

MONITORING ESG

The impact of the war in Ukraine on ESG

2022/06



Finally, I believe that if we make the right choices in the days and months to come, we will overcome this challenge. We will be able to convince our citizens that continuing opting for the transition to renewables, continuing to opt for the Green Deal and Fit-for-55, is in their interest. But, we will only be convincing if this is perceived by our citizens as fair to them. Therefore, I believe making sure we address the issue of energy poverty by providing the instruments to our Member States to do that. But also by developing European policies that would allow us to address the risk of energy poverty is an essential prerequisite, not an accompanying element of Fit-for-55 or the Green Deal. It is an essential prerequisite to convince our citizens to go this path together. «

Frans Timmermans

Executive Vice-President of the European Commission
for the European Green Deal

THE IMPACT OF THE WAR IN UKRAINE ON ESG

5 core theses on how Europe must consolidate and expand its democratic and economic resilience

By Managing Director [Marc Zinkel](#)

1. Self-sufficient basic services in Europe
2. European supply and value chain systems
3. Targeted investment policy
4. Back from the European Economic Interest Group to the Community of Values
5. Intensified economic and humanitarian solidarity with buffer and developing countries

[Link](#)

EU moves to speed up energy investments amid Ukraine war, rising gas prices

“The [geopolitical tension](#) of recent months intensified the focus on gas and electricity infrastructure in Europe. In the face of Russia’s invasion of Ukraine, interest in alternatives to Russian gas has intensified. [The European Union currently depends on Russia](#) for 40% of its gas consumption.”

1 March 2022 – DW
[Link](#)

Ukraine war prompts investor rethink of ESG and the defence sector

“What a difference a war makes. Barely a year after Sweden’s SEB bank adopted a new sustainability policy that excluded defence stocks from its funds, the group has made a U-turn. From April 1, six funds will be allowed to invest in the defence sector. SEB says it began to review its position in January as a result of “the serious security situation and growing geopolitical tensions in recent months” which culminated with Russia’s invasion of Ukraine.”

9 March 2022 – Financial Times
[Link](#)

Will the Russian-Ukrainian Conflict Force Changes in ESG?

“The rise of environmental, social, and governance (ESG) investing brought a new way for investors to think about the capital markets. One development was ESG filters that screened for companies whose business operations didn’t include weapons, but is the Russian-Ukrainian conflict changing that?”

3 March 2022 – Nasdaq
[Link](#)

Banks Investing In Russia Cannot Cloak Themselves In The ESG Mantle

“Bank executives should not have it both ways. Either they are compliant with Environmental, Social and Governance (ESG) standards or they are not. Numerous internationally active banks with [credit and market exposures](#) to Russia have not announced yet if they are closing their offices. And banking personnel continue to invest in Russian stocks, bonds, and other financial assets.”

6 March 2022 – Forbes
[Link](#)

ESG Rules Bend With War: SEB Says OK to Invest in Defense Stocks Again

“Swedish financial group SEB said it would start permitting some of its funds to buy shares of weapons makers and defense companies, reversing a position it adopted just a year ago as part of its commitment to investing based on environmental, sustainability and governance principles. The war in Ukraine has softened some of its clients’ view on the sector, SEB said Wednesday.”

2 March 2022 – The Wallstreet Journal
[Link](#)

Vladimir Putin’s Contribution To ESG Investing

“Not surprisingly, investors are dumping the stocks of Russian companies and Western banks are now refusing to deal with them. Many liken this to how the financial community divested from and then excluded South African companies in the apartheid years. While divesting Russian stocks has symbolic importance it is easy to do for large and diversified investors. The Russian equity market is a tiny—and rapidly shrinking—percentage of global equity value and is unlikely to rise any time soon.”

6 March 2022 – Forbes
[Link](#)

MSCI cuts ESG government ratings of Russia and Belarus

“MSCI Inc , which ranks companies and countries on their environmental, social and governance (ESG) performance, said on Tuesday it downgraded Russia and Belarus in response to Moscow’s invasion of Ukraine. The move could add to pressure on western asset managers to move away from Russian stocks and debt, analysts said, although few ESG-focused funds own much in Russia.”

1 March 2022 – Reuters
[Link](#)

How did ESG funds wind up investing in Putin’s Russia?

“Funds labeled ESG — an acronym that denotes a commitment to environmental, social and governance interests — own shares of Russia’s state-backed [energy behemoths](#) Gazprom and Rosneft, as well as its biggest lender, Sberbank. The funds also hold Russian government bonds, providing money that ultimately helped pad the coffers of President Vladimir Putin’s autocracy.”

27 February 2022 – Los Angeles Times
[Link](#)

Fast Exit From Russian Funds for 401(k)s? Yes, Under ESG Plan

“A U.S. Labor Department [proposal](#) would change that by equipping private-sector pensions and 401(k)s with environmental, social, and corporate governance investment factors to apply a similar kind of flexibility to the rest of the retirement investment marketplace. That latitude for speedy capital adjustments could have big implications for savers’ workplace retirement balances, protecting them from risky market sinkholes or co-opting their savings for social and political gains.”

8 March 2022 Bloomberg Law
[Link](#)

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