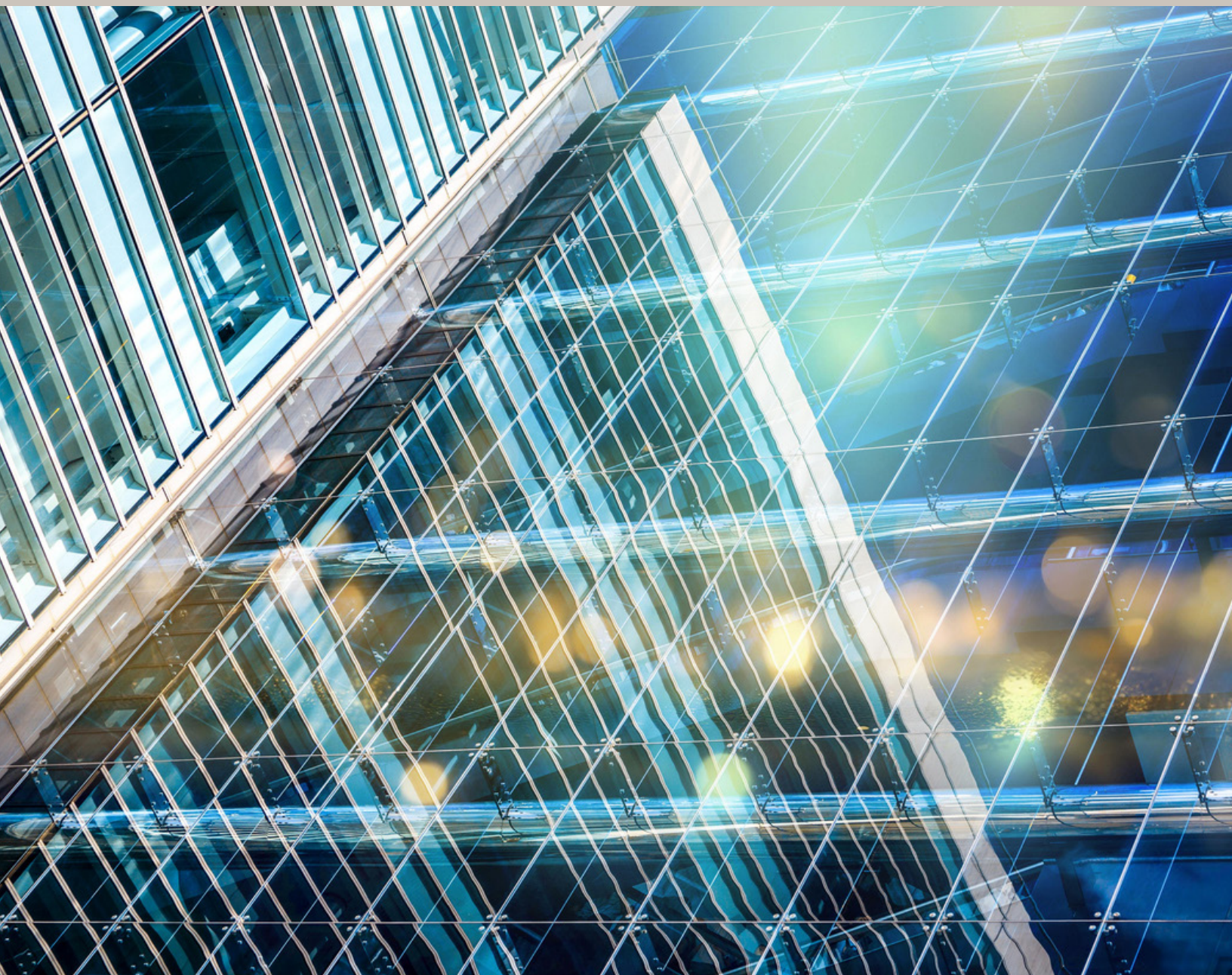

The Next Gen CSO

Driving Business Integration and
Planning for Uncertainty



BSR

October 2026
By Laura Gitman

About this report

This report explores how corporate sustainability is evolving amid geopolitical risk, regulatory shifts, a growing focus on implementation, and the rise of AI.

In July and August 2026, BSR sat down with 27 sustainability leaders across a range of sectors, headquartered in North America, Europe, and Japan. Interviewees were asked a common set of questions covering compliance, internal integration, business value, C-suite engagement, prioritization, AI, geopolitical fragmentation, and the evolving role of the Chief Sustainability Officer (CSO).

The questions build on key findings from the [BSR-GlobeScan State of Sustainable Business report](#) published in June 2026, and represent our third annual report chronicling the evolving work of CSOs. This report is authored by Laura Gitman, with valuable contributions from Aron Cramer, Christine Diamante, Elisa Niemtow, Olivia Hughes, Asako Nagai, and Ogi Kanaya. BSR thanks the sustainability leaders who contributed their time and candid perspectives to this research.

Disclaimer

BSR publishes occasional papers as a contribution to the understanding of the role of business in society, and trends related to sustainable and responsible business. BSR maintains a policy of not acting as a representative of its membership, nor does it endorse specific policies or standards. The views expressed in this publication are those of the authors and do not reflect those of BSR members.

Executive Summary

Corporate sustainability is entering a new phase. After a decade defined by ambitious commitments, target-setting, disclosure, and rapid expansion of the sustainability agenda, leading companies are shifting attention toward a harder task: turning commitments into business decisions, investments, capabilities, and measurable outcomes.

Interviews with 27 senior sustainability leaders reveal that companies are managing geopolitical risk, economic turbulence, and a shifting regulatory environment by prioritizing sustainability efforts that improve execution, deepen integration, and support long-term business performance.

The strongest signal is a move from aspiration to implementation. **Nearly all respondents said they are prioritizing execution over further target-setting or aspiration**, while most respondents strongly agreed that climate strategy implementation will become more important than target-setting.

At the same time, sustainability is becoming more deeply embedded in the business. Nearly all interviewees described increasing integration or business ownership of sustainability, and the expectation that business units will increasingly own implementation. The upshot is that sustainability may become more consequential within companies, precisely as the sustainability function becomes less central to owning it—a key reason the team's role is in such flux.

Finally, change—and the urgent need to respond to it—may be the only constant for sustainability leaders. More than one in three executives we interviewed have undergone a CEO transition in the past two years. The result is that today, CSOs of companies traditionally recognized as sustainability leaders suddenly find themselves needing to defend or reassert their roles, and determining whether, and how, sustainability will be prioritized in an evolving organizational structure.

Five Key Takeaways

From aspiration to credible implementation.

Companies are becoming more cautious about targets without credible pathways and more focused on delivering against existing commitments.

Business value is driving action and becoming more precisely defined.

Rather than relying on generic claims about sustainability and value creation, companies are increasingly defining exactly how a given issue affects cost, risk, resilience, growth, customers, or long-term business continuity.

The CSO role is evolving.

Their strategic advantage increasingly becomes the ability to see across silos, to understand where action on long-term environmental and social issues enhances business decision-making and outcomes, to anticipate emerging risks, to build coalitions and governance, and to keep the organization focused on systemic outcomes that no single function owns.

Strategic integration is accelerating, and ownership is shifting.

The more successfully CSOs embed sustainability across the business, the more ownership is shared with, or transferred to, other functions.

Compliance is raising the floor while threatening to lower the ceiling.

Regulation has strengthened data, governance, accountability, and legitimacy, while fragmented and changing requirements can absorb resources otherwise available for innovation and implementation.

Introduction

The operating environment for corporate sustainability has changed dramatically in the past two years. Political support has declined in the U.S. and Europe, regulatory regimes have fragmented, economic pressure has increased, and many companies are approaching the first major deadlines attached to 2030 commitments made during the high-ambition period around 2020–2022.

At the same time, the underlying sustainability challenges have not diminished. Physical climate impacts are more visible and significant. Companies face growing constraints related to energy, water, natural resources, supply chains, and infrastructure, while AI presents both new opportunities and significant uncertainties. Business leaders have to navigate very different expectations across the U.S., Europe, Asia, and other emerging markets.

Against this backdrop, BSR's interviews with senior corporate leaders suggest that corporate sustainability is entering a third phase of development, with a consistent trajectory emerging across all regions. If the first period focused on building the sustainability function and the second period centered commitments, goals, and disclosure, the emerging phase is about consequential integration: ensuring that sustainability works in service of the decisions, investments, capabilities, and operating models that ultimately determine business performance and long-term continuity.

The question is therefore shifting from "What should the company commit to?" toward "How will the company actually deliver?" They are not necessarily yet asking the crucial question of "Will this be enough?"

1 From Aspiration to Credible Implementation



We've got the ambition and the targets. Now let's get on and deliver.

Sustainability Leader in Financial Services

The clearest shift across the interviews is from aspiration toward delivery. Nearly all interviewees emphasized implementation, execution, or credible delivery pathways as a defining priority. This was especially apparent when asked whether climate strategy implementation would become a higher priority than target-setting and assessments.

This does not mean that companies are abandoning targets. Many interviewees continue to defend the importance of long-term goals and science-based direction. Instead, they are becoming less willing to treat the existence of an ambitious target as evidence of progress.

Respondents were also clear that this should not be viewed as a retreat, but an adjustment. Companies are narrowing their range of priorities, and concentrating greater attention on those that matter most. Consistent with findings from the [BSR-GlobeScan State of Sustainable Business Survey](#), **the majority of respondents accept some version of “fewer, sharper priorities” based on materiality, feasibility, business relevance, and organizational capacity.** They describe moving away from sprawling agendas toward areas where companies can genuinely influence outcomes, and a more defined, near-term path to achieve those outcomes.

Leaders have had to rethink targets. Existing targets had depended on enabling policy, infrastructure, supplier, market, or technology transformations. However, progress in these areas has been much slower than anticipated. They're now having to reassess what is realistically achievable and focus more on what's in their control, with different tactics for the enabling environment. As 2030 target dates approach, credibility depends as much on a realistic pathway—one that distinguishes what companies can control from what they can influence—as on the ambition of the targets themselves.

This shift is also changing external communications. Several interviewees described becoming more cautious about prominently announcing targets, even while continuing the underlying work. The result is a transition from a model based heavily on public aspiration toward one based on proof points, investment decisions, operational change, and measurable progress.

The implication for sustainability leaders is significant. The next phase will demand implementation expertise: capital allocation, business planning, incentives, accountability, operational constraints, and systems change.

2 Strategic Integration Is Accelerating, and Ownership Is Shifting



This is the era of integration and execution.

Sustainability Leader in Healthcare

One of the most striking findings is the strength of internal integration. Nearly all interviewees described sustainability as increasingly integrated into business functions or emphasized greater business ownership. One global technology company highlighted sustainability responsibilities being embedded directly into business functions and argued that the next phase will require harder investment and business decisions.



Sustainability will become more influential in core business decisions—but it may not be called sustainability.

Sustainability Leader in Telecom

This is a striking counterpoint to the BSR-GlobeScan Survey findings about declining functional integration. Most interviewees actively reject that interpretation, or believe the bar is much higher today. Respondents observed that business units will increasingly own sustainability implementation. Procurement teams may increasingly be accountable for supplier sustainability and Scope 3 outcomes; finance responsible for reporting; and risk teams for integrating climate and nature-related considerations into capital allocation

and enterprise risk; R&D and product teams for embedding sustainability into innovation and design; and operations for delivering on energy, resource efficiency, and resilience.

Governance is critical to making this work. Interviewees highlighted executive sponsors, quarterly business reviews, remuneration and incentive structures, integration into business plans, formal steering committees, shared KPIs, and sustainability expertise embedded directly within operating functions.

But deeper integration creates a paradox. When sustainable materials are successfully developed, R&D may receive the credit. When physical climate risk becomes material, risk or operations may take ownership. When energy efficiency delivers cost savings, it becomes an operational achievement. Successful integration can make sustainability less visibly owned by sustainability teams.

3 Business Value Is Driving Action and Becoming More Clearly Defined

“We don’t start with the sustainability label. We start with the business problem.”

Sustainability Leader in Industrial company

Nearly every respondent emphasized the need to connect sustainability more clearly to business value. Yet the interviews reveal growing discomfort with generic claims that sustainability universally creates financial value.

Different sustainability issues create, or protect, value through different measures. For climate mitigation, the case may involve energy efficiency, cost reduction, regulation, or customer requirements. Nature and water can contribute to supply continuity and system resilience.

Human rights can determine license to operate or liability. Access to healthcare may contribute directly to market growth. Sustainable products can differentiate a company in one sector while having little impact on purchasing decisions in another.

Some leaders explicitly distinguish between sustainability as a “value driver” and a “value protector.” Others argue that the most effective language is not sustainability language at all. Teams are reframing issues in terms of efficiency, resilience, energy or supply security, innovation, or customer value.

This clearly defined approach is also more credible. Interviewees rejected artificial attempts to attribute a percentage of sales directly to social or environmental performance where no causal evidence exists—even as they’re tracking RFPs that ask for it. Instead, leaders increasingly

ask: What aspect of business does this sustainability issue affect?

There is also growing recognition that sustainability issues are fundamental to business resilience. Climate change can affect insurance costs and asset values, while water constraints can disrupt manufacturing and energy systems.

These are sustainability issues, but they are also core questions of fundamental business continuity at a time of abrupt shocks. Resilience links mitigation and adaptation, financial and non-financial risk, short- and long-term performance, and environmental and social systems.

For business, this is making the conversation less about proving a universal ROI and more about making difficult strategic choices and managing real trade-offs. Do we believe it’s worth investing in better working conditions even if it raises our costs? Do we pay more now to secure a resilient low-carbon supply chain? Do we continue pursuing a 2030 target when the infrastructure required to achieve it won’t exist?

The shift moves sustainability away from a single overarching ROI argument and toward an issue-by-issue understanding of value creation, value protection, risk, responsibility, and resilience. It also points to a broader question: not only “How can sustainability create additional value?” but “What environmental and social conditions does the company depend on to continue creating value at all?”

“Resilience became the name of the game.”

Sustainability Leader in Food and Beverage

4 Compliance Is Raising the Floor while Threatening to Lower the Ceiling



There's a risk that we spend a lot more time measuring, reporting and complying rather than focusing on implementation and real-world outcomes.

Sustainability Leader in
Global insurance and
financial services

Compliance and regulation have received a lot of attention in the sustainability community in the past few years. A vast majority of interviewees described meaningful benefits but also important tensions associated with the rise of compliance.

The positive impacts are substantial. Compliance requirements can strengthen business decision-making by improving the quality and consistency of data used to assess risk, allocate resources, and set operational priorities. They also bring finance and legal teams into sustainability-related decisions, strengthen controls and governance, and embed accountability across the business rather than leaving it primarily with sustainability teams. For some companies, this integration gives material sustainability issues greater internal legitimacy and helps sustain attention when voluntary arguments alone carry less weight.

At the same time, frustration is widespread. Interviewees pointed to regulatory fragmentation, shifting requirements, uncertainty around European rules, assurance costs, duplicate reporting regimes, and substantial spending on disclosure rather than action.

Several interviewees described a risk that compliance raises the floor while lowering the ceiling: companies become more consistent and professional, but less innovative, ambitious, or differentiated.

The emerging challenge is therefore not whether regulation should exist, but how it can maintain rigor and accountability while reducing fragmented, duplicative requirements that divert resources from action.

5 The CSO Role Is Evolving



Less owning things directly, more influencing broadly. We have to let go more.

Sustainability Leader in Industrial Company

As execution becomes more distributed, the CSO's role becomes more forward-looking: staying ahead of environmental and social change, translating implications for the rest of the business, and shaping the next generation of priorities, while operational functions remain focused on delivering short-term objectives. **The majority of interviewees described a shift away from management toward roles such as strategist, translator, orchestrator, adviser, or change agent.**

This shift is also happening at a time of tremendous organizational change. **Interestingly, ten out of the twenty-seven companies have undergone a CEO transition in the past two years, which is proportionally higher than large-company benchmarks.¹** This means that many CSOs of companies that were traditionally leading on sustainability need to defend or

reassert their roles, and determine how best to fit into an evolving organizational structure.

In this context, the CSO's strategic value increasingly lies in what other functions are less well positioned to do alone: seeing across organizational silos and longer time horizons, anticipating emerging risks and opportunities, connecting environmental and social change to business choices, and mobilizing action on issues that cut across functional boundaries. The role is therefore evolving from owning the sustainability agenda to ensuring the organization is equipped to navigate it.

The CSO's future success may be defined by an ability to shape consequential business decisions, mobilize action across the company, and maintain focus on long-term, systemic outcomes as responsibility for delivery becomes more distributed.

¹ **Source:** PwC, CEO Impact Report: Does making a CEO change improve company performance?, May 2026. PwC found that 10%–13% of S&P 500 companies appointed a new CEO annually between 2016 and 2025 https://www.pwc.com/us/en/leadership-center/ceo/ceo-performance-impact-snapshot.html?utm_source=chatgpt.com

What Is Working Inside Companies?

Tactics that Work: Company Highlights

Translate sustainability into existing business language. Show how it creates or protects value through customer relevance, cost efficiency, resilience, innovation, risk management, performance, or growth, rather than relying on sustainability terminology alone.

Put accountability where decisions are made. Embed targets and implementation in business units, procurement, operations, R&D, finance, and other functions rather than relying on a central sustainability team. Create a RACI model with clarity around accountability across functions.

Use governance and incentives. Executive sponsors, quarterly business reviews, remuneration, business planning, and clear accountability repeatedly emerged as stronger levers than informal advocacy.

Bring evidence, not broad claims. Sustainability is competing for investment alongside other business priorities. Data linking sustainability to material business and financial risks, customer demand, product performance, supply security, and measurable outcomes strengthens the case for allocating capital and demonstrates commercial relevance.

Connect directly to customers. Connect sustainability directly to customer priorities. Equip sales teams with clear value propositions tailored to customer needs and regional contexts, and show how sustainability can strengthen differentiation.

Prioritize scalable solutions. Isolated pilots and attractive case studies have limited value unless they can be replicated across the business.

Adapt the narrative without abandoning the strategy. Companies increasingly maintain global direction while varying language and implementation according to geography, politics, and market conditions.

Put data ownership in the business. Build functional data hubs and make business teams accountable for sustainability data rather than leaving reporting with the sustainability team.

Anchor sustainability in business priorities and powerful internal alliances. Progress is faster when the agenda is linked to resilience, efficiency, security, or customer value and backed by influential business leaders.

Embed sustainability through the operating mechanisms of each function. Use tools such as internal carbon pricing, incentives, product-development criteria, and function-specific business cases rather than relying on a parallel sustainability agenda.

Bring boards decisions, not updates. Use scenarios to surface material choices, establish clear guardrails, and embed sustainability into existing risk and governance processes.

Make individual business leaders accountable for material outcomes. Put the name of a business or site leader next to each material outcome, then review it through the existing operating cadence.

Use sustainability funding to prove, not perpetually subsidize, the business case. Sustainability can fund a pilot to test and learn, demonstrate value, and then have the business fund scaling.



Conclusion: Sustainability Needs to Become Consequential

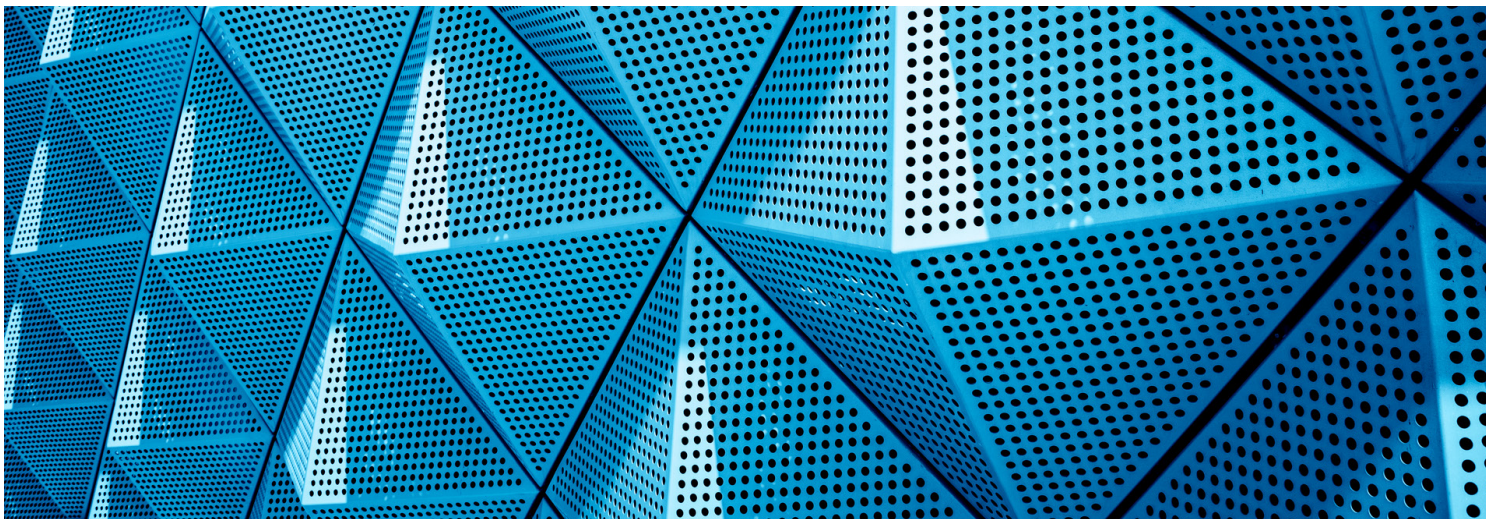
Corporate sustainability is entering a new phase. Companies are scrutinizing targets more closely, narrowing priorities, adapting communications, and challenging sustainability teams to demonstrate business relevance. At the same time, sustainability is becoming more deeply embedded in business planning, governance, risk, product development, operations, procurement, and investment decisions.

As sustainability becomes embedded in how companies operate, it may become less visible as a standalone agenda, signaling greater organizational maturity. Yet integration matters only if it accelerates environmental and social progress at the necessary pace and scale.

For the CSO, the future role is unlikely to be defined by ownership of an ever-

expanding sustainability portfolio. The opportunity is therefore not simply to embed sustainability more deeply, but to ensure that integration translates into meaningful changes in business decisions, investment, innovation, and execution. The role will increasingly require leaders to work across silos, to understand where action on long-term environmental and social issues enhances business decision-making and outcomes, to anticipate emerging risks, to build coalitions and governance, and to keep the organization focused on systemic outcomes that no single function owns.

The next era of sustainability leadership will be defined not by how fully sustainability is integrated, but by whether that integration delivers outcomes that are equal to the challenges at hand.





About BSR® (Business for Social Responsibility®)

BSR® is a sustainable business network that provides global insights, strategic advisory services, and collaborations to nearly 250 member companies in Asia, Europe, and North America. BSR® helps its members to see a changing world more clearly, create long-term value, and scale impact.

All rights reserved. No part of this publication may be reproduced, distributed, or transmitted in any form or by any means, including photocopying, recording, or other electronic or mechanical methods, without the prior written permission of the publisher, except in the case of brief quotations embodied in critical reviews and certain other noncommercial uses permitted by copyright law.

BSR is a US 501(c)3 nonprofit organization, with staff and offices around the globe to support our members.

Copyright © 2026 by Business for Social Responsibility (BSR)