Refocusing Sustainability during COVID-19
The Importance of Agility and Innovation in Response to the Crisis
by Thomas Singer

In June 2020, The Conference Board surveyed sustainability executives to gauge the implications of the COVID-19 crisis for the sustainability function, and to learn how their companies are responding. This report summarizes the key findings from more than 40 sustainability executives in the US who responded to the survey.

The following are five key insights to help sustainability leaders plan for what lies ahead:

- Few sustainability executives expect the crisis to negatively affect their companies’ sustainability efforts, but the sentiment is less positive among a wider group of corporate governance executives. This suggests the need for companies to reach an internal consensus on the full impact of the crisis on their sustainability programs.

- The focus of sustainability programs will likely shift for several companies, at least in the near term, with social issues taking center stage. Companies should ensure they are well positioned to manage the “S” pillar of their ESG strategies.

- The internal visibility of sustainability programs is getting a boost. Executives who have struggled to get the CEO’s ear on sustainability issues may now be increasingly called on to provide counsel.
Preparing for growth and recovery, a key focus of most companies, will require finding the right balance between conserving cash and investing in the innovations needed to succeed in a new commercial landscape. Companies should ensure their sustainability strategy is as much about innovation as it is about risk reduction.

As remote work becomes more normal, companies need to ensure they are prepared to manage this, including issues related to employee engagement and data security and privacy.

The impact of the COVID-19 crisis on corporate sustainability programs

While respondents are split on whether the crisis will shift the focus of, increase, or have no impact on their companies’ sustainability efforts, few respondents believe the crisis will have a negative impact on their efforts. One-third of respondents believe the crisis will shift the focus of their companies’ sustainability programs (defined as initiatives designed to promote the long-term welfare of a company, multiple stakeholders, society at large, and the environment). These respondents typically point to a greater focus on social issues and supply chain risks. Another 29 percent of respondents expect the crisis will result in an increased emphasis on sustainability. For instance, one respondent noted that the crisis has accelerated trends already in play about the importance of meeting the expectations of a broad range of stakeholders. Comments from another respondent indicate that the crisis has led to an increased prominence of sustainability-related issues as enablers of resiliency and key to business success. The same number of respondents—29 percent—expect the crisis will have little or no impact on their companies’ sustainability programs.

Results from a different survey conducted by The Conference Board of 236 corporate governance professionals (general counsel, corporate secretaries, and investor relations officers) give weight to the sentiment that the priorities of sustainability programs may shift. However, compared to sustainability executives, the corporate governance respondents expect the crisis to have a more negative impact on sustainability efforts, as the chart on page 3 shows.

There may be a number of drivers here: executives may have divergent views of the meaning of the term “sustainability”; they may also have different views of their own company’s sustainability programs, and they may have different takes on the breadth and depth of COVID-19’s impact. In any event, the divergence of opinion points to the need for companies to reach an internal consensus on the impact of COVID-19—indeed, the combination of health, economic, and social crises—on their sustainability programs, so that they can communicate that to stakeholders who are looking for answers.

What impact, if any, do you expect the COVID-19 crisis to have on your company’s overall sustainability program?

<table>
<thead>
<tr>
<th>Impact Description</th>
<th>Sustainability Executives (N=42)</th>
<th>Legal, Governance, &amp; IR Executives (N=236)</th>
</tr>
</thead>
<tbody>
<tr>
<td>May shift focus of sustainability program (e.g., more focus on employees, supply chain)</td>
<td>33%</td>
<td>37%</td>
</tr>
<tr>
<td>Increases overall emphasis on sustainability</td>
<td></td>
<td>29%</td>
</tr>
<tr>
<td>Little or none</td>
<td>10%</td>
<td>22%</td>
</tr>
<tr>
<td>Puts general sustainability efforts on temporary hold</td>
<td>7%</td>
<td>19%</td>
</tr>
<tr>
<td>Decreases overall emphasis on sustainability</td>
<td>2%</td>
<td>12%</td>
</tr>
</tbody>
</table>

Source: The Conference Board

The “S” in ESG comes into focus

Sustainability executives see their companies’ sustainability efforts shifting to:

- A greater focus on people and social issues, particularly issues related to employees, customers, and the community. Issues related to health and wellness are also expected to rise to the surface. Issues related to social justice may come increasingly into focus.
- Emergency preparedness and supply chain risks. Pandemics are suddenly on the radar for those involved in enterprise risk management.
- A stronger focus on community engagement and supporting nonprofits that are addressing COVID-19-related issues.
- Increased attention to demonstrating the value and importance of environmental conservation and reuse.

Social issues have long been part of many companies’ sustainability programs. However, these issues are not only more numerous, they are also often more challenging to measure and manage than environmental issues. The expected shift in focus of sustainability programs, at least in the near term, means companies should ensure they are well positioned to manage the “S” pillar of their ESG strategies.

While several respondents expect a shift in sustainability priorities, less than one-quarter have seen their organizational roles and responsibilities change as a result of the crisis. Respondents who indicate their roles have changed primarily point to an increase in the visibility and integration of sustainability within their organizations. A couple of respondents also mention their focus has shifted to responding to immediate needs related to the pandemic, including managing demand for personal protective equipment (PPE). Comments respondents shared include:
“More linkage; more request for input and counsel.”

“More entrenched in Operations than ever before. Working with Safety and Legal teams.”

“Elevated awareness and engagement on ESG/sustainability topics.”

“Focus shifted to short-term management of the pandemic crisis.”

The organizational roles of sustainability executives may not materially change as a result of the crisis, but the internal visibility of their sustainability programs will likely get a boost. The crisis is shining light on the many ways sustainability programs are core to the long-term success of a business.\(^2\) Executives who have struggled to get the CEO’s ear on sustainability issues may now be increasingly called on to provide counsel.

Has your organizational role as a sustainability leader changed (e.g., new responsibilities, reporting structure, etc.)?

- No: 76%
- Yes, somewhat: 21%
- Yes, significantly: 2%

N=42
Source: The Conference Board

Agility and innovation in response to the COVID-19 crisis

Almost all respondents feel their companies were at least somewhat well prepared by previous crisis management planning. In fact, comments shared by respondents reveal many of them were surprised by their companies’ agility during the crisis. Only three respondents (7 percent) felt their companies’ crisis preparation needed much improvement.

By contrast, results from the survey of corporate governance executives revealed that almost two-thirds of respondents believed their disaster preparedness plan was inadequate to address the crisis. Notably, this survey also revealed that over 28 percent of companies do not have a C-suite-level crisis management team. Of those that do, less than half of companies have an HR representative on their crisis management team, and only one-third have the risk management function represented.

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One explanation for the contrasting results could be that sustainability executives have a strong planning and on-the-ground relationship with risk managers, so they are seeing close coordination and agility firsthand. But those who work closely with boards, such as GCs and corporate secretaries, may see the gaps in broader disaster preparedness and crisis management efforts. This difference in perspective suggests that companies may want to involve their sustainability executives more closely and directly in disaster preparedness and crisis management efforts. This is especially true because, as one sustainability executive commented, “COVID-19 can be seen as a test case for future climate shock.” The time to prepare for such a possibility is now.

The sustainability executives shared some lessons learned and best practices that came out of their companies’ crisis responses. Three key themes emerged from their comments:

1. Companies have been surprisingly agile during the crisis.

   “I think we have realized we were more agile than we thought we were. There were several groups who felt they would not be able to work from home who have now learned they can.”

   “Crisis drives agility. We made changes in two weeks that would have taken us a year to make otherwise: moving 20,000 people to working at home, upgrading our software to manage, evaluating real estate, etc.”

   “Were able to implement enterprise-wide operational changes to ensure social distancing and reduced interpersonal interaction and move to a work from home environment over the course of a week. Would not have believed it possible pre-COVID-19.”

How well was your company prepared by previous crisis management/pandemic planning?

<table>
<thead>
<tr>
<th>Preparations</th>
<th>Percentage</th>
</tr>
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<tbody>
<tr>
<td>Somewhat well</td>
<td>48%</td>
</tr>
<tr>
<td>Very well</td>
<td>45%</td>
</tr>
<tr>
<td>Needed much improvement</td>
<td>7%</td>
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</tbody>
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N=42
Source: The Conference Board
2. Regular and transparent communication from the CEO and senior leadership makes a big difference.

“Weekly emails from executives providing transparency throughout the response planning process was helpful. Sharing of personal experience by executives about how their day-to-day lives of food delivery or going shopping or trouble with putting on a mask or first time going back to a restaurant was greatly appreciated by employees.”

“Our CEO provided frequent, open, and transparent messages (including video messages and webcasts) to employees on updates and execution plans to respond to the coronavirus pandemic. His message always noted how important employee safety is to anything that we do.”

“Providing people and roles with decision-making capability and streamlined communications makes a difference and saves time and energy.”

“Communicate early and often with employees. Our CEO and executive leadership team began having weekly company meetings with all employees early on in the crisis. They brought in medical experts, shared updates on the business, and provided resources for how to manage our workloads and teams while juggling challenges at home (like home schooling). This leadership and open communication helped employees better navigate the uncertainty and continue doing their jobs. They also provided tremendous support to employees who were diagnosed with COVID-19 and made sure they had access to proper health care.”

3. Early preparation and scenario planning are critical.

“We started planning early and that helped us for when the stay at home orders came through. We have been disciplined and thoughtful in our approach and employees seem to be receiving the planning well.”

“The crisis further emphasized / reinforced the need for agility and shifting to respond to new societal needs.”

“We need a more robust business continuity plan with “playbooks” for specific crisis scenarios and a more resilient supply chain.”
Most companies have provided donations or in-kind contributions to help meet needs during the COVID-19 crisis, but many have also pivoted their businesses to modify existing products or develop entirely new products to meet these needs. Examples of the types of donations respondents cited include PPE, medical-grade masks, respirators, cleaning supplies, and hand sanitizer. Respondents also mention cash donations to support relief efforts in local communities through nonprofit relief organizations and food banks; box lunches for first responders and health care providers; and payment relief for small businesses unable to cover costs as a result of the crisis.

More than half (56 percent) of respondents indicate their companies have modified some of their existing products or services in response to the crisis. Some of the examples given include: offering extended loan and payment programs; increasing the volume production of certain products; shifting production from an industrial to a health care focus; and reducing or pausing the rollout of products and services that require physical interaction from customers.

More than two-fifths of respondents indicate their companies have developed entirely new products and services in response to the crisis. A few of the examples given include developing products such as hand sanitizers, PPE, ventilators, and other critical health care equipment. Companies also note they have established new partnerships to develop and manage the logistics associated with these products and services.

**Has your company done any of the following to specifically meet the needs during the COVID-19 crisis? (Select all that apply)**

- Provided donations or in-kind contributions: 86%
- Modified existing products/services: 56%
- Developed new products/services: 44%

N=43
Source: The Conference Board

Almost all respondents agree their companies’ efforts are currently focused on preparing for growth and recovery. Notably, more than half of respondents selected “embracing sustainability/ESG as a business imperative” as a current top focus for their companies, though more specific issues such as supply chain challenges and talent management are getting more attention during this time. But an overall sustainability strategy
can play an important role in managing these more focused issues as well. For example, the link between sustainability and talent management is strong: Deloitte has found that more than 70 percent of millennials expect their employers to focus on societal or mission-driven problems. In a different survey of 1,000 employees, blockchain-based clean energy platform Swytch found that nearly 70 percent said that if a company had a strong sustainability plan, it would affect their decision to stay with that company long term.

What are the top few key business issues/topics that your company is focused on at this point? (Select all that apply)

<table>
<thead>
<tr>
<th>Topic</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preparing for growth/recovery</td>
<td>93%</td>
</tr>
<tr>
<td>Meeting supply chain challenges</td>
<td>56%</td>
</tr>
<tr>
<td>Retaining &amp; attracting talent, human capital management</td>
<td>53%</td>
</tr>
<tr>
<td>Embracing sustainability/ESG as a business imperative</td>
<td>51%</td>
</tr>
<tr>
<td>Other</td>
<td>23%</td>
</tr>
</tbody>
</table>

In the “other” category, some of the issues respondents mentioned include ensuring employee and customer health and safety, cash conservation, and innovating to address customers’ unique challenges.

Some respondents commented that their companies are focusing on reinventing their portfolios in the context of a new business reality; they are also running innovation workshops to meet emerging trends and customer needs. Respondents also point to a greater need for collaboration and partnerships to develop more focused solutions in response to the crisis. For some companies, the challenges emerging from the crisis are creating opportunities to innovate in areas such as telehealth, remote monitoring and care, antimicrobial coatings, and indoor air quality.

Indeed, innovation will be critical during this time as the crisis will likely affect the commercial landscape for many companies. Part of preparing for growth and recovery, clearly a top priority for companies, will require finding the right balance between cash conservation and investing in the innovations needed to succeed in a new commercial landscape.

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“Our businesses are running innovation workshops on customer solutions to a number of post-COVID-19 emerging trends.”

“A culture of nimble, adaptive, and quick to respond is evolving.”

COVID-19 and the changing workplace

79 percent of respondents believe remote working will be more common at their companies, even after employees are able to return to the office. Indeed, one of the most influential legacies of the COVID-19 crisis may be the increase in remote working. A separate survey of human capital executives, conducted by The Conference Board in April 2020, found that almost 70 percent of the 147 respondents believe at least 1 in 10 of their employees will be working primarily from home one year after the pandemic. And one-fifth of respondents expect 40 percent or more of their workers to be primarily remote long term.5

Three key themes emerged from the comments sustainability executives shared on the “lessons learned” related to remote working:

1. Rather than hurting productivity, in several cases, remote working has resulted in increased productivity.

“We have been more productive than expected and were able to stand up virtual work quickly, but still considering how everyone working from home will be different than partial office working from home. Efforts will need to be made to stay connected.”

“Increased productivity, recognition that certain travel and meetings are unnecessary.”

“Some obvious challenges (bandwidth issues at home for some), but encouraging that it is not only possible, but can be in some cases a more effective use of time.”

“Some surprising insights, such as time freed by less travel (for those with previously active travel schedules).”

“We moved thousands of people from an office to a work from home environment in a week’s time and within two weeks were operating at prior levels of effectiveness and job execution.”

“We’ve improved our timeliness for responses and streamlined traditional ‘bureaucratic’ reviews.”

“Virtual work has replaced situations that we would have never expected it could! It has challenged us to leverage technology in creative ways.”

“There has previously been a bit of a stigma regarding virtual working, but necessity has forced the issue and I think has proven out that employees can be very productive working virtually and that the technology exists to support that…I anticipate there may be a higher level of empathy/relatability on an ongoing basis even after most folks return to office settings (for example, inclination to automatically video for meetings rather than just by phone to better connect with those working remotely).”

2. **Employees are willing to continue to work from home, but this will require companies to focus efforts on engaging employees, including through regular communication and check-ins.**

   “When we conducted surveys in the Americas—many people want to continue to WFH.”

   “After two months, the majority of our employees surveyed report liking the work from home approach.”

   “Regular check-ins, videoconferencing practices, managers must clearly understand individual work responsibilities and expectations of their teams.”

   “Business leaders and managers need to be mindful to keep employees virtually connected and use new approaches to maintain an employee’s sense of belonging to the organization and of feeling valued.”

3. **Remaining flexible is important as remote working is not feasible in all cases, and some IT departments are not yet ready to provide the needed support.**

   “In some parts of the globe (particularly Asia-Pacific) it did not work—colleagues’ homes just didn’t have the space or IT connections to be 100% productive.”

   “Some individual departments must come to the office due to cybersecurity needs, interaction with customers, and cultural difference.”

   “Significant functions can be successfully performed in WFH model, but it doesn’t work for all employees. Will need flexibility.”

Comments from respondents suggest there is consensus that remote work will become
more normal, but also that more planning is needed. Companies unaccustomed to a remote workforce will need to develop ways to keep employees engaged and virtually connected. Companies also need to consider the implications of remote work for issues related to data security and privacy, particularly if they expect employees to provide their own equipment and connectivity. Indeed, companies will want to work out the broader question of what devices, connectivity, and other services they provide or pay for, as companies do not necessarily have robust or consistent policies in place.

How likely is it that “virtual working” will become more common at your company after employees are able to return to the office?

![Bar chart showing likelihood of virtual working]

- Likely (some employees will continue virtual working) 53%
- Very likely (most of the organization will continue virtual working) 26%
- Unlikely (most employees will return to the office when it is safe to do so) 16%
- Not sure 5%

N=43
Source: The Conference Board

When employees return to the office, they will likely face several workplace changes, the most common of which will be physical (sometimes called “social”) distancing. Almost all respondents (88 percent) indicate their companies will put in place physical distancing policies once employees return to the office. In the “other” category, some of the most common workplace or policy changes respondents mentioned include:

- Temperature readings
- Mandated masks/face coverings
- Rigorous cleaning and disinfection procedures
- Reduced occupancy levels and staggered office schedules
- Phased-in approach for return to the workplace, based on risk
- Encouraging teleworking when possible

While these workplace changes may soon become commonplace, many respondents emphasized their companies are in no rush to return to their offices until it is safe to do so.
What type of return to work/policy changes has/is your company putting in place? (Select all that apply)

- Social distancing: 88%
- Manufacturing/assembly changes: 49%
- Service changes: 42%
- Testing: 40%
- Other: 60%

N=43
Source: The Conference Board

**Conclusion**

Our survey of sustainability executives sheds light on some of the ways the COVID-19 crisis is expected to affect the sustainability function. Overall, responses to the survey suggest that, while the focus of sustainability programs may shift, the crisis is unlikely to significantly detract from companies’ sustainability efforts. For some companies, the crisis may raise the profile of their sustainability programs, particularly as the linkages between sustainability issues and the future health of the company become more evident. For example, sustainability programs play a crucial role in risk management, employee wellness and engagement, and product innovation.

Going forward, sustainability executives may be increasingly called on to provide guidance as companies prepare for growth and recovery in a new commercial landscape. This provides an opportunity for sustainability executives to play an even broader role within companies, in terms of strategic and operational business issues, disaster preparedness and crisis management, and innovation.

Boards would also be well advised to ask their senior management: 1) how the current health, economic, and social crises are affecting their company’s long-term sustainability initiatives, and 2) how sustainability is integrated in the development, execution, and communication of the company’s business strategy.
About the Author

Thomas Singer is a principal researcher in the ESG Center at The Conference Board. His research focuses on corporate social responsibility and sustainability issues. Singer is the author of numerous publications, including Total Impact Valuation: Overview of Current Practices, Business Transformation and the Circular Economy, The Seven Pillars of Sustainability Leadership, and the comprehensive corporate sustainability benchmarking report Sustainability Practices. Prior to joining The Conference Board, Singer worked with Blu Skye Sustainability Consulting and SustainAbility, helping clients embed sustainability into their core business. Over his career, he has supported engagements with industry leaders across sectors, focusing on strategy development, opportunity assessment, competitive analysis, and stakeholder engagement. He began his career as a management consultant with Kaiser Associates, advising clients on white space opportunities, competitive analysis, and benchmarking. Singer holds a B.A. from Tufts University and a MSc from the London School of Economics.