

MONITORING ESG

Resilience

2022/13



This winter – and the next – will be difficult for everyone and smaller companies are especially vulnerable.

With many of them still reeling from the impact of the coronavirus pandemic, high energy prices and supply uncertainty are creating further pressure on their survival.

Small and medium sized companies represent 99% of all businesses in the EU. They employ over 80 million people, account for more than half of Europe's GDP and play a key role in every sector of the economy.

If they are not thriving, neither is the European economy – nor European people.

So the importance and the need to support businesses, in particular SMEs was also highlighted in the Tripartite Social Summit this week, where President von der Leyen announced an SME relief package to be presented in the second half of the next year.«

Kadri Simson
Commissioner of Energy
[Link](#)

EUROPEAN RESILIENCE

From Green Deal to Resilience Deal

Marc Zinkel, Senior Partner and MD Beceptum International

For Europe, an extraordinary downturn is expected, injected by a mix of energy and supply chain restrictions, inflation, geopolitical uncertainty, and an increasing anticipation materializing in consumption and investment restraint. Companies as well as policy and legislation institutions need to focus on resilience.

Looking into energy crisis for example, it is a supply crisis. Energy prices are not driven by inflation, energy supply shortage is the main root cause of current inflation. For companies, the way to overcome supply risks and to safeguard production cost level, is towards self-sufficiency.

European Sustainability Agenda has already achieved a lot, shifting paradigms towards ecological and social awareness of consumers and customers as well as corporate responsibility and valuation. As a main lever, the *European Sustainable Finance Framework* is forcing economies and its stakeholders into sustainable attitudes.

Current crisis will not stop the sustainability agenda, but it might lead to calibration, reprioritization and rescheduling of measures and transformation programs. The key aspects are a) Social-ecological AND economic sustainability need to be managed in a balanced way; b) reduction of supply shortages goes hand in hand with investing in sustainable energies, logistics and supply chains; and c) economic partnerships need to be rescoped, broadened and extended.

Consequently, the European Green Deal must be extended to a European Resilience Deal. While maintaining the social, ecological and governance agenda aspects a complementary resilience dimension has to be added, that is politically and financially supporting self-sufficiency of economy stakeholders. Regarding energy supply the resilience agenda from political perspective could include e.g., promotion of energy self-supply projects, direct crediting of company-owned renewable energy production to its carbon footprint, commercial hedging mechanisms for PPAs, expansion of the energy mix and the corresponding investment subsidies, risk participation in pre-bankable project phases and expansion of energy partnerships in and with African countries in particular.

Coping with the Crisis: Increasing Resilience in Small Businesses in Europe through Energy Efficiency

“To help smaller businesses overcome these perilous challenges and to sustain European economies, the European Commission and the International Energy Agency have teamed up to raise the awareness of governments, businesses and related stakeholders about the available options to empower and protect SMEs. These include EU support measures currently available to SMEs that can be tailored to meet their specific needs. They also include steps that businesses can take themselves to use energy more efficiently and wisely, making them more resilient and secure – both in the short and in the long term.”

October 2022 – IEA
[Link](#)

Critical Infrastructure: Commission accelerates work to build up European resilience

“Today, the Commission is proposing to strengthen the resilience of EU critical infrastructure. The proposal for a Council Recommendation builds on the 5-point plan for resilient critical infrastructure presented by President von der Leyen at the European Parliament on 5 October. European critical entities are more interconnected and interdependent, which makes them stronger and more efficient but also more vulnerable in case of an incident. Russia’s war of aggression against Ukraine has brought new risks, physical and cyber-attacks, often combined as a hybrid threat. The sabotage of the Nord Stream gas pipelines and other recent incidents made it clear that the resilience of the EU critical infrastructure is under threat. Action is urgently needed to step up the EU’s capacity to protect itself against attacks on critical infrastructure, both in the EU and its direct neighborhood. As a key part of the EU’s work to build a Security Union, the Commission proposed already in 2020 updated rules to increase the resilience of critical entities.”

18 October 2022 – European Commission
[Link](#)

Our new Service Offering and our Whitepaper on the topic of business resilience

Business Resilience made by Beceptum

“We assess the short-term use of state subsidies or liquidity support for you. We accompany you on your path to sustainable crisis resistance and collaboratively develop appropriate immediately applicable measures and further action plans. Also, we provide you with tools and methods to facilitate quick and educated decisions and an effective implementation of your plans.”

[Check-out our Services](#)

Our very own Whitepaper: Operational Resilience in times of crisis

“Economic relationships and systems have reached a barely manageable level of complexity. On top of that, the current multidimensional crisis implies major challenges for the economy and for companies of all sizes and in all industries. It is not only external risk factors - from ever-increasing energy and resource prices and the associated changes in sales markets and consumer behaviour to unstable supply and value chains and the risk of insolvency - that influence companies. Critical internal risk factors, for example revenue decline, unavailability of staff or lack of liquidity, as well as a volatile information and data situation, also determine the current situation. As a result, companies are increasingly confronted with decision-making difficulties that lead to delays in the implementation of necessary operational measures.”

[Download the Whitepaper here!](#)

RESILIENCE & ESG

ESG and Resilience: Understanding how real estate affects climate change — and developing strategies to mitigate the impact

“As environmental, social, and corporate governance (ESG) strategies continue to grow more popular, investors are increasingly adding the concept of “resiliency” to the equation to account for the fact that dealing with climate change goes beyond supporting companies reducing carbon emissions or taking other steps to stop rising temperatures. It’s also necessary to manage the problems climate change has already caused and to prepare for inevitable challenges in the future. For example, ESG+R investors might look for companies that carry enhanced flood insurance for higher-risk buildings, are transparent in their disclosures to investors and tenants about how they’re mitigating climate risk, and support scientific research and mapping efforts to help them properly deploy resources.”

17 October 2022 – Lightbox
[Link](#)

Working to Enhance Sustainability and Resilience

“EI’s member companies—America’s investor owned electric companies—are leaders in advancing environmental, social, governance, and sustainability (ESG/sustainability) issues. And, they are building modern, climate-resilient infrastructure that is key to a clean energy future. As EEI’s member companies continue to evolve to meet the needs and expectations of their customers and communities—and to ensure that stakeholders like regulators and investors have the information they need—they are leveraging a variety of innovative partnerships. Counsel from advisors like Guidehouse to EEI member companies is proving to be instrumental in enabling a more rapid clean energy transformation, enhancing the energy grid’s resilience, and developing and implementing sustainability goals to better serve customers.”

September/October 2022 – Guidehouse
[Link](#)

The evolution of ESG in real estate

“Trends in ESG and ESG investing are constantly evolving. What are some of the biggest ESG related changes you have seen within the real estate investment management industry? ‘For years, the real estate industry has focused on the ‘E’ and sustainability gained traction because of the return on investment and the impact on the bottom line. The combined impact of COVID-19 and the social unrest and injustice we have witnessed over the past year(s) has really shined a bright light on the importance of ESG broadly. The ‘S’ component remains more amorphous as that space continues to evolve and broaden in real time. ”

2021 – PGIM Real Estate

Raising the resilience of your organization

“Resilient organizations don’t just bounce back from misfortune or change; they bounce forward. They absorb the shocks and turn them into opportunities to capture sustainable, inclusive growth. When challenges emerge, leaders and teams in resilient organizations quickly assess the situation, reorient themselves, double down on what’s working, and walk away from what’s not. Cultivating such organizational resilience is difficult, however—especially these days, when business leaders, frontline workers, and business units are being buffeted by multiple disruptions at once. (Think of the war in Ukraine, the decline in markets, the global pandemic and resulting Great Attrition in talent, and increased evidence of climate change.). This most recent bout of misfortune and change is vexing in its own way. After all, how often have economic downturns coincided with talent shortages, for instance, or been driven by supply chain challenges? ”

12 October 2022 – McKinsey
[Link](#)

The role of ESG in your resilience strategy

“The Complete Guide to Operational Resilience introduces the 7 Dimensions in which an organization should seek to mature their approaches to resilience, one of which is ESG. ESG (environmental, social and governance) initiatives are a broad set of activities that enterprises can undertake to promote sustainability and make their efforts to be good corporate citizens transparent. ESG initiatives can involve many different stakeholders, including employees, customers, suppliers and investors, helping to foster trust and co-operation and reduce risks.

In recent years, there has been a growing trend for enterprises to adopt ESG initiatives. This is partly due to the complexity of modern business operations, which often span multiple jurisdictions, involve a large number of stakeholders and are increasingly digital.”

2 April 2022 – Cloudsoft
[Link](#)

ESG investments show resilience in tough markets

“Environmental (E) concerns have escalated in recent years, as evidenced by the surge in government and corporate climate commitments such as net zero as well as the creation of carbon markets. The social (S) pillar of ESG, in comparison, had not been given as much focus or consideration until the pandemic exposed the fragility of labor market and employment issues. Social factors were ranked the highest among the three ESG considerations by the US respondents of Edelman’s 2020 Trust Barometer study (institutional investors’ special report), a jump of 15 points from the previous year. Unsurprisingly, the just transition concept is gaining momentum, in line with the increasing focus on social considerations..

4 October 2022 – The Edge Markets
[Link](#)

RESILIENCE WITHIN THE ENERGY CRISIS

Emerging Europe's impressive economic resilience may be reaching its limits

"Higher-than-expected growth in many countries of the region in the first half of the year, thanks to a post-pandemic recovery, has led to a significant upwards revision of the forecast for 2022: wiiw estimates full-year growth of 3.9 per cent on average in the region's EU member states; and 3.1 per cent in the Western Balkans. In all cases, this is significantly slower than in 2021, but nevertheless attests to an impressive degree of resilience in the face of a severe external shock. By contrast, wiiw expects the Russian economy to have contracted by 3.5 per cent by the end of this year. However, such a recession is much milder than was forecast in the summer (minus seven per cent)."

19 October 2022 – Emerging Europe [Link](#)

A defining moment: How Europe's CEOs can build resilience to grow in today's economic maelstrom

"A confluence of crises and disruptions has darkened European skies. The energy crisis is already dire and could get worse. The war in Ukraine continues, an unabated humanitarian tragedy. The cost of life's essentials has gone through the roof—prices in some countries have risen eightfold. Business signs are weakening. In July and August, purchasing managers' indexes indicated contraction for the first time since early 2021. China, a key supplier and customer, is wrestling with its own economic problems. The effects of climate change are pronounced across the continent, with drought and extreme heat curtailing hydropower and even putting industrial production at risk. The energy crisis threatens to derail the net-zero transition. Semiconductor shortages, technological shortfalls, and labor shortages remain."

12 October 2022 – McKinsey [Link](#)

COP27: Why it matters and 5 key areas for action

"How lofty commitments made in Glasgow are implemented in a just and equitable way in emerging economies will be a key focus of talks in Sharm el-Sheikh. With the world experiencing an unprecedented wave of urbanization across the global East and South, the materials required to achieve low-carbon, climate-resilient cities will be a key part of the solution to unlocking decarbonization.

Concrete, steel, aluminium, and chemicals—as well as the ships, planes, and trucks that move them—are currently responsible for 30% of greenhouse gas emissions, and that is projected to grow. The key to transition these global sectors is to drive down the prices of clean methods and technologies, compared to the carbon intensive conventional techniques."

25 October 2022 – World Economic Forum [Link](#)

Analysis: Energy crisis tests resilience of Italian businesses

"Italian media had only just begun talking about the threat of winter gas rationing when Marco Checchi sprung into action to ensure bottle top maker Pelliconi would continue to supply customers including Coca-Cola, Heineken and Guinness.

Pelliconi, which produces 35 billion bottle tops a year, mostly in Italy but also in Egypt and China, stepped up production of energy-intensive semi-finished goods, invested in solar panels and commissioned a prototype of a new digital printer for metal sheets that did not require gas ovens."

21 October 2022 – Reuters [Link](#)

Want Energy Resilience? Invest Locally.

"Communities looking to build resilience in the face of worsening climate disasters will soon have a once-in-a-generation opportunity to better prepare themselves via new federal funding and incentives. As the cleanup efforts following Hurricane Ian commence, the United States is once again faced with an all-too-familiar situation. Warming global temperatures have led to a sharp increase in the number of billion-dollar disasters in the United States — including stronger hurricanes, more pronounced heatwaves and wildfires, and severe winter storms. In these disasters, local residents (particularly low-income and BIPOC communities) are left stranded without access to electricity, often with tragic consequences. It doesn't have to be like this."

5 October 2022 – RMI [Link](#)

OPINION: We need resilience in our energy systems

"Our global energy systems, launched through the Paris Agreement on a transition to a world aspiring to net-zero emissions, have found through the war in Ukraine that they do not have the resilience to keep the world supplied with the resources needed to sustain jobs and economic growth. Today, we face a new imperative: to balance energy security, transition and sustainability – to meet global demand for the fuels that drive our global economy, and to build the energy systems to redress climate change."

25 October 2022 – S&P Global [Link](#)

High energy prices are another test for the resilience of food producers

"Surging energy prices create uncertainty for EU food producers, although national energy support measures reduce the impact and shield production. Nonetheless, food producers need to reassess their energy strategies because mandatory cuts in energy use can't be ruled out this winter and concerns about longer-term gas supply continue to linger."

27 October 2022 – ING Global [Link](#)

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