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INSTITUTE FOR
SUSTAINABILITY LEADERSHIP

The implications of Covid-19 for leadership on sustainability

Reflections and discussions

The Future we Want



The Future we Want



The University of Cambridge Institute for Sustainability Leadership

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The Future we Want

The shock to the global system caused by Covid-19 means that the decade that we earmarked for getting our climate on track for net zero by 2050 and making progress on the UN Sustainable Development Goals will play out in a new paradigm, where transformational change takes on wholly new possibilities. The pandemic has revealed lack of resilience in a system which has already failed to meet the needs of millions of

people and is unprepared for future shocks driven by climate change and environmental degradation. This raises big questions about our established economic and societal norms. The Future we Want is a CISL initiative designed to promote a global conversation amongst leaders in business, government, civil society and academia about our long-term collective future.

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Introduction

The landscape of business has been radically transformed. Discussions about business action on sustainability are now taking place against a Covid-shaped backdrop of geopolitical and economic shifts, growing – and increasingly visible – inequality, heightened awareness of systemic flaws and human vulnerability, and societal fractures and polarisation. In addition, many businesses are operating in regions with high levels of government, corporate and private debt and growing levels of unemployment.

Some businesses have had ‘a good Covid,’ with online retailers, pharmaceutical and technology companies finding ways to deliver value to customers. Others, especially those in commercial property, physical retail, tourism and hospitality are facing existential risks. Most have been faced with difficult questions: how to radically transform the way they operate, to accelerate the uptake of technology and find new ways to reach customers while also building supply chain resilience and ensuring employee wellbeing?

The scale and pace of these transformations have led to a need for many businesses to re-strategise, to adapt and to keep adapting. In order to move out of a defensive position and build long-term resilience, many major businesses are recognising the need to understand and engage with the fundamental challenges to ‘business as usual’ and the need to align the business with the development of thriving and resilient societies and economies. This in turn, requires businesses to take urgent action to address the major system shocks we will face if we fail to address the interconnected issues of climate change, the destruction of nature, and growing inequality.

Over September and October 2020, CISL invited close friends, Senior Associates and Fellows to a series of conversations to explore the implications of these challenges and transformations for business action on sustainability. In total, 50 experts with a wide range of backgrounds joined the sessions. Our discussions were framed around five key topics:

- 1. What have we learned from Covid about how we can build social, environmental and economic resilience?**
- 2. What can we learn from our response to the ‘system shock’ of Covid that we can apply to our preparations for the potential system shock posed by climate change?**
- 3. In light of disruption to business as usual, what should be the priority focus areas for businesses seeking to contribute to a sustainable economy?**
- 4. Transformation in the future of work: what are the implications for sustainability and what should businesses be paying attention to?**
- 5. What has Covid taught us about the leadership we will need within organisations to build sustainable economies and societies?**

This report provides an overview of the key insights that emerged in each thematic area. What is presented here is not intended to be an exhaustive discussion or review of the available literature, but simply to map out some of the key observations and insights that emerged as part of these conversations. Although the conversations preceded Mark Carney's Reith Lectures,¹ the themes of value and values dominated many of the conversations. Three related issues came through in most conversations:

- In measuring progress, **we need to pay attention not just to GDP, but also to the state of the natural world and the wellbeing of citizens.** We need better measures of success to ensure society pursues outcomes that benefit the majority rather than a small minority. There has been discussion and research over many years about the value of alternative indices – now is an opportunity to act.
- **Externalities need to be internalised to ensure that the true cost of doing business is reflected in market prices.** The true cost of pollution and resources (including physical and human) need to be accounted for in order to ensure market forces drive sustainable choices so that we can collectively improve the resilience and effectiveness of our economic system.
- **The rewards of economic activity need to be tilted and structured towards the delivery of common 'goods' and shared prosperity.** The finance sector needs incentives to invest in building longer-term resilience, longer term metrics and indices that are required to ensure that capital works over the long-term rather than for short term gain at the expense of future generations.

“...the traditional drivers of value have been shaken, new ones will gain prominence, and there's a possibility that the gulf between what markets value and what people value will close.”

Mark Carney on how the economy must yield to human values,
The Economist, April 16th 2020

Conversation 1: What have we learned from Covid about how we can build social, environmental and economic resilience*?

*Resilience within this discussion was defined as 'an ability to recover from, or adjust easily to, misfortune, shock or change'.

Resilience requires strong and cohesive communities, yet prior to Covid, social resilience had arguably been eroded through austerity and growing inequality. Following the global financial crisis in 2008, many governments adopted austerity measures to contain public sector debt, but which also reduced spending on social infrastructure which led to reduced resilience in many societies. Over this same period, income, wealth and health inequalities increased and became more visible within many economies. A whole range of sources from the [International Monetary Fund](#) (IMF) to the World Economic Forum (WEF) and *The Spirit Level*² suggest that unequal societies are more likely to be polarised and result in worse life outcomes for all citizens. Across Western democracies, increasingly visible inequality has resulted in many people seeing themselves as 'left behind' by the establishment, growing disenfranchisement, and increased polarisation – hard right (or left) vs moderates, nationalism vs liberalism, individual rights vs collective responsibilities. In fractured societies, we are only as strong as our weakest link.

Covid has highlighted and exacerbated these challenges. [The Lancet, a leading medical journal](#), reported this month that Covid has placed enormous strain on countries around the world, exposing long-standing gaps in public health and exacerbating chronic inequities. In most countries, the biggest negative impact has been – and will continue to be – on the lowest paid, those living in the most deprived areas and on people who were already marginalised. Beyond the direct health impacts of Covid, the [United Nations predicts](#) that the pandemic could push an additional 71 million people back into extreme poverty. Data and projections, including from the Intergovernmental Panel on Climate Change (IPCC) and United Nations^{3,4}, tell us that the dual and inter-related challenges of climate change and the destruction of nature will have devastating impacts for societies, with those who are already disadvantaged experiencing the greatest negative impacts.

The surest route to build long-term resilience will be to address systemic inequalities, protect and restore the environmental systems upon which societies depend, and to take urgent action to address climate change. But what other considerations matter as businesses think about how best to build resilience in the immediate aftermath of Covid?

We can learn important lessons from nature, as resilience is central to ecosystems. Importantly, **diversity** increases resilience in ecosystems but also in business and economies. In general, actions taken to improve resilience to one type of shock will improve resilience to other types of shocks – organisations should prepare to be adaptive.

People matter. People underpin systems – resilient organisations can't exist without resilient people, so we need to understand what it takes to enhance physical, emotional and psychological resilience and invest in the wellbeing of individuals. **Businesses must also ensure that people are at the centre of organisational culture and purpose**, rather than being perceived simply as resources or costs in service of a profit motive.

Organisational resilience can require reframing the objective of business as usual. It can be about moving from a question of 'how quickly can we return to business as usual (BAU)?' to 'how do you move to a different state or space – that is, to a new form of BAU that is fit for the 21st century – but retain your values and purpose while doing so?'. Key questions for businesses therefore are 'what is your purpose?' and 'what core values must persist?'

Shared purpose and a sense of belonging are critical. Building resilient, cohesive, mutually-supportive systems and organisations can be enhanced if we really are all 'in it together'. This requires a shared purpose, mutual vulnerability and trust and, critically, leadership which 'walks the talk'. The more that organisations can foster this strength of community, and foster collaborative rather than transactional relationships across their value chains the more resilient they will be.

Although international supply chains held up relatively well during Covid, **many businesses are now sensitised to the vulnerability of their global supply chains.** For some businesses, more local, simple and visible value chains will offer protection. While others see strength in international scale and diversity and are harnessing technologies such as blockchain to give them better insight, understanding and influence over their full supply chains.

Aligning and integrating a sustainable purpose

When the operating context is changing so rapidly and fundamentally, aligning a company's purpose and strategy with the underlying trends and expectations that underpin it becomes a prerequisite for continued success and even survival, providing clarity and meaning to navigate complexity, manage risk and capitalise on opportunity.

CISL's report, [Leading with a sustainable purpose](#)⁵, identifies how organisations can develop alignment and integration of organisational purpose and strategy to transition to a sustainable economy. The report distils shared insights into how four leading companies developed, aligned and integrated a purpose and strategy to build organisational resilience and support long term success.

Conversation 2: What can we learn from our response to the ‘system shock’ of Covid that we can apply to our preparations for the potential system shock posed by climate change?

Targeting Net Zero

A net zero emission economy will be essential to maintain a stable global climate. The private sector has a critical role in delivering this and there is a growing body of evidence to demonstrate that it makes good business sense to act.

Business action on climate change can inform innovation, mitigate risk, unlock better connections with stakeholders, and build brand and reputation. A growing number of companies are realising that setting a course to net zero can provide a powerful guiding light in turbulent times as well as delivering commercial benefits, as those leading the change are already experiencing. Yet, there is no blueprint for change.

CISLs net zero business briefing⁶ and accompanying strategic framework recognise the challenges that are preventing companies from taking action and guidance on how to implement a net zero strategy.

Covid has been a systemic shock – a devastating one which will have lasting impacts, but one for which there is now an end in sight (at least in relation to the direct risks to human health). In the face of an immediate and urgent crisis, businesses have been able to mobilise quickly and work with civil society to rapidly deploy solutions. People have had to tolerate short term limitations to lifestyles and growing job losses – but many ultimately expect to be able to get back to ‘business as usual’ in the coming months.

Climate change, on the other hand, poses problems that are slower burn and less visible in the short term, but ultimately more devastating over the long term. The solutions to climate change will also be more complex – requiring us not just to change behaviours and to create technical solutions to reduce emissions, but to bend the curve on our destruction of nature, and to find fair routes to transition that address current inequalities. And critically, the radical transformations required will have dramatic implications for lifestyles. Business as usual simply won’t be an option.

“The nature of the climate crisis and the Covid-19 crisis are fundamentally different, especially their timescales: the pace at which we can identify the problem, and the pace at which we can deploy solutions. It is harder to mobilise the immediate transformative action for the climate crisis that we saw in response to Covid.”

Amelia Moulis, Senior Programme Manager, CISL

Stronger than anticipated adherence to rules at the early stages of lockdown has shown that, in general, **people will act in the collective interests and comply with rules where they believe there is a near and present danger, have confidence in the benefits of action, trust in decision-makers, and believe that ‘we are all in this together’**. Applying this insight to the challenge of climate change, we will need to find clear and compelling ways to bring the urgency of climate risk into the present, to convince citizens and consumers of the benefits of action, and to be clear about the actions required. We also need to recognise that people will only tolerate restrictions for so long without experiencing tangible benefits. Ultimately, for societies to be willing to make long term changes, any transition will need to deliver necessary transformations for lifestyles (particularly reduced consumption) in ways that improve quality of life (e.g. more time with friends and family).

As we emerge from Covid, how can we take this moment in time to accelerate the changes we need to address climate change?

2021 presents an opportunity for a collective ‘reset’; an opportunity to rebuild to set a bold and courageous vision for the future. Yet we had similar conversations about the viability of capitalism after the 2008 financial crisis but reverted back to business as usual fairly promptly. How can we ensure this time is different? In particular, what can organisations do?

The points, from CISL’s Net Zero Framework for Business⁸ highlight the ways in which business can learn from and leverage Covid -related shifts and disruptions to accelerate progress on climate change.

- Leverage new awareness and thinking about systemic risks, new approaches to risk management and to building systemic resilience, to bring the risks of climate change (and inter-related risks posed by inequality and destruction of nature) into planning process and decision-making. At a bare minimum, this offers an opportunity to align strategies to net zero in line with sector transition pathways and limiting global warming to 1.5 degrees.
- Build on the enhanced employee engagement that many organisations have fostered during lockdown to encourage and enable more open and inclusive discussions to build alignment and trust to enable the transition. Give space both to the data, analysis and scenarios, as well as to values and aspirations to enable fair and informed decision-making and to build shared purpose and trust with employees, partners and communities to identify routes to a fair transition.
- Actively engage in the current public policy debates, support and encourage effective government (rather than lobbying for ‘smaller’ or less government action), contribute to joined-up national, regional and sectoral rebuilding, stimulus and innovation plans which will deliver a fair transition to net zero greenhouse gas emissions. In particular, engage with the economics – which indicate that the cost of transition will be cheaper than many anticipate and will generate long term economic benefits – to make the case for investment in net zero transition as a key strategy for securing long term economic progress. Work towards viable transition pathways, with effective markets and strong governance to drive progress.
- Drive innovation to deliver on these transitions, leveraging new ways to work across the value chain that have opened up during Covid , and new opportunities for collaboration with peers, customers and counterparties. Share exemplars to inspire others.
- Find ways to make it simple, clear and desirable for others (employees, customers, community) to act. Learn the lessons of Covid about the need for clear and consistent messaging, and the need to connect at the level of human values and aspirations, not just data. Highlight the co-benefits of action on climate change with enhancing human health, protecting nature and addressing systemic inequalities. Health concerns, an appreciation of the great outdoors and greater visibility of and campaigns against inequality have taken greater prominence over recent months. Business can contribute to positive, aspirational narratives about how we might live in future.
- Leverage new ways of working to enable net zero transition. Enable better use of urban space to improve liveability and health, enhance residential energy efficiency and promote ongoing acceleration in the use of technology to deliver education and health services.

Conversation 3: In light of disruption to business as usual, what should be the priority focus areas for businesses seeking to contribute to a sustainable economy?

Many businesses have had to quickly reprioritise their focus for 2020. The pandemic has exposed blind spots in business models, challenges in supply chains and new opportunities for innovation. Some businesses have transformed production lines to produce ‘must-have’ essentials like face masks or hand sanitiser, while others have focused on ensuring that workers maintain income.

So what should business focus upon now? Our wide-ranging conversation concluded that Covid had exacerbated some existing challenges, removed some barriers to progress while creating others, and reinforced the need to consider the fundamental role and purpose of business in society. Areas of immediate future focus must involve:

- **Building fair and inclusive societies.** Covid has put a major spotlight on the wellbeing of employees and the need to protect jobs. This must be built on to consider the rights and needs of labour across supply chains and geographies, to develop more family friendly policies, to ensure ‘fair’ pay, and to improve pay and working conditions for the most vulnerable - including migrant workers. Through the conversations there was a sense that businesses should also be paying attention to:
 - Investments in the jobs and skills we need for the future, especially upskilling young workers and fostering and supporting new enterprises.
 - Valuing diversity of perspectives and disciplines (including gender, race, age, worldviews - but also valuing creative arts not just science and technology) and addressing the root causes of systemic inequalities.
 - Re-defining prosperity alongside a more inclusive (stakeholder) capitalism that reconsiders the nature of ‘value’ in fundamental ways. This may require changing business models, resulting in greater democratisation of capital, fairer distribution and shared rewards across value chains. This may involve approaches such as employee stock ownership to close economic gaps and redistribute ownership.
- **Protecting and restoring nature.** Depressing data released over recent months, for instance showing that global wildlife populations have now plummeted by 68% since 1970⁷, shows we are still failing to make progress in protecting nature, while at the same time societies are increasingly aware of the value of green spaces, and consequences for human health and wellbeing of our destruction of natural systems. The case for urgent business action is compelling. In particular, business urgently needs to understand and account for its dependencies on nature, acknowledge its impacts on natural resources and build in buffers rather than pushing ecosystems to the limit. We also need greater understanding of the role of nature in decarbonisation. There is a huge opportunity for circular approaches to resource use as well to nature-based solutions which are key to achieving net zero greenhouse gas emissions. Critically, we urgently need to move beyond lofty, long term ambitions by major businesses in favour of verified, on-the-ground action – at scale.

“The Covid crisis has shown us clearly that ignoring scientific evidence and understanding can lead to disastrous outcomes. But science can also provide a useful guidance system as we tackle the linked challenges of climate change, biosphere degradation and growing inequality. Time is rapidly running out and we need to act now.”

Professor Will Steffen, Senior Associate, CISL & Executive Director,
Climate Change Institute, The Australian National University

From ambition to action

As public business statements on social and environmental ambitions have proliferated in 2020, many businesses are now failing to show evidence of action. CISL has practical resources to guide action across a number of sectors, including frameworks [for investors to measure sustainable investment](#)⁸ and [insurers to manage climate risk](#)^{9 10}; tools and guidelines for [developing a corporate biodiversity strategy](#)¹¹ and [measuring business impacts on nature](#)¹²; a [roadmap for UK bottling companies to eliminate plastic](#)¹³; principles for businesses to [develop and integrate a sustainable purpose](#)⁵; and more. CISL's [education](#) programmes, [advisory](#) services and [leadership groups](#) also support companies and individuals to take action.

- **Rethinking the purpose and role of business – and acting accordingly.** Where it has been forthcoming, government support for businesses – and the jobs that businesses provide – will create a huge burden of debt for societies, one which will take years if not decades to address. This may well accelerate the major shifts in public discourse about the role of business in society that started after the 2008 financial crisis. We have seen renewed calls around ‘the need to reinvent capitalism’ (WBCSD) and ‘the case for stakeholder capitalism’¹⁴. We need to go beyond discourse to see a widespread and fundamental shift in how businesses perceive their role and impact on the system - to stop thinking of themselves simply as product suppliers (with an entitlement to accrue vast wealth as a reward for efficient performance) but rather as having a significant role and responsibility for creating thriving societies.

What should business prioritise now?

According to CISL faculty consulted through this process, these are some of the biggest priorities for business action:

What do businesses need to stop doing?	What do businesses need to start doing?
Externalising negative impacts	Taking a fair and inclusive approach to employees, jobs and rights
Perpetuating a mindset of ‘more consumption is good for society’	Having a purpose that creates value for society and walking the talk
Avoiding paying tax in the jurisdictions in which they operate	Investing in nature-based solutions
Pursuing offsetting as a solution to achieving Net Zero	Creating mechanisms to share wealth and value
Lacking transparency	Proactive engagement with society to protect and secure social licence to operate
Focusing on communications and stated ambitions rather than verified action	Supporting, enabling and implementing ‘TCFD for nature’
Using fossil fuels	Understanding and addressing impacts at the level of landscapes
Considering ignorance to be a legitimate defence against taking action	Taking a long-term focus – addressing short termism
Perpetuating purpose, mindset and business models that prioritise the interests of shareholders over those of society	Dematerialising their business models
Colluding with government, enabling corruption and land grabs at the expense of citizens’ interests	Understanding embodied carbon and being transparent about supply chain impacts
Being inconsistent – pulling back from sustainability commitments in tough times	

Key priorities for business focus that emerged in discussion:

- **It isn’t enough for businesses to be inclusive or focus on wellbeing, we also need to focus on ‘fairness’ and to consider how markets can ensure the delivery of ‘fair’ outcomes.** It was noted that ‘fairness’ and ‘justice’ are moral concepts, and CISL has developed a useful framework for business [here](#).
- The dominant paradigm of **consumption** is a huge challenge – currently presented by many governments as our primary route back to economic health. One participant argued that consumption has evolved to be a **new form of labour**. We need business to **dematerialise consumption** and help shape **alternative views of prosperity** linked to genuine societal needs. **Consumers are already evolving**, they have a voice and are increasingly using it to call for sustainability – businesses must hear this and respond, quickly.

- Businesses should recognise the importance of **effective government and governance** and find ways to support:
 - **Effective global governance and collaboration**, recognising cross-border dependencies – while also building their resilience by preparing for reduced cooperation. How governments work to distribute Covid vaccines will be a significant test of the necessary collaboration.
 - **Government action at national and regional levels**. Businesses should positively lobby for a Green New Deal and sustainable allocation of post-Covid investments, ensuring **that public statements and private lobbying activities are aligned**.

“The plans we make as a country to promote future economic growth need to work for everyone. Coronavirus has exacerbated the regional, racial and socio-economic inequalities that existed before the crisis but it also gives us an opportunity to address those gaps and tackle the longer-term issues facing the UK.”

[António Horta-Osório](#), CEO, Lloyds Banking Group, CISL Strategic Partner¹⁵

- **Effective taxation regimes** that ensure businesses **pay fair taxes** so that governments have the income they need to enable transition and build resilient, thriving societies and promote intergenerational equity. At present, we lack global mechanisms to capture value as businesses become stateless. It was noted that the five biggest companies by value on NYSE are all tech companies and contribute minimally to national economies by way of tax¹⁶.
- The importance of **moving from shareholder primacy to a focus on creating value for all stakeholders**. Potential solutions included: **capacity building** of boards and the next generation of boards; creating clear vision that people can align behind to play their part; **shift from shareholder to stakeholder ownership models**; formalising more **equitable value distribution** models; **locking in commitments** to ensure ‘good time values’ don’t fall to the wayside in crisis; **scaling capacity and knowledge** to empower action.
- The lack of **standards and metrics** as well as **fragmentation in definitions** remain barriers to progress and must be addressed. As a priority, businesses should support the equivalent of **science based targets and the Taskforce on Nature-related Financial Disclosures** to drive focus and attention, as well as using these as drivers for progress, and support the pursuit of effective **metrics of wellbeing to sit alongside financial metrics and GDP** as indicators of economic progress.
- There is broad acceptance that **businesses can’t act alone**. Post-Covid there is a greater need for engagement with **local communities** and **trade unions**, with a need to improve **dialogue, voice and agency in the workplace**. In light of the economic challenges and the challenges of the ‘consumption is good’ mindset, there is also a need to **engage customers and investors**. For some issues, multi-stakeholder dialogues - businesses, trade unions, NGOs, government - are important.
- **The need to catalyse market mechanisms and incentives**. We need both greater marketplace diversity to disrupt complacent incumbents (i.e. a need to support smaller players / SMEs / innovators) as well as new, innovative financing mechanisms and opportunities, e.g. nature-based investments solutions.
- Address the barriers posed by traditional **accounting systems** and need to engage the investor community and CFOs to drive a focus on **non-financial reporting** and a redefinition of what we mean by ‘**value**’.
- Our futures will inevitably include and be increasingly dependent upon more technology. Businesses need to **ensure that technology is harnessed for good** and **support better global governance of AI/machine learning**,

Conversation 4: Transformation in the future of work: what are the implications for sustainability and what should businesses be paying attention to?

The pandemic has fundamentally changed the way people work. For many, it has taken away livelihoods and future employment opportunities, for others new opportunities have emerged as the economy has adjusted to physical distancing and remote working. Regardless of location, most people's relationship with 'work' has changed significantly over 2020.

The pandemic will shape the future of work, potentially delivering environmental benefits and new opportunities for more diverse and inclusive workforces, but also introducing new challenges to wellbeing and potentially accelerating inequality. Our conversation posed the following big questions:

- **What is the future of the 'working day' – the end of the '9 to 5, full time job' – and associated implications for wellbeing and inequality?** Will we see a growing culture around longer hours as boundaries disappear between home and work life, between time zones and geographies? Or will we see a greater prioritisation of wellbeing, more part-time and flexible working, greater time savings through lack of a commute, more flexibility about where people work from and greater access to a more diverse global talent pool? We may see both of these scenarios through growing polarisation based on affluence, seniority, job security. Will we see a rise in people choosing portfolio careers – non-linear and not in one organisation? And will this type of choice and flexibility be limited to those with greater affluence and better education?
- **Is it time to rethink the value of jobs, work and workers?** We are likely to accelerate the automation of many jobs to design out human vulnerability and enhance organisational resilience. We will also see relocation of jobs as geographic boundaries are blurred. This will disrupt jobs, markets and economies. In parallel with this we will see increasing importance of the human connection and gaining meaning from work as fulfilment becomes a core focus.
- Covid has also highlighted the high value yet relatively low pay and poor working conditions of many key workers in health and caring professions, hospitality, public transport and agricultural sectors as well as across food supply chains. These jobs often involve work that those in developed countries are less keen to do. In the case of agriculture, crops are being wasted and lost. Across economies, would there be merit in reassessing the value of different roles and work and rethinking pay and working conditions to ensure that essential activities can be resourced?

“One of the reasons care work is so hard to fill is because it is both hard and poorly rewarded – Covid has shone a light on this and a key lesson for this report is how we reevaluate work and reward for a post Covid society”

Dan Epstein, Director of Sustainability, Useful Simple

- **How can we ensure that the transformation of work does not result in significant acceleration of existing inequalities, and the creation of new inequalities?** Inequalities are already being exacerbated by access to technology, suitable working spaces, childcare, and the transfer of heating and cooling costs to individuals. Progress in gender equality has also been undermined or regressed as a result of women having to juggle more childcare and domestic tasks alongside home working, with research showing that women are being disproportionately affected^{17,18}. And parents of young children have been disadvantaged professionally, exposed to greater stress if they need to provide childcare or home-schooling on top of work commitments. In addition, there is potential for growing inequality between regions with and without the necessary infrastructure to enable citizens to engage in the digital economy.
- New forms of inequality are emerging. For example, inequality in who is exposed to risk – with more junior, low paid, front line staff more exposed to health risks. In addition, with fewer people using public transport to avoid contact/ risk, will services be reduced and only the wealthy/ those who can afford a car be able to travel? Will those less well-off therefore be further excluded? Business policies and strategies will need to engage with and think through multiple dimensions and issues to mitigate these risks.

- **Will employee wellbeing require much greater proactive management and investment?** Employee wellbeing will be affected by a whole range of factors, with some employees benefiting from healthier lifestyles with more time to exercise and access to green spaces, while others may be facing longer working hours, work-related stress, additional childcare and caring responsibilities, or the challenge of having to work, live and sleep in the same physical space for months on end. Mental health may also be affected positively or negatively from the change in forms of communication; some employees may suffer from isolation, whereas others may thrive as digital natives. In addition, uncertainty about the future, fears relating to job insecurity, or health-related concerns may cause anxiety. Employers will need to be proactive and empathetic to build individual and organisational resilience and wellbeing.

“Invest in wellbeing, and realise that how you lead is equally important. Wellbeing is about being a leader with humanity, empathy and compassion, and about communicating to others with a clear sense of purpose and being open to their contribution creating a space for innovation and agility.”

Dr Fiona Adshead, Chief Wellbeing Officer, Bupa

- **Will greater governance be needed to ensure a fair distribution of the benefits of acceleration in roll out of new technologies?** We are already seeing significant infrastructure investment to reach rural communities in order to enable and empower them to engage in the economy. This will potentially enable many more people to enter the global jobs market, but also to become consumers of online services – which will have significant positive and negative impacts on economies and consumption, both online and offline.
- The overall acceleration of the roll-out of digital technology is creating significant demand and value for providers of technology and communications infrastructure, tools and platforms, and online services leading to further growth in already thriving sectors. These trends are already driving shifts in economies, having a major influence on geopolitics and trade, and resulting in a boom in the value of many major tech companies – and the net worth of owners and major shareholders. Will greater governance be needed to ensure fair taxation, pay and labour conditions?
- **Is this an opportunity to transform use of physical spaces – to rethink the future of cities, of offices and the ‘commute’?** We have a unique opportunity to redesign and repurpose cities to be cleaner, greener, healthier and more liveable, with building spaces used for creative, cultural and social engagement rather than just as a physical space to work. There is also potential to reinvigorate rural areas and communities as proximity to urban centres is no longer essential for a growing proportion of the labour force. Importantly, we will need to ensure that there are economically viable ways to ensure thriving and vibrant cities, without a critical dependence on servicing office workers. It will also be important to ensure that reduction in emissions and environmental damage as a result of reduced travel and use of commercial buildings isn’t countered by an increase in domestic energy consumption. Businesses can help through educating and enabling their employees to source green energy and to enhance energy efficiency, e.g. major employers could negotiate collective purchasing agreements for electricity.

Conversation 5: What has Covid taught us about the leadership we will need within organisations to build sustainable economies and societies?

Many leaders in government knew about the risk of a pandemic, yet little action was taken. Similarly, we know about the risks created by climate change, destruction of nature and growing inequality, yet we are not doing what is necessary now to address major systemic risks. While governments are rightly held accountable for lack of action, politicians also operate in a system where public trust is low¹⁹ and successful re-election often requires short term actions for immediate results. The incentives are weak for politicians to invest in preventing low likelihood acute risks such as a pandemic, or high likelihood chronic risks such as climate change, until the tangible impacts are being felt.

We need leaders who can translate knowledge, discussion and analysis into action.

Unlocking action will require a better understanding of the reasons for inaction. That requires us to recognise that there is no single, 'rational' and objective truth or path that leaders should follow. That our interpretations of what is 'rational' depends on our values and our world views, which shape the structures and rights that we seek to protect and the needs that we seek to meet. We also need to recognise that those values and worldviews aren't changed and shaped only by data, but also by the 'tribes' (political/social/professional) to which we belong, and affected by emotional, psychological and cultural factors.

Effective leadership in the future will need to:

- Challenge itself to consider whether aspects of the status quo, such as values and aspirations, that it is seeking to protect are part of the problem rather than offering solutions. This means engaging with the 'tough stuff', being willing to sit with discomfort and pushing personal and collective boundaries to enable new thinking to emerge.
- Engage with people who hold different world views to identify common ground, using engaging strategies that use powerful, aspirational narratives that speak to multiple communities rather than relying solely on data driven arguments.
- Demonstrate emotional intelligence, with the ability to pause and listen, to empathise, to engage authentically. There has been media commentary that political leaders who have demonstrated emotional intelligence have fared better (some commentary has focused on the relative success of female leaders and 'feminine' traits).

Our leadership is much better at responding to an urgent crisis than responding to major long term, systemic challenges. We need leadership that is able to bring future crises into the present in order to stimulate an immediate response.

Change is a constant. Once anyone is at a stage of their career where they are a senior executive, 'crisis management,' while making progress against long term goals, becomes a major part of their role. Leadership needs to prepare itself for this dominant focus on leading change and adapting to change. This requires leadership that feels safe with uncertainty, is able to show transformation as a positive rather than as a threat, and which creates comfort for the workforce and resilience for the organisation.

What leadership do we need now?

What leadership and capabilities will be needed to navigate the significant and complex challenges explored above, and lead progress towards a sustainable future? The following are areas where we are likely to need something more or different from leadership in the future, relative to the past.

Individual (micro) level

- Being an effective strategic thinker in future must include being able to **think systemically**, able to identify opportunities to influence change and build resilience across complex systems. It also requires finding the **energy and time to address the long term important, not just the short term urgent**.
- Effective leadership will **put people at the centre of culture and strategy** (rather than systems, processes or results), inspiring and engaging through purpose and vision, **building trust and resilience through demonstrating moral courage** and **'walking the talk'** on shared values.
- **Proactive in innovating and pioneering change**, empowering others to innovate and adapt, embracing diversity and new ways of thinking and doing.
- **Effective communication** - landing powerful messages and harnessing the power of storytelling, as well as listening and engaging with diverse perspectives, able to build trust-based relationships to unlock collaboration and to positively influence change across markets and regions.
- Being **compassionate with oneself and others**, being **honest and up front about difficulties**, and **creating the space to deal with tough issues**.

Organisation (meso) level

- Invest in and **support staff wellbeing and resilience**, to ensure the organisation has strong foundations from which to adapt
- Individuals increasingly want to engage and participate in influencing change, not just to be directed. Find the right balance between being inclusive and directive. Design inclusivity, delegated responsibility and flat hierarchy into how the organisation works – create effective ways of working to **empower individuals to innovate, to find ways to influence change, and to adapt to new challenges**.
- Ensure that organisational decisions and actions **'walk the talk' to build trust and avoid cynicism**.
- Find ways for all employees – and especially senior leaders – to show up as humans, to **break down barriers and to move towards a more people-oriented culture**.

Systemic (macro) level

- **Be proactive in looking out from the business**. Identify 'sense makers' who are able to join the dots in order to see horizons and paths that others can't see, as well as those who can influence change at a macro level rather than just responding to it. Build diverse teams who can collectively keep track of the external complexity.
- **Build external relationships and alliances widely** - including with suppliers and stakeholders in other organisations. Consider a broader system of influence and problem-solve with unlikely partners, such as traditional competitors, regulators and trade unions.
- **Engage in external discourse** (political, business media, civil society) in order to contribute to positive narratives, confront myths and misunderstandings.

Rewiring Leadership: CISL's approach to leadership within organisation²⁰

Informed by our work with over 16,000 leaders internationally, the Cambridge Impact Leadership Model describes the leadership we need to deliver value for business, society and the environment.

We work to foster leadership that is:

- Guided by a purpose to align business success with the delivery of positive social and environmental outcomes.
- Effective in leading through complexity and ambiguity, influencing and shaping the system in which the organisation operates
- Continually reflecting and adapting, holding itself accountable to deliver results

“Amidst the complex and uncertain world in which we operate, leaders can no longer have all the answers. Leaders can deliver results through collaborating and engaging with people, organisations and communities and embracing the advances of technology. Leaders who are anchored by their own personal purpose and guided by a strong set of principles that underpin their leadership will thrive. Enabling them to pioneer new pathways, provide vision, clarity and meaning and show compassion, as they build resilient and adaptive organisations that create value for all stakeholders. Ten guiding principles for practice are set out on the next page:”

Gillian Secrett, Director Leadership Programmes, CISL

1. **Purposeful and visionary**, setting direction, creating value and meaning in light of organisational, individual and wider societal purpose of long-term wellbeing for all.

2. **Systemic and strategic**, understands the macro and market trends, assesses opportunity and risk at a system level to inform decision-making.

3. **Human-centred, wise, compassionate**, values-based, operates with authenticity and empathy; coaches, listens, supports, challenges.

4. **Resilient and courageous**, builds organisational and personal robustness and wellbeing; energy to operate and make decisions amidst uncertainty, ambiguity and complexity.

5. **Innovative and pioneering** to create value for society in a commercially viable way, push boundaries, pivots to seize opportunities, creative and willing to disrupt where needed.

6. **Agile and adaptive** to lead change; engages critical thinking, embraces multiple perspectives, open and willing to learn and unlearn.

7. **Goal and impact orientated**, evidence led, accountable, leverages commercial acumen to deliver results, effective at follow through.

8. **Compelling and engaging**, influential communicator, articulates clearly and effectively.

9. **Builds an inclusive and engaging** culture that values **diversity** and nurtures **trust, ethical behaviour** and **psychological safety**; space where people develop and thrive,

10. **Collaborative**, builds shared understanding and ambition, distributed leadership, and partnerships to move faster.

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