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# CEOs on Sustainability

As part of Russell Reynolds Associates' research collaboration with the United Nations Global Compact Leadership for the Decade of Action program, we spoke with more than 55 global CEOs and board members who have helped define what sustainable leadership looks like in practice. Here, we highlight four leaders who are at different stages of the sustainability journey. Some were early adopters who have already seen one or more companies through creating and executing a sustainability strategy. Others are newer to the process, or new to their organizations, and are navigating evolving market expectations regarding sustainability.

What they have in common are the four hallmarks of sustainable leaders. They excel at:

- Multi-level systems thinking
- Stakeholder inclusion
- Long-term activation
- Disruptive innovation

Read more to learn how each one has tackled sustainability in the context of their specific industries and market pressures.



**CLARKE MURPHY**

CEO of Russell Reynolds Associates



**DOUG PETERSON**

S&P Global president and CEO



**DENISE MORRISON**

Campbell Soup CEO from 2011 to 2018; non-executive director for Visa, MetLife and Quest Diagnostics



**ILHAM KADRI**

CEO and chairwoman of the executive committee of Solvay



**HANS VESTBERG**

CEO and chairman of Verizon Communications



**DOUG PETERSON**

S&P Global president and CEO

*In a recent conversation with RRA CEO Clarke Murphy, S&P Global president and CEO Doug Peterson describes how S&P Global sharpened its internal focus on sustainability ahead of launching new datasets, benchmarks and analytics to help markets evaluate other companies' sustainability commitments. As Peterson noted, "Since the founding of our company, we've been providing insights to markets and economies—from the business journals that shed light on the emerging railroad industry in the 1800s to the indices that help track stock market performance and are the basis for increasingly popular passive investments today. This tradition enables us to bring greater transparency and understanding to capital market participants who want to build sustainable investment strategies. Our shared sense of purpose, which we express as accelerating progress in the world, has helped unify our culture and connect us with our stakeholders."*

**CLARKE MURPHY:**

**For S&P Global, how does sustainability fit into the core strategy?**

**DOUG PETERSON:**

We have been focused on sustainability work for over 20 years. We look at sustainability from two angles: the first is through an internal lens—how we behave and treat all of our stakeholders—and the second is through an external lens—how we develop ESG solutions for the market.

I told our board a few years ago that I wasn't comfortable measuring other companies on ESG if we didn't take it seriously ourselves, so we took on ESG with more passion to serve everybody we do business with, not just shareholders.

The "G" factors were already in place. We have very good governance practices and we just decided this year we would keep the roles of the CEO and chairman split.

On the "S" side, we needed to look carefully at key factors, so we built more detailed strategies around various topics, including diversity and inclusion, employee health, employee education, and community engagement and responsibility.

On the "E" side, we looked deeply into our greenhouse gas emissions, which are mostly related to building use and travel. We brought in a company to measure and help us cut our emissions. We now have a paper- and plastics-reduction program and created a taskforce for climate-related financial reporting.

Commercially, we built out a suite of products that has core data and analytics to help investors make decisions. Our ESG capabilities span the entire company, from our credit ratings and evaluations, to indices, from Trucost, which has environmental data on 15,000 companies, to the insights we can provide on the forces affecting the energy transition to a low-carbon economy.

**CLARKE:****When you took on these new initiatives, who did you choose to oversee them, and why those executives?****DOUG:**

A key step was promoting a colleague, Annette O'Hanlon, who was leading our corporate responsibility team, to report to me. I also tasked her with adding diversity and inclusion to her team. I needed someone reporting directly to me to demonstrate that these topics had the stature, attention and resources to be successful.

**CLARKE:****Any surprises when you looked at your internal operations?****DOUG:**

The first thing it revealed is that there are many different contributors who are critical to our success and we need everyone helping to maintain the steady progress we're trying to achieve. The second thing we found is that our millennial employees had a very positive reaction. Recent college graduates are really passionate about these topics and they have volunteered to help with programs. Right now, they are pushing us to eliminate or reduce single-use plastics. When I hosted a small group of our people late last year, everyone had a bottle of water with them and a younger employee challenged us in that meeting to replace the bottles with reusable cups.

**CLARKE:****As you selected people to design your commercial products, how did you balance technical acumen against interest in sustainability itself?****DOUG:**

Now that we are building the products, we are looking for people with leadership characteristics such as adaptation, decision making, teamwork, collaboration, and the ability to deliver. We are not just selecting people who are interested in it, but those who are leaders with passion *and* these skills. With this type of change management, it requires a leader who is enthusiastic. Having someone who wants to raise their visibility in the market and serve as a spokesperson is crucial.

**CLARKE:****Looking across all employees, how widely understood would you say your sustainability strategy is at this point?****DOUG:**

ESG is a main part of our core strategy and everyone at the company knows about it and how important it is for growth. In 2016, when we rebranded ourselves from McGraw Hill to S&P Global, we updated our values and purpose. Last year, we took another look at our purpose. We were getting questions from job recruits, from employees and from community partners. They wanted to know how our work influences society. We added a point to our purpose, so people understand not just what we do but why we do it.

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– Doug Peterson, president and CEO, S&P Global

## **CLARKE:**

**How do you measure progress, and how have those measures been received internally?**

## **DOUG:**

We have a long-term strategy, a management framework and scorecard to measure our progress against financial, customer, operational and people goals. The strategy is a consistent, straightforward way we talk with our board, our investors and our employees about our priorities. When we began this approach, there was a lot of skepticism. Now, three years later, when we use these metrics, people are seeing the value in them. It very much backs up what the Business Roundtable came up with; the idea that you can't just blindly try to optimize shareholder value; you have to motivate and inspire employees and deliver value to all your stakeholders.<sup>1</sup> It gives you strategic and competitive benefits if you do it right.

## **CLARKE:**

**What advice would you give CEOs who are earlier on this sustainability journey; what have you learned?**

## **DOUG:**

There has to be commitment and passion from top management, specifically the board. If you are skeptical of this topic, everyone is going to read that body language. We have had skeptics and worked to convert them. You have to reconcile differences and show people why they make sense. If you have people raising their eyebrows and saying they don't believe in it, then it isn't going to work. Everyone has to link arms and agree they are going to do this together.



1. Business Roundtable Redefines the Purpose of a Corporation to Promote an Economy that Serves All Americans, <https://www.businessroundtable.org/business-roundtable-redefines-the-purpose-of-a-corporation-to-promote-an-economy-that-serves-all-americans>



### **DENISE MORRISON**

Campbell Soup CEO from 2011 to 2018; non-executive director for Visa, MetLife and Quest Diagnostics

*Denise Morrison, Campbell Soup CEO from 2011 to 2018 and now a non-executive director for Visa, MetLife and Quest Diagnostics talks about why and how she moved Campbell toward a sustainability-focused strategy during her tenure.*

When I took over Campbell in 2011, the company was not being aggressive on sustainability issues. We needed to change our narrative. To do this, I spent a lot of time with the leadership team and we worked very hard towards creating a company purpose. After 18 months of thought-provoking work across the company, we eventually nailed the purpose with the statement: “Real food that matters for life’s moments.”

What was magic about this entire process was that the impact was broadened well beyond just our company. We spent time looking at our role in the community, our role with our customers and consumers, our responsibility to protect the planet, as well as our role with our shareholders. This was the start of changing our culture and the start of a new narrative for us.

Being in the food industry, one of the big steps we took was to consistently think about how we operate and innovate from “farm to fork.” We polled multiple stakeholders to learn about the most important parts in that journey, and many topics came from them, including sustainable agriculture, community involvement, health/nutrition, food safety, culture and D&I. We took each of these topics and mapped them to the UN Sustainable Development Goals. We then linked this process back to our overall purpose and created our sustainability vision.

From a leadership standpoint, this process required two things from me. One, I had to personally walk the talk—for example, taking a controversial position on more transparent GMO labeling. And two, I had to engage the leadership team beyond my direct reports in the sustainability conversation. You want — and need—people to create it and own it.

We also baked sustainability into our strategy. We had strategy, goals and metrics for the things we looked to pursue. I made the VP of corporate social responsibility a direct report to me and a member of my leadership team. But it wasn’t enough to have one leader of sustainability and call it a day. Everybody in the company had to work towards activating our purpose. When people have goals, they want to achieve them. The leaders that did the best job with the culture shift were those that could embrace the fact that they had to train and educate all those who worked for them. This was clearly a new way of thinking and executing. As a result, Campbell was named to the World’s 100 Most Sustainable Companies and recognized frequently.

Truthfully, we did this at the start because we felt it was the right thing to do. But after a while we realized this was also good for us. Saving water and energy saved us money. This entire process was good for our bottom line, it wasn’t just charity work.



*“Truthfully, we did this at the start because we felt it was the right thing to do. But after a while we realized this was also good for us, saving water and energy saved us money.”*

– Denise Morrison, former Campbell Soup CEO; non-executive director for Visa, Metlife and Quest Diagnostics

A CEO cannot do his or her work without support from the board. When we did our purpose work, we brought it to the board all the time for their input. The board was there with us when we presented it. And when I transitioned out of the CEO role at Campbell, the board kept the purpose.



**ILHAM KADRI**

CEO and chairwoman of the executive committee of Solvay

*Ilham Kadri is CEO and chairwoman of the executive committee of Solvay, a Belgium-based chemicals and materials company. Previously the CEO of Diversey and a research scientist by training, Kadri shared Solvay's new approach to sustainability, based on the United Nations Sustainable Development Goals.*

During my childhood, we didn't have consistent access to water and electricity and we didn't have the luxury to waste. Sustainability started at home. This has shaped my strong conviction on sustainability matters, it has influenced my leadership style and my impact on companies I have had the honor to lead. I am bringing my sustainability experience and conviction to any new home I am entering.

During my 25-year career, I have launched many sustainability programs, including projects in the Middle East and Africa providing access to clean water and recycling grey waters. As a scientist I believe, like our founder Ernest Solvay, that science serves the progress of mankind and that humans and technology can make a positive impact on the planet. So when I became CEO of Solvay in March 2019, I immediately started building our strategy and culture, including our new purpose. For me it was key to have sustainability embedded in our purpose, in everything we do throughout the organization.

And indeed, today we're living sustainability through our purpose, which is that *We bond people, ideas and elements to reinvent progress*. Our vision is to *create sustainable shared value for all*.

Part of our vision is our Solvay One Planet sustainability strategy. Its approach is holistic and rests on three pillars—Climate, Resources and Better Life—with 10 targets all linked to the UN Sustainable Development Goals. Our promises in the Climate pillar are to reduce our greenhouse emissions twice as fast as our initial goal and in line with the science-based targets, and we are moving away from coal, converting our plants to cleaner energy. In Resources, we are committing to reducing freshwater consumption by 25 percent—which is extremely personal to me. We're pioneers in seeking to reduce our pressure on biodiversity by nearly a third, and we want to double our revenues from the circular economy to 15 percent using more renewables or recycled materials. As part of Better Life, we are turning maternity leave into parental leave regardless of gender, and have extended it to 16 weeks in 2021. We do this to attract and retain talent and support the inclusion and diversity of our employees during one of the most profound moments in their lives. And this goal in turn can help us achieve our objective to reach gender parity in management roles by 2035.

Inside the Group, our employees worldwide are implementing a zero-waste office policy: we want to ban single-use plastics, stop using paper and reduce food waste to the strictest minimum.

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*“If you impact the pockets, you impact the behavior. If you don't do this, you aren't serious enough.”*

– Ilham Kadri, CEO and chairwoman of the executive committee, Solvay

To monitor our progress and to help us improve, we measure our impact on the environment as well as society, and compare it to future trends through our Sustainable Portfolio Management. It's a methodology we invented a decade ago. It is externally audited and has grown to be considered best in class. SPM puts a healthy pressure on our business managers and challenges them, showing that today's solutions may no longer be sustainable in the future and therefore need reinvention.

In all areas, we almost need to unlearn what we have done in the past and relearn, rethinking our products and services, while also reinventing competencies for new leaders. We need to support our millennials: by 2025, about 75 percent of the global workforce will be made up of millennials—which means they will occupy the majority of leadership roles over the coming decade. They want to be associated with companies that stand for inclusion and diversity, for sustainability and that offer re-skilling. Equally, our customers are asking us to reimagine the supply chain, especially in these times when the virus is a primary consideration.

Sustainability is about building better business for a better world. It has to be good for the people, the planet and the profit. It must be part of the strategy of each business unit and important for each leader, at a personal as well as at a corporate level.

It has to be part of the incentives, from colleagues running the equipment in the plants to the CEO. Indeed, 10 percent of the Group results component of short-term incentives for managers depends on the progress made on our Solvay One Planet. And the percentage is up to 20 percent for the long-term incentives for senior managers on greenhouse gas emissions. Non-management employees benefit from a global performance sharing plan, 20 percent of which is linked to Solvay One Planet.

We all need to walk the talk. If you impact the pockets, you impact the behavior. If you don't do this, you aren't serious enough.



**HANS VESTBERG**

CEO and chairman of Verizon Communications

*Hans Vestberg has been chairman and CEO of Verizon Communications since 2018 and is a current member of the Leadership Council of the United Nations' Sustainable Development Solutions Network. In a recent conversation, Vestberg explained why he has made sustainability a priority at the companies he has led. "The biggest mistake is confusing philanthropy with sustainability. If you don't connect it to your strategy, people will never understand why you're doing it."*

When I was CEO of Ericsson, operating in 180 countries, we started building mobile networks in Africa and I came to work on the UN's Millennium Development Goals (MDGs). That's where my corporate responsibility thinking first began. I saw the power of having mobile phones for remote healthcare workers and I realized this was part of the strategy that I was trying to push: First of all we wanted to build networks with multiple uses, and then make sure they had not only great impact for customers and shareholders, but also for society. I became more involved with MDGs, and also got involved with defining what the private sector role in the UN's Sustainable Development Goals should be. All of that impacted my own development as a leader.

I brought that with me to Verizon. What we have done is focus on four stakeholders: employees, customers, shareholders, society. We have 5-year targets for each one. Then I have specialists who work with each of the line leaders on meeting those targets for each.

We're stepping up this framework as a corporation. Our leadership training, which will go to 140,000 people by end of 2020, will include a measure of CSR for individual employees as well for the leaders, training them how to put the four stakeholders at the center of their business.

On the board, we have our own ESG office that resides within the corporate governance committee. It keeps track of everything we've committed to and follows up. I usually have an hour kicking off the board meeting, and I always cover the four stakeholders, that's how I structure my presentation. I look back the past two years, and there are more questions about this than five years ago.

The biggest mistake is confusing philanthropy with sustainability. Philanthropy is great and we all do it, but if you don't connect it to your strategy, people will never understand why you're doing it. To be true sustainability, it has to hang together with your strategy. For example, Verizon would never invest in soup kitchens because that's just not connected to our business; but building broadband networks for US schools will build my customer base and create a new generation of STEM students. That's relevant to me.

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*“To be true sustainability, it has to hang together with your strategy.”*

– Hans Vestberg, CEO and chairman,  
Verizon Communications

We're using sustainability to sell more products, to drive shareholder value and to improve employee engagement—it all hangs together.



# Preparing you for what's next, right now

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## **About Russell Reynolds Associates**

Russell Reynolds Associates is a global leadership advisory and search firm. Our 470+ consultants in 46 offices work with public, private and nonprofit organizations across all industries and regions. We help our clients build teams of transformational leaders who can meet today's challenges and anticipate the digital, economic and political trends that are reshaping the global business environment. From helping boards with their structure, culture and effectiveness to identifying, assessing and defining the best leadership for organizations, our teams bring their decades of expertise to help clients address their most complex leadership issues. We exist to improve the way the world is led.

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