



Questions to Scientific Committee and Advisory Board Members on Pandemic's effects

Summary of answers

1. Do you think the pandemic and ensuing socio-economic crisis will negatively affect the process of attaining sustainability and integral ecology? And if so, how?

All respondents have expressed opinion the pandemic has aggravated a situation already seriously tarnished by general crisis due to already creeping deterioration of the social and physical environment and by insufficient measures fielded insofar to attain sustainability and integral ecology.

This is partly attributable to cultural factors difficult to eradicate completely or simply gradually transform in the short term and partly due also to economic factors consisting in booming state's and corporate's indebtedness all around the world, in protracted slow down of international trade and in growing inequalities.

Pandemic has further made people skeptical of plans to lower growth in exchange of ESG. The heavy cost of economic and social reconstruction, when pandemic will hopefully be over, will in the view of most distract attention from sustainability and ecological goals. Attaining a higher level of sustainability further requires leadership: at present missing. While ESG, as the pillars of sustainability, will remain strategic considerations, short-term "trade-offs" are likely to be taken by enterprises/governments on the "altar of survival".

Diverging opinions among contributors have emerged concerning measures to be undertaken. Some believe Covid -19 crisis has created a situation where a political leverage could be applied, provided the political will is there. Majority among contributors have however expressed the opinion that the socio-economic crisis aggravated by the pandemic will negatively affect the process of attaining sustainability and integral ecology. Only one expects that Covid-19 crisis to have a slightly positive effect on sustainability goals, but not so much on integral ecology.

Crisis of multilateralism has also made attainment of institutional and governance goals toward sustainability more difficult.

2. Do you think SDC helped us through the difficult living conditions imposed by the pandemic? If so, how?

Despite common good principles have to some extent returned to be part of cultural background of individual and business, large section of respondents have expressed doubts SDC has helped, except for a better inclination to listen and get closer to people anxieties.

Some however have said the key hypothesis behind SDC is that its principles only express and crystalize what is deeply embedded in human souls. In other words, the existential aspect of the Covid – 19 crisis has compelled many to confront questions – death, life, family, love, social organization – to which they used to give no or little attention. This kind of deep reflections is potentially the beginning of a journey leading to introspection and discovery of one's own soul and, possibly of roots of natural law.

A very strong and helpful example how SDC helped us through the difficult living conditions imposed by the pandemic has been provided during that period by Pope Francis, many bishops and parishes, also Catholic social organizations (e.g. Caritas) in answering with facts to the most damaging immediate effects. Their action was decisive, and so was the Pope's and many Bishops' impressive words on line.

For the above: CST and science are both important resources for a resilient society. Systemic thinking and the conscious reflection of one's own value systems are groundbreaking. Society may change under the influence of different forces, among which practical, innovative and non-conventional proposals based on Catholic Social Thought can play an important role.

3. Has there been a change, or is there an ongoing change, in the way issues such as sustainability and solidarity are envisaged and addressed? If so, how?

Pandemic brought about a pervasive awareness of and need for solidarity. We all have become more conscious of interdependence among time and space. Also about fragility (individual, collective even global). During pandemic was tested higher solidarity and several contributors think that aim to solidarity will last also into the future.

At the same time there is widespread feeling that the pandemic crisis will accelerate changes and this could be an educational moment for everybody. The most important quality requirement for science to cope with the corona crisis is in fact systemic thinking. Changes are necessary, but contributors are not sure how much of that change has already actually occurred since pandemic has erupted.

Only in a limited number of cases businesses are preparing for a restart in their activity with changed values and priorities. No significant redeployment of their capabilities has yet taken place up to now to meet the society's needs. There is poor planning to restructure

production in a manner that will avoid waste and inefficiencies, without raising too high the expectations of an emerging, suffering consumer.

It is time to acknowledge that we are dependent on others and that we are agents in society that are there to be of service to others. There cannot be a divergence between economic and communitarian perspectives. They go hand in hand.

4. How can one reconcile resilience (adjustments required to live with the virus and prevent new infections) and sustainability (ESG)? Is a trade-off the answer?

Resilience will be considered more and more as top priority; now still low resilience can be encouraged and supported by solidarity. Resilience to contagion and sustainability are mutually reinforcing. There cannot be development without health and vice-versa. Implementation of an ESG oriented future world must see us prepared for equitable costs of transition.

The Pandemic has taught unforgettable lessons about the dependence of us individually and as a species on nature, so much so that people will be more understanding of creating safe relationships with nature. Adjusting to the Pandemic also has taught us the vital importance of prudence and caution, which would likely cause people to live by the precautionary principle of sustainable environmentalism.

After decades marked by the ideas of “small government”, the pandemic has shown that well equipped quality public management and “caring” capacity in government are essential in a situation of emergency.

Concerning instead business behavior majority thinks trade-offs between money and people’s health will be more difficult than trade-offs between virus and sustainability. Somebody has expressed however opinion that at the end of the day, it is possible that big companies which can invest will accelerate their process of achieving ESGs. It has been observed that during the pandemic markets and consumers rewarded companies that adopt ESG criteria because they are less risky. Above all they emphasized the social factor.

All believe science can provide the impetus for knowledge-based crisis management so as to avoid continuing to stumble blindly into the existential crises of climate change. But it must also be alert to the dangers of "infodemic" misinformation and conspiracy theories.

5. Which are, in your opinion, the main lessons to be drawn from the pandemic?

The main lesson -all contributors agree about- is that humans are not masters of the universe. Also, in the face of an overwhelming issue involving health and safety, solidarity, transparency and cooperation are essential since the world, societies, communities and individuals are interdependent. It has been also noted that there is a link between virus outbreaks and climate changes and that the pandemic has exacerbated inequalities.

The above brings the need for systemic thinking due to complex situation. This results in a high degree of uncertainty, randomness and lack of knowledge regarding forecasts. Strategies are required for prevention and preparation for second-order problems, i.e. for the management of unknown or not exactly predictable problems, and for the provision of resources in order to remain able to react in the event of possible disasters. All these are at the same time typical problems of sustainability science, whereby a mutual learning process between epidemiology, risk assessment, discontinuity management, resilience strategies, environmental research, planetary-boundary theories, and education and research for sustainability must be assumed. The corona crisis has highlighted the need for new forms and forums of complexity, risk and cross-sectional research. So we need a multidiscipline approach not the extreme specialized one that characterize the present competitive model.

A further lesson indicated is “we also need a properly functioning State” and a business communities aware of the need ethical principles to be part of their job. Pandemic has voiced some respondent is a test on the responsibility of decision makers. This crisis can give us an opportunity to become better as a person in any role we have in society, to make a difference and create value in our community.

6. Do you feel the values of transparency, cooperation and disclosure, which in the present emergency are viewed as important factors of good governance, may become permanent and widely accepted behaviors?

Respondents have expressed doubts and need for qualification. Transparency and disclosure to be effective both require also some pedagogy. By and large, the media today publicize raw information and do not have the economic resources to do their traditional job. Noise and fake news are the outcome of this situation. Too much information (data) kills information (meaning). Transparency becomes no-transparency at all.

All respondents have in addition criticized the lack of clarity of governments and on what basis authorities have been taking decisions. Governments have been terribly slow in implementing transparency and disclosure.

Those states on the contrary that were capable to establish a transparent and trustful dialogue between government action and scientific expertise, were able to cope with the crisis much better than governments that were unable to combine their actions with broad scientific expertise. One observed that this is the case, for example, of States which Prime ministers are women (New Zealand, Danmark, Iceland, Finland, Norway, Germany and Taiwan) In these countries there has been a response to Covid-19 on average more effective with declared attention to correct communication and to the psychological well-being of citizens.

7. In your opinion will the slow process of achieving ESGs be further delayed or can we imagine an awakening conducive to a true ecological conversion and a new development model?

Consensus was on the fact that ESG process has been delayed on account of the pandemic. Only one expressed the opinion that instead the pandemic accelerated the process as shown by the preferences of large investors as stated by the CEO of Blackrock, Laurence D. Fink. The pandemic has produced considerable damage in the economic and social fabric, both in rich and poor countries. Cost of the “green” transition can be accepted if and only if we are prepared to adopt a long term view and to assume equitably such costs in the society according to criteria that will not live the burden of such transition on single economic or individual subjects for to give way to new productions and business models to replace swiftly the old with new jobs.

Ambiguity about what is actually meant today after the pandemic for new development models has been debated and opinion has been given by some contributor. In this contest it is important, for one of the respondents, to relate to the message of Pope Francis: not to come back to the old model but make possible a regeneration, a new world, more fair, more supportive and more respectful of the environment. It is possible. The pandemic has, indeed, accelerated the shift towards sustainable capitalism.

The new development model will not fall from sky, was said, it will emerge as result of a deep transformation. For such a transformation to happen, strong drivers are needed to overcome the resistance of received habits and advantages of the present situation. This will also be dependent on how well the process of innovation/enterprise re-engineering is able to integrate ESG and ethical principles. Since, due to pandemic, the process of ESG will be delayed in some sector, we have to try not miss opportunity to enforce ESG on political agenda as is doing the European Union.

8. Can you sense long lasting changes in our social life?

Not so much as would be necessary: has been the unanimous answer. People tend to go to their old habits. In addition, most people are getting comfortable with social distancing however forms of isolation have negative psychological effects.

Building a “new order” will required wisdom, good faith and compromise, which seem pretty rare in the political class today, was said.

The long-term nature of these changes from a practical economic point of view will depend on structures or framework conditions (such as CO₂ pricing and equitable distribution of costs to “go green” in general) that support them in an appropriate manner.

9. Will our habits change? What are you noticing in your field of activity?

Doubts were expressed by all about quick changes in habits in the short term. On longer term work from home will impact management, leadership and companies' organization, also causing work habits to change permanently.

Modern societies moved fast from social aggregation ("us") toward individualism ("I" and "me") this latter vision is going to last in many contributor's point of view. Perception of health risks (contagion) is like to spread from relation's world (distancing) to the sub-conscience affecting feelings, attitudes and behaviors. For the above reasons conversion will not come easy.

In spite of what just said, as exception, it was witnessed that the most dramatic and rapid change will probably take place in the field of education and the way that education is being delivered. It is clear in the wake of the pandemic that much of the physical capital of the education enterprise (buildings, libraries, living facilities, faculty and staff) is no longer needed. However one observed that all Italian universities have provided for the return, even if partial, to lectures and activities in the presence, considering the possibility to replace foster relations between scholars, students etc a very important element.

Contributors generally remain convinced that the personal interaction and community aspects of education are very important. As is often the case, the very best forms of liberal education will be most available to the elite classes, particularly in the U.S. where superb education is a very expensive commodity.

10. Which negative impacts – on health services, economic-financial conditions and jobs, social life, poverty, inequality, new technology, education, etc. - in your view are more relevant?

There was ample consensus among the contributors on the fact the highest impact will be on unemployment levels both at micro and macro sense. While difficult to establish a ranking, mention was paid also to the consequences like inequality in education, trust and friendship. The negative impact has already been strong for the less specialized and precarious jobs which are carried out mainly by young people and woman.

Implicitly a distinction was therefore drawn by contributors among impacts and consequences referring latter to a more personal and circumscribed sphere. Relation among impacts and consequences is strong.

Long term negative impacts of unemployment will in fact have influence on individuals undermining self-confidence.

The Covid-19 has confronted us with a) the complexity and b) vulnerability of our system. In order to manage this complexity, at every crisis we add new layers (patches) of rules, institutions or procedures which, in turn, increase the complexity and make the system

every day more vulnerable to unexpected events. Somebody noticed this cannot last forever; at some stage complexity will become unsustainable from the purely economic point of view. The complexity is not only due to rules and procedures but is a consequence of the new era we are facing. To manage complexity we need new figures of leaders. This in turn needs new education models, no more focused just on specialization but also based on multidisciplinary approach. This is one of the lessons from pandemic.

11. Which steps – in your opinion – should be taken to mitigate such negative impacts?

In broad terms all have indicated we need a re-start, not a mere recovery of the previous situation. Past economic theories (on deficits, debts, public spending) need to be superseded or -in some instance- abandoned.

Change as a cooperative effort within companies could be a solution. In practically all areas of business, competition, technology, and the new demands from consumers are imposing deep changes in “business models”, and this means changes in jobs, skills required and employment conditions. These trends were there already before, but the pandemic is probably accelerating the move.

Companies must care in the first place for their own sustainability and need to be able to take decisions freely regarding employment, while respecting of course all legal protections for workers. It has also been observed that companies to be sustainable must take care of the need of all the stakeholders: shareholders, employees, clients, suppliers and environment. It is possible: some companies are already doing this with excellent results.

In the pandemic many governments have favored forms of flexible, provisional unemployment subsidies, while many companies found new strength in adversity to reinvent operations.

This experience in somebody’s opinion shows that there are ways of preparing employees for unforeseeable change in the business context and avoid the expensive and traumatic process of forced redundancies. Very important is the role of well-done training at every level. If this can be done in a cooperative, trust-building way is still an open issue worth to go deeper into for company leaders check. It is important to verify if it is possible to adhere to such model without running the risk of untenable promises; this must soon be followed by verification if educational institutions can provide extra real value added to these new educational needs.

The Covid crisis has shown the limits of a world built on “just in time” and long complex production chains. The only way forward is to try to reduce the level of complexity by developing networks of solidarity and by increasing their autonomy. This means, for instance, more room, more space, for the household economy, even at the expense of some market activities.

Since education will be the first to experience radical changes in organization, the launching of a major “revolution” in social and moral values – beginning with the home, schools and the youth - is going to become a priority for Catholics and non Catholics as well. This will be a long game.

Religion and CST have a special role to play. Catholic Universities and Colleges have a special duty to work across many disciplines instilling ethics and virtue in the young men and women who will participate in the building of a more human social and environmentally healthy future. Candidly, this is the great challenge to change hearts.

Somebody has added we have also to work to increase the attractiveness of important social professions through appropriate remuneration.

12. How do you rate the steps taken at a global, national, institutional, corporate and individual level?

General answer was that, with few exceptions, governments policies must be more in sync with needs and aspirations of citizens. It should be clear to everyone that pandemics and global crises can only be fought and overcome through globally coordinated actions.

International institutions have however insofar been marginalized; international cooperation has been weak and global institutions have shown to be powerless or “not up to the scientific and economic challenge” with the necessary rapidity.

Corporates -was said- try to protect their value chains, and factor-in new risk parameters in their decisions. The uncertainty is around and vital decision are often postponed for too long. At the same time there are processes of “adjustment” of globalization, important productive reorganizations by large global companies that involve significant movements in large value chains and in the division of labor at the national level.

Contributors have stated that personal social responsibility must come before or at least at the same time of corporate social responsibility.

13. More specifically what should businesses do to address the storm in a way as little toxic as possible to their stability and yet mindful of the health of all stakeholders?

In the aftermath of the pandemic business will first shore up customer loyalties to save cash flows. Firms in the short term will put less emphasis on shareholders and share price.

Business -was said by contributors- should focus on sustainability as short, medium and long term target. Way business has been conducted in past quarter of century needs elicitation, even revalidation (the re-invention of capitalism). Re-visitation and modification of business model should reflect business commitment to the maximization of long term stakeholder value – and their best guarantee of sustainability.

Businesses should continue to follow the emerging “best practices” regarding their dealings with all stakeholders. That would require a change from the profit-maximizing model, that prefers shareholders and the upper-levels of management to all other stakeholders. That calls for a corporate “change of heart” and will not come easy. We have experienced some positive movements: the Statement of the Business Round Table, the Davos Manifesto 2020 *The Universal Purpose of a Company in the Fourth Industrial Revolution*.

14. Are corporations and entrepreneurs willing and ready to change their business model or are they sticking to the old one?

Modification of business models will be slow. Business models change because competition and consumers tastes and orientation; we therefore need to make clear how they should change and for what purpose.

Interdependence of enterprise will lead to different business models and novelties in the stakeholder theory of the firm.

On the investment size CAPP should strongly follow the path of the world’s largest institutional investors (e.g. Norwegian Sovereign Wealth Fund, CalPers, Temasek, Japan Post Office, Blackrock, the OECD, etc.) which have adopted a Stewardship Code precisely reflecting the stakeholder perspective.

The willingness to change is very different. Therefore, good role models with best practices should become pioneers of change, who should receive recognition and support from politics and society.

15. Which role is technology playing in the present difficult situation?

The importance of technological innovations cannot be overestimated, however companies and politicians should be prepared to invest in future technologies. Society should accompany this with a sensible culture of risk assessment and not be fundamentally sceptic about technological innovations.

Technology has made possible to handle the Pandemic, also thanks to the positive reaction of employees that have accepted to work at home, learn new way of working etc. The employees showed great adaptability. This 20 years ago would not have been possible. Technology therefore is fundamental; it is human intentions and decision making that needs to be checked.

Technology –was added by someone - is an instrument but may become a master especially when technocracy – private or public – takes over. Covid-19 has increased our dependency on technology, and has accelerated the data generation process. The real issue is how to regulate those business entities that are at the very nexus of our daily lives but also play a critical macro-social and geo-political role.