

Using ESG to Build Resilience

In this current climate, managing risk and building resilience is becoming increasingly important for all businesses. Environmental, Social and Governance (ESG) performance is an integral part of developing organisations that can ‘weather the storm’ both now and in the future.

The COVID-19 pandemic has very quickly changed how many companies do business and make decisions. There is pressure to respond and adapt quickly to new ways of working, changing customer requirements and managing cashflows. Companies are also reflective of how to transform in the brave new world post lockdown. ESG considerations can complement and strengthen these activities and ultimately build resilience.

Connecting ESG to company pandemic buoyancy has been highlighted by several sources, including Reuters who recently, indicated that [ESG funds in the UK and EU have largely responded better in the market to non-ESG focused funds](#).

The following recommendations may be helpful in furthering your businesses resiliency:

Review your ESG Strategy (or develop one); Consider evaluating and recalibrating your ESG strategy to reassert material priorities and take into account updated stakeholders ‘expectations. Disaster preparedness, continuity planning and employee benefits may be factors which need assessment.

Put emphasis on the ‘S’ or social: The pandemic is emphasising the importance of safeguards in communities and in businesses. Reviewing how your company manages the health and safety of people is paramount. Flexible teams with options to work adapted hours or remotely may also become part of the norm rather than the exception. Other key considerations include employee and community engagement, as well as supply-chain management. Investors, employees, customers and communities are asking more questions about how a company is managing social performance – [and higher institutional money flows and less negative returns are experienced when those practices are salient](#).

Continue your net-zero path: The lights may be off at many workplaces now, but this is a good time to think about energy efficiency and long-term cost savings from energy reductions. Many regulators have committed to carbon reductions, and a proactive approach can support change which is manageable over time. As an example, the UK government is planning for “all listed companies and large asset owners” to make disclosures using the Taskforce on Climate-related Financial Disclosures guidelines by 2022.

Organisations reflective of environmental, social and governance impacts that are emerging from this crisis will transform with greatest resilience and with the greatest opportunity to define their future.

The *Environmental, Social and Governance (ESG) Strategy Series* offers a topical and practical perspective on how ESG can benefit business. Each month, our Sustainable Business team will provide the best of their insight, findings and project experience on how ESG can build value. We welcome inquiries and feedback at esg@itpennergised.com

