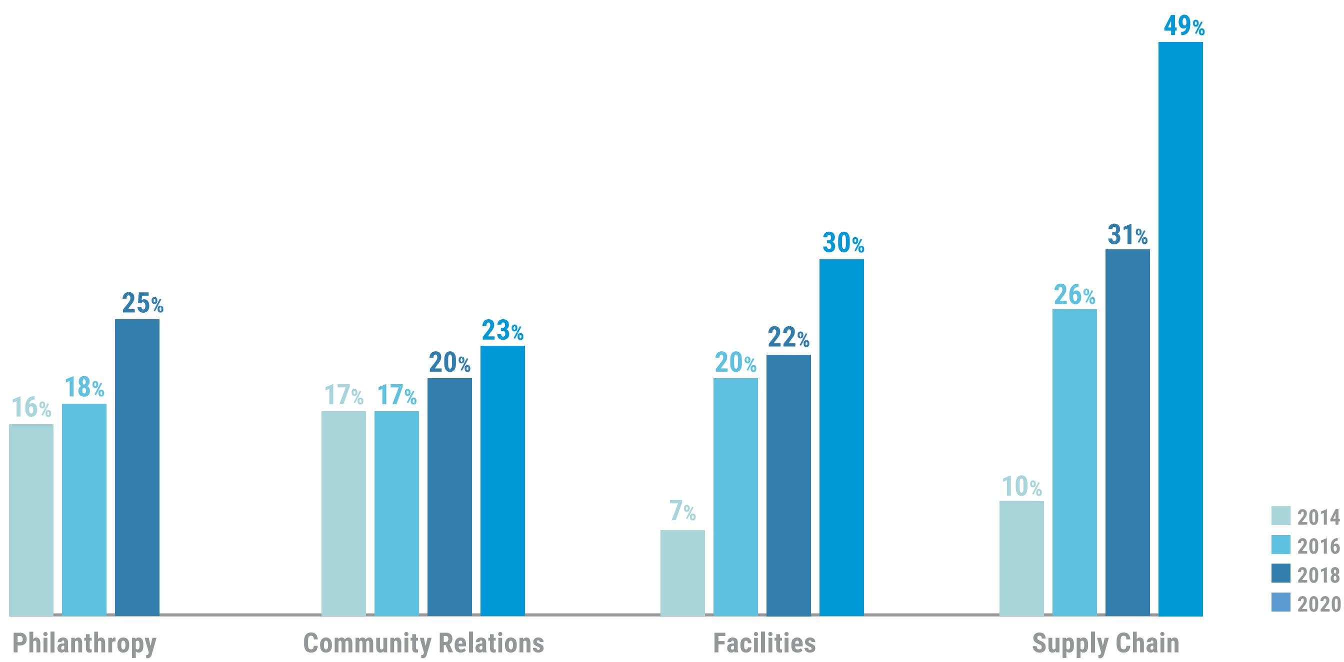
Increases in headcount have followed a similar trajectory as the growth in budgets. We asked whether the headcount number had increased or decreased for sustainability departments in large companies in the past two years and 58 percent of respondents noted an increase, a 17 percentage-point increase from 2018. There were two sectors where the greatest number of firms increased headcount: financial services and retail (82 percent and 68 percent, respectively).

A slightly lesser but still significant increase occurred at smaller firms, where 52 percent indicated that headcount had increased in the past two years, an 11-point increase from 2018.

The size of teams continues to grow: 22 percent of large companies now have more than 20 people dedicated full-time to sustainability initiatives. Forty-one percent of large companies have between one and five dedicated resources while 20 percent have between six and 10. The two sectors with the largest teams are retail and technology. Forty-five percent of retail teams consist of more than 20 dedicated resources and another 23 percent have between 11 and 20. In the technology sector, 33 percent have teams with more than 20 employees dedicated to sustainability and 15 percent have between 11 and 20.

Team size is one indicator of the growing importance of corporate sustainability. Another is whether sustainability resources are embedded in other departments. The departments in which sustainability resources have been dedicated in large organizations are supply chain, facilities and philanthropy (49 percent, 30 percent and 25 percent, respectively). The department with the greatest increase is supply chain, with an 18-percent-point gain in the past two years.

Does your organization currently have one or more dedicated sustainability resources embedded in any of the following departments (either fulltime or part-time)?

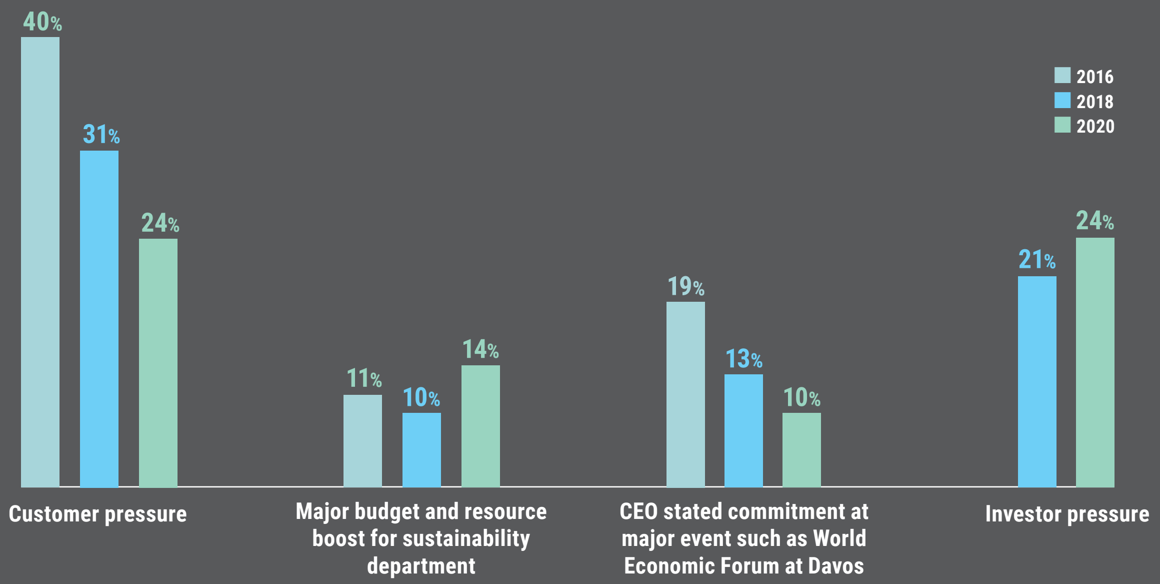


INVESTOR PRESSURE IS ON: A RECRUITER'S PERSPECTIVE

There is no bigger wake-up call for big companies than the call from investors. The data here underlines what I have seen in my business: A demand from investors for business to make ESG and sustainability a top priority. Today, company sustainability leaders report that investor pressure is the biggest driver of their organization's sustainability program. The rise has been slow but steady, jumping 3 percentage points to 24 percent, compared to 21 percent in 2016, and now on par with customer pressure.

In my work as a recruiter, the investor demand for companies to embrace ESG has translated into the growth of three job categories:

CORPORATE SIDE: Companies, often through their investor relations (IR) department, field questions from investors or ratings/rankings agencies about their company's ESG risk and performance, and leading companies are responding to this demand by hiring internal ESG experts to liaise closely with their sustainability and IR functions. The corporate ESG leader is charged with setting up the systems to track, analyze and



credibly communicate ESG metrics, including through a variety of reporting frameworks and by participating in investor calls and other inquiries.

INVESTOR SIDE: ESG is also making inroads in private equity, where their investors (often institutional investors or a variety of other mechanisms) are pushing for more ESG disclosures. As a result, I have had private-equity clients seek to recruit ESG leaders who can develop internal policies, field external questions about ESG performance and work with clients and other investors to elevate ESG within companies in their portfolios. An ESG leader with a private-equity firm will likely chair the ESG committee, support ESG integration with regulatory standards across regional offices and work with industry peers on the best ways to factor ESG into the investment lifecycle. These ESG specialists are also creating risk appraisal tools, performance evaluation criteria and monitoring and reporting frameworks.

PORTFOLIO COMPANY: As the importance of ESG has grown in private equity and venture capital, these firms are placing new demands on their portfolio companies to have an internal sustainability expert. I have had investor clients facilitate an introduction to leaders at companies in which they have an equity stake because they want to raise the ESG performance of their portfolio companies.

I'm pleased to see this trend resulting in new jobs for leaders who are dedicated to making sustainability progress in new and exciting ways. It's clear that in 2020, investor pressure is on.

Ellen Weinreb

WEINREB GROUP
Sustainability Recruiting
ESG Recruiting

05/ THE RIGHT PROFILE: JOBS IN SUSTAINABILITY

There are a number of indicators that point to the growing professionalization of the corporate sustainability job. We say “job” instead of “role” because there is nary a Fortune 500 company that does not have someone whose full-time job is to focus on sustainability.

Getting the Job

University programs are graduating students with degrees in sustainability – be it business, environmental or other sustainability-focused majors – at an ever-increasing rate. Those students have more options than ever before to join a consultancy or NGO, or to begin their climb up the corporate ladder.

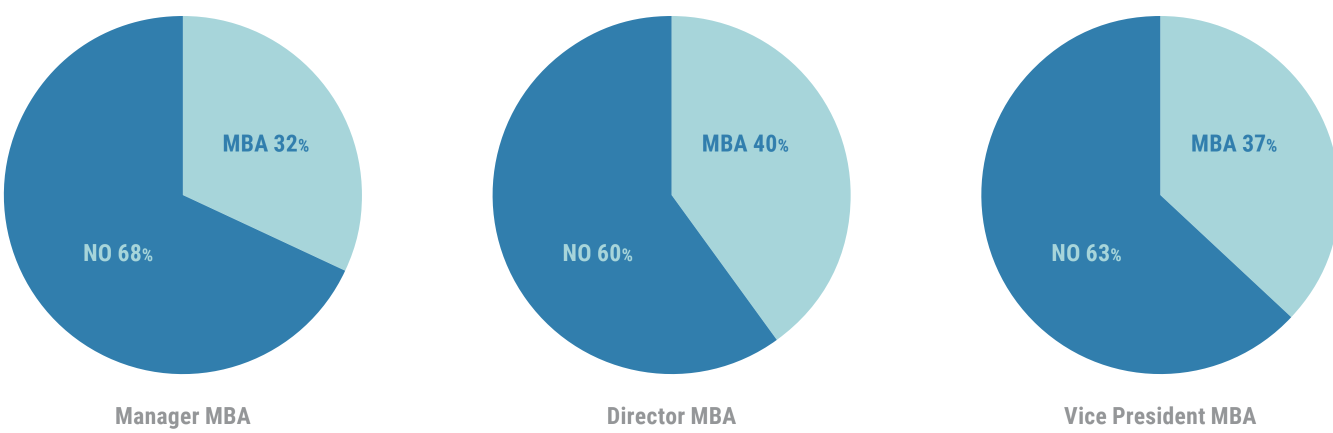
Educational background is varied when it comes to a leadership role in sustainability. Degrees in business/management and social sciences rank highly for all titles and the nascent nature of sustainability degrees is apparent: only 8 percent of managers have a degree in sustainability and even fewer when it comes to directors and vice presidents.

We also looked at whether getting a leadership job in sustainability required an advanced degree, and more specifically an MBA. Thirty-seven percent of vice presidents have MBAs as do 40 percent of directors and 32 percent of managers. Of those who went on to get an MBA, the majority did not pursue a sustainability-specific degree. Thirteen percent of vice presidents matriculated with an MBA with a sustainability focus as did 25 percent of directors and 35 percent of managers.

Experience Required

We asked survey respondents what department they were employed by immediately before getting their first sustainability position. We asked this of various management levels but also to staff who we refer to in this report as individual contributors. Thirty-four percent of those who self-identified as individual contributors said their first job was in sustainability. When managers were asked the same question, 23 percent said their first job was in sustainability. In a bit of a statistical anomaly

Percentage of respondents with MBA by title



(we checked and double-checked), those exact percentages hold true for businesses with revenues greater than $1 billion and those with revenues below. A fewer number of directors reported their first job being in sustainability (16 percent for those in large firms and 21 percent for those in smaller ones).

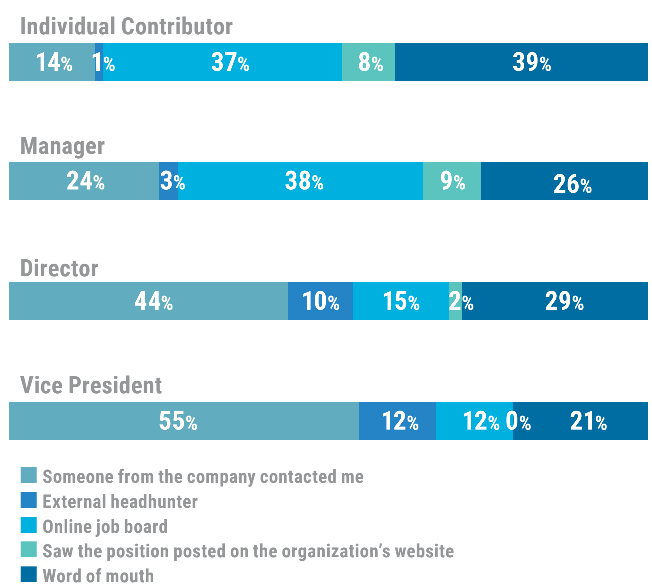
That may be encouraging to recent grads, but when we asked how many overall years of work experience those in sustainability had who reached a manager's level, only 1 percent had three years or fewer of overall experience and 11 percent had between four to six years' work experience. That may tamp down their management expectations a bit. Of individual contributors, 12 percent had three years or fewer of overall experience while 26 percent had four to six years' experience and 25 percent had between seven and 10 years' experience.

Coming in From the Outside

When it comes to getting a job in sustainability in a large organization, one trend we continue to see is the increase in hiring from outside the organization. This trend is seen in large companies, where 67 percent of respondents were hired from outside their current organization, and the same holds true for 71 percent of smaller firms. In terms of management level, 69 percent of managers were hired from the outside as were 65 percent of directors and 77 percent of vice presidents. This is a consistent finding across all industry sectors.

Given that the majority of new hires now come from outside an organization, we asked survey respondents how they heard about their job. Word of mouth certainly plays a big role for landing almost any position, but it is most significant for individual contributors. A large number of individual contributors and managers found out about their position through an online job board (37 percent and 38 percent, respectively). Directors and vice

Ways in which respondents heard about their job



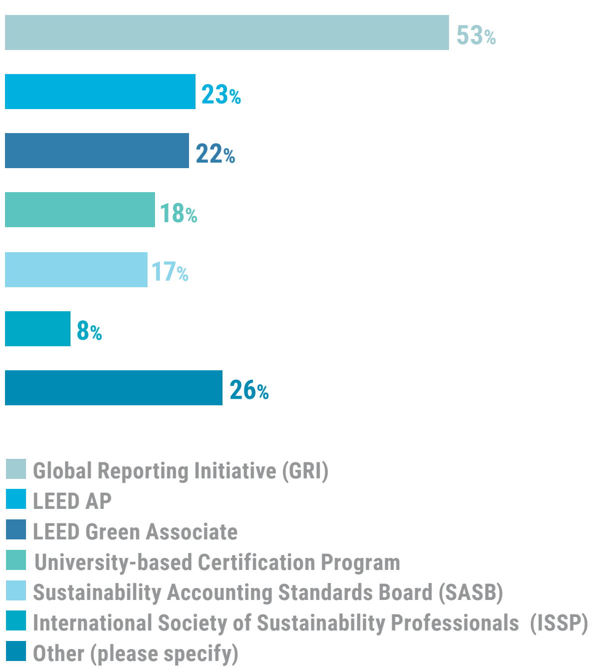
presidents were more likely to be contacted by someone from the hiring organization (44 percent and 55 percent, respectively).

Continuing Education

One of the key attributes we have seen in successful sustainability professionals is that they are constant learners. The world is changing faster than ever before, as are society's social and environmental expectations of companies, and the requirements of future sustainability professionals are only partly known. As these requirements evolve, we sought to determine what training or certification programs were popular with sustainability professionals.

Far and away, the Global Reporting Initiative (GRI) is the one certified standard for which sustainability professionals around the globe are receiving training. Fifty-three percent of survey respondents from large companies and 50 percent from smaller organizations report having participated in GRI training programs. This is more than double of any other program we inquired about.

Percentage of survey respondents having received training or certification



GRI training is popular for all industries but is especially popular in retail and industrial goods companies, where 69 percent of respondents in those industries have taken the training and 66 percent of those in the technology sector have participated. It is also the No. 1 training and certification program across all management levels surveyed.

Who pays for continuing ed? Seventy-three percent of survey respondents report that their employer provides reimbursement for certification and training programs, but only 17 percent compensate those who complete this type of training. In fact, only 39 percent of organizations seek prospective employees with specific training or certification.

Getting the Green

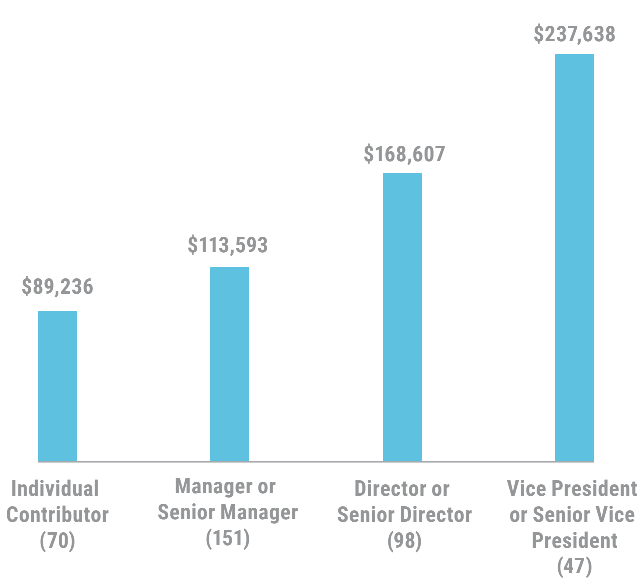
Over the years, the State of the Profession report has become a significant benchmark for compensation trends. It's not a perfect science — titles and salary structures can vary across geographies and even within industries. But after 10 years of collecting data, our findings are consistent.

Little has changed in terms of overall compensation as analyzed by title. Modest raises were given to 80 percent of managers last year as well as 84 percent of directors and 75 percent of vice presidents. This is reflected in our latest salary data: there's been a 2.8 percent increase in average salaries for managers and a 3 percent increase for directors. It is more difficult to draw a similar analysis for vice presidents as the sample size is smaller and overall compensation (inclusive of salary, bonus, stock options exercised, etc.) can be significantly larger.

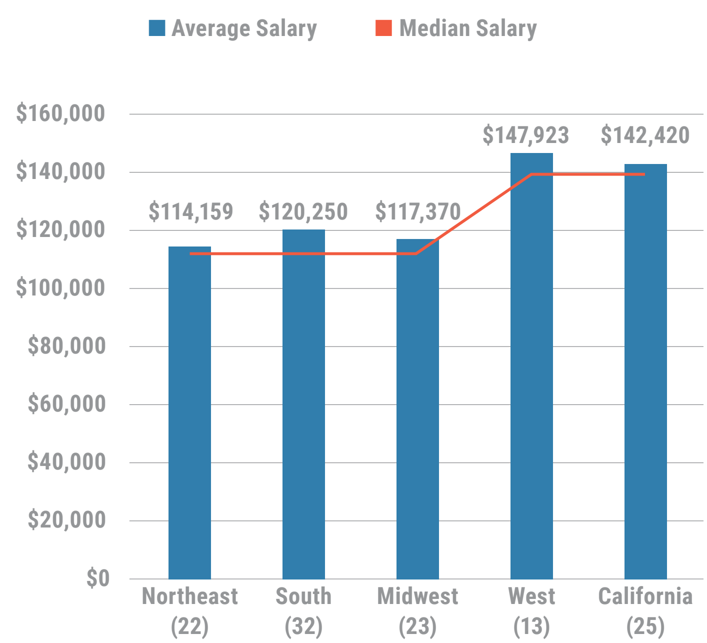
For several years, we have tried to get a sense of total compensation beyond just salary and this was the first year we specifically asked about that number. The responses range from surprising lows and, perhaps, not-so-surprising highs. The overall compensation for managers ranged from $50,000 to $280,000, with a general spread across that spectrum. For directors, the range was wider, with the low end at $72,000 and a high reported of $1 million. Vice presidents reported overall compensation as high as $1.2 million, with 10 percent of respondents pulling down more than $900,000 per year.

Another way of looking at compensation is by region, which had less of a significant difference for vice presidents. For directors, the median salary remained constant but the average salary in California was significantly higher. The one title where geography is a definite factor is for managers in California and the rest of the West, where the average and median salaries are much higher than the rest of the United States.

Average salary for sustainability leaders by title



U.S. Regional Salary for Managers



There are certainly other factors that can affect salary. The technology industry tends to be at the higher end of the pay scale. Having a master's degree seems to have little effect on salary at any level but, as we noted previously, it may have an effect on just getting the job. One anomaly we have noted is that companies seem to be compensating experienced talent, with directors hired within the last three years making significantly more than those that have been with a company between four and 10 years.

Salary tends to increase with age group, which shouldn't be surprising. The demographics associated with each title shouldn't be, either. Sixty percent of managers are under 40 whereas 60 percent of directors are over 40 and almost half (48 percent) of vice presidents are over 50.

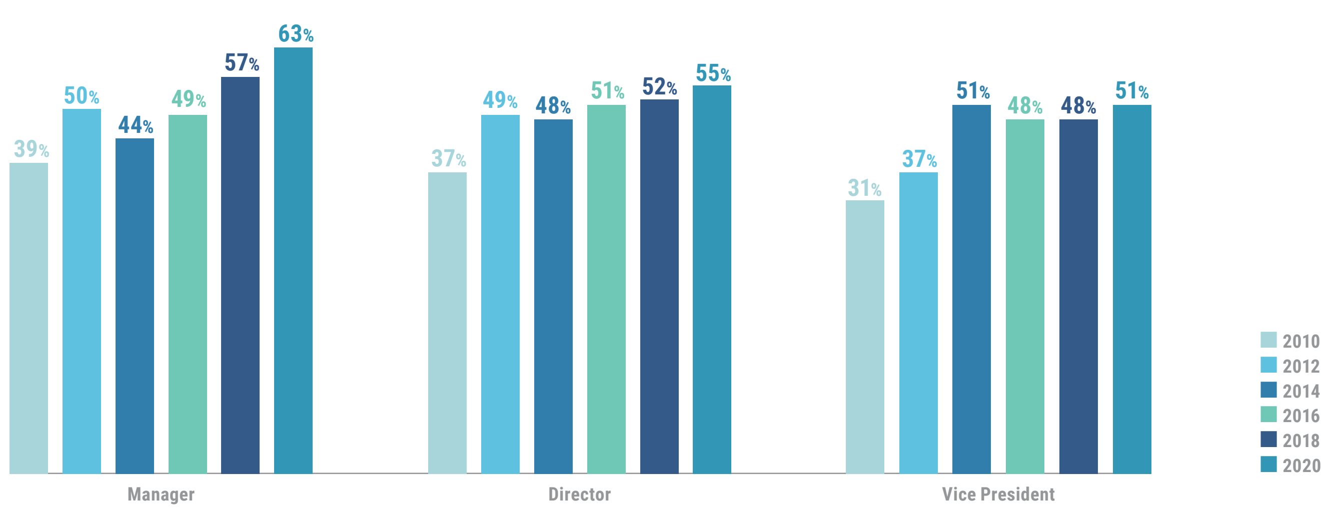
One area that has definitely changed over the past 10 years is gender diversity in the profession. The number of women in sustainability leadership roles has increased by close to 20 percentage points in every category since our first survey in 2010. While women are paid slightly less than men in the profession, the disparity is no more than a few thousand dollars.

The number of women in sustainability leadership roles has increased by close to 20 percentage points in every category since our first survey in 2010.

Sustainability is sorely lacking when it comes to racial or ethnic diversity — the profession is very white. Unfortunately, not much has changed over the years. In 2014, 87 percent of managers identified as white or Caucasian and that number only dropped to 77 percent in our most recent survey. For directors and vice presidents the results are depressingly similar.

At each of our GreenBiz conferences we have instituted the Emerging Leaders program (helped by the generous sponsorship of companies such as United Airlines and PwC). This program sponsors students and early-career professionals to attend our conferences to find mentorship, insight and career opportunities. The scholarship program offers all-expenses paid trips and conference passes to young sustainability leaders whose voices wouldn't necessarily be represented in the room. This is only one small aspect of what needs to be done to increase the diversity of leadership in sustainability.

Percentage of women with sustainability leadership title



PREPARING THE NEXT GENERATION

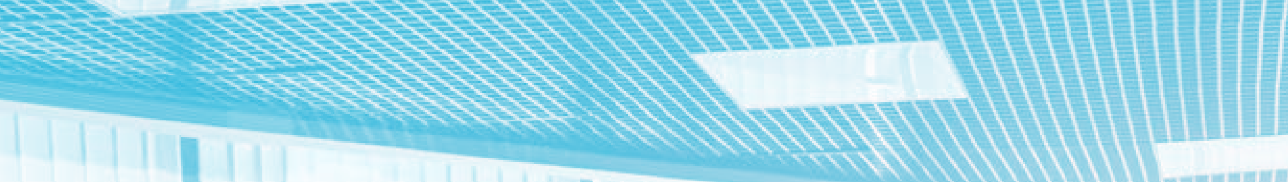
One of the hallmarks of the current state of the profession is that a time is approaching for a number of companies when the baton is being passed from those who built programs 10 or more years ago to a new generation of leaders. We spoke with four of those who recently handed over the role to get their perspective on succession planning and landing a job in sustainability.

PLANNING FOR SUCCESSION

Jerry Lynch, former CSO at General Mills, has been on both ends of succession planning. Before taking the CSO job he spent a full year working with his predecessor. According to Lynch, “We were able to spend almost a full year working together before he retired, which gave me a good opportunity to see what he saw, meet many of the people that he knew, both in the organic sector and in the sustainability world, thinkers and leaders and the key people at customers and suppliers.” A similar process was followed by Lynch as he worked closely with his successor four months prior to his departure. “That gave her a chance to get up to speed on everything that was going on and the existing strategies and then to start to put her own stamp on the future direction of the organization.”

Dow’s former CSO and vice president of Environment, Health and Safety, Neil Hawkins, noted that his role was considered a corporate-critical role and therefore followed a succession process similar to that employed for other C-suite executives. “We followed a process of looking at ready-now candidates, candidates ready in one to two years and candidates ready three to five years out. I was then responsible for creating development opportunities for potential successors at each of those levels. But at the end of this process is a corporate decision made by the CEO as to who would fill the role.”

Cecily Joseph, former CSO at Symantec, worked with the company’s human resources department to develop a succession plan. “I identified key people on my team along with the traits and qualifications which I felt made them suitable for the role. I then worked with them over the course of the next year to prepare them for stepping up when I was to leave. In addition to identifying some key individuals I also made sure that we built an infrastructure and processes that would continue business as usual. This would provide for a more seamless transition and give the individual(s) the time they needed to not only adjust to the new leadership role but to start and develop their own relationships and relevant strategies.”



Dave Stangis, former CSO of both Intel and Campbell Soup, echoes Joseph's approach. Stangis built both positions from scratch and his approach was straight forward. "Step one, build the competencies of the team so they are complementary and fill out a whole bench. Then, when you go, there are people that can take on the role. It may not be the exact person you thought it was going to be, but there was clearly a team capable of leading it."

CAREER ADVICE FOR SUSTAINABILITY PROFESSIONALS

Each of our former CSOs had different advice for those who want to work in sustainability. According to Hawkins, "People early in their careers don't always want to get close to the business early enough. But if you're an engineer, a marketer, in supply chain, get into it and learn how the company works and bring sustainability to your job."

It may reflect how they arrived at sustainability in their careers, but Lynch agrees. "The best place to start in an organization is as close to the core of the business as you possibly can because you get to know the organization and how things get done in the organization. And it's important not to only understand conceptually how a company operates and how it makes money but culturally is typically much more important than conceptually. The closer you can be to line of business decision-making, the better off you are."

Times have changed since they took on their roles though. Stangis notes that when he started in this work there wasn't a path into sustainability and today there is. He sees that you can follow a path of interest (such as reporting and metrics, stakeholder engagement, ESG, etc.) or you can pursue a role in a company that aligns with your values.

ALL OF OUR FORMER CSOS SHARED SOME FINAL THOUGHTS:

- Approach sustainability from the outside in. To know where to take your organization, you have to be a good listener and understand your organization. The answers to sustainability are not always found inside your company.
- Build out your public speaking muscles. Communications is an essential part of the role of a CSO, requiring you to be a spokesperson both internally and externally. Don't hide in the shadows.
- Continue to move sustainability into the everyday business conversation. It needs to be as much a part of the conversation as quality, safety, profitability and productivity.
- Think about the strengths and differentiation you bring to your job instead of just coming to be a member of the team.

06/ CONCLUSION

A number of factors have contributed to the growth of sustainability as a profession. As the existential threat of the climate crisis increases and business is being asked to do more on social and environmental issues, the need increases for accomplished leadership to take on sustainability strategy and execution. These needs are being met by a new generation of sustainability leaders supported by their most senior executives and boards of directors.

The next 10 years are important, not only for reducing the impacts of climate change but also increasing the quality of life for all who share this planet. This is the time for sustainability leaders to work even harder to make the gains of the next decade exponentially more impactful. The professionalization of sustainability is making that possible.

07/ APPENDIX A: PROFILE OF SURVEY RESPONDENTS

The 2020 GreenBiz State of the Profession report was based on a survey of the GreenBiz Intelligence Panel, with additional respondents reached through partnerships with this year's sponsor, the Weinreb Group Sustainability Recruiting, and with the Global Reporting Initiative (GRI).

Methodology

Data for the State of the Profession survey was collected from October 15, 2019 to the end of the year. The survey was conducted online and an email link was sent to the panel's members as well as other participants that were reached via partnership organizations. All responses were completely anonymous and GreenBiz does not share or sell the collected information.

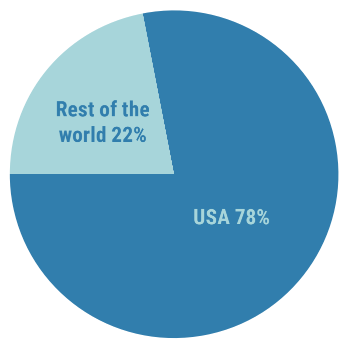
Demographics

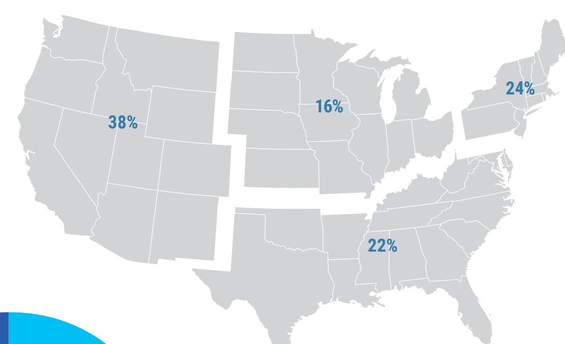
The final tally included 1,148 usable responses. Of those, 48 percent were employed by large organizations (those with revenues greater than $1 billion). Seventy-eight percent of respondents in large organizations live and work in the United States.

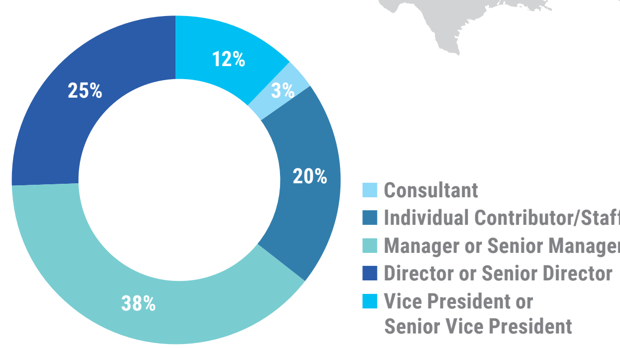
Responses came from 42 of the 50 U.S. states, with the most coming from California (18.6 percent of U.S. responses) and New York (8.1 percent). The European Union accounted for 11 percent of total responses.

Responses from the survey have been analyzed based upon both company size and industry sectors. As mentioned, companies with revenues greater than $1 billion represent 48 percent of the sample, the balance from companies with revenues below $1 billion. Large companies are more evenly represented across all major industry sectors. A description of the types of companies included in each sector and the percentage of respondents in each sector is provided in Appendix B.

In terms of individual respondents, the greatest number of responses came from those at a manager or senior manager level as well as director or senior director. The chart below presents an overview of those responding to the survey. For the purposes of our salary analysis, we primarily focused on managers, directors and vice presidents.







APPENDIX B: INDUSTRY SECTORS

The following is the list of industries and their descriptions presented to survey respondents for classification. The percentages in brackets below each sector identifies the percentages of respondents from large companies (revenue over $1 billion) and smaller companies (revenue under $1 billion) [large percent/small percent].

[16%/10%]

Consumer Goods

INCLUDING APPLIANCES, AUTO PARTS, FOOD & BEVERAGES, HOUSEWARES, OFFICE SUPPLIES, PAPER PRODUCTS, APPAREL & TEXTILES

[14%/3%]

Technology

INCLUDING HARDWARE, SOFTWARE, TELECOM

[9%/5%]

Financial Services

[7%/25%]

Professional Services

INCLUDING ACCOUNTANTS, ARCHITECTS, ATTORNEYS, BUSINESS CONSULTANTS

[6%/5%]

Construction/ Building/ Real Estate

[6%/1%]

Industrial Goods

INCLUDING AEROSPACE, CEMENT, MACHINERY, INDUSTRIAL EQUIPMENT, MACHINE TOOLS, WASTE MANAGEMENT

[6%/1%]

Retail

[5%/1%]

Basic Materials

INCLUDING CHEMICALS, METALS, OIL & GAS, SPECIALTY CHEMICALS

[5%/2%]

Healthcare/ Biotech/ Pharma

[4%/7%]

Energy/ Renewables/ Efficiency

[4%/2%]

Hotel/ Hospitality/ Tourism

[4%/1%]

Transportation

[3%/1%]

Agriculture

[3%/10%]

Education/ Training

[3%/6%]

Government (non-military)

[3%/2%]

Media/ Communications

[1%/15%]

Nonprofit/NGO

[1%/1%]

Utilities

Weinreb Group Sustainability Recruiting is a boutique executive search firm that specializes in placing full-time sustainability, CSR, and ESG leaders at global companies. Weinreb Group identifies talent with leadership and change-management skills, functional expertise, and sustainability fluency to fill the growing number of sustainability roles across all business functions.

The Global Reporting Initiative (GRI) is the independent international organization that helps businesses and other organizations understand and communicate their sustainability impacts. The GRI Standards are freely provided as a public good for use by companies around the world.

LinkedIn connects the world's professionals to make them more productive and successful and transforms the way companies hire, learn, market, and sell. Our vision is to create economic opportunity for every member of the global workforce through the ongoing development of the world's first Economic Graph. LinkedIn has more than 675 million members and has offices around the globe.

GreenBiz Group is a media and events company that advances the opportunities at the intersection of business, technology and sustainability. Through its websites, events, peer-to-peer network and research, GreenBiz promotes the potential to drive transformation and accelerate progress — within companies, cites, industries and in the very nature of business.