

AN INTELLIGENCE SERVICE FROM FOREVER SUSTAINABLE | ISSUE #16

SUSTAIN ABILITY *BRIEFING*

MARCH 2022



Yale University tracks companies **leaving Russia**

>>> SINCE THE WAR broke out in Ukraine 400 companies have exited Russia in protest. These are documented in web service provided by Yale University where exits can be followed in real time as they are disclosed by companies. It is a large increase in companies since the first days of the war when only a dozen companies had declared their exit. Yale also put pressure on companies that have not yet left by publishing their names under the headline “Digging in – defying demands for exit”.

For Yale University this is a way of taking a stand through “...helping in catalyze the mass corporate exodus from Russia” and Yale writes on the web site that:

“...we are humbled that our list helped galvanize millions around the world to raise awareness and take action”.

Yale have also constructed a typography of exits. It includes Withdrawal where companies completely halt their operations in Russia, Suspension where companies temporarily are halting operations and Scaling back where companies partly are scaling back their activities. ■



SOURCE: <https://som.yale.edu/story/2022/over-400-companies-have-withdrawn-russia-some-remain>

1) WITHDRAWAL

- *Clean Break:* companies completely halting Russian engagements;

2) SUSPENSION

- *Keeping Options Open for Return:* companies temporarily curtailing operations while keeping return options open;

3) SCALING BACK

- *Reducing Activities:* companies scaling back some but not all operations, or delaying investments;

4) DIGGING IN

- *Defying Demands for Exit:* companies defying demands



War in Ukraine changes ESG perspectives

>>> THE TRAGIC WAR in Ukraine highlights the possibility of boycotting a country as an investor, similar to what happened in South Africa during the apartheid years. This was an important topic in the early history of ESG-investing that now have to be considered again; the negative screening of countries. Also, the perspectives on the defense industry are changing and calls are made to include defense

companies into sustainable investment funds. Investing in companies that manufacture weapons is to be regarded as sustainable by investors, for example by the Swedish bank SEB, writes professor Robert Eccles in an article in Forbes on how financial markets react to the war in Ukraine.

He quotes the SEB statement that “...the defense industry are of key importance to uphold and defend

democracy, freedom, stability and human rights”. This could, Eccles writes, also change how defense companies are to be handled in the development of EUs social taxonomy going forward. ■



SOURCE: <https://www.forbes.com/sites/bobeccles/2022/03/06/vladimir-putins-contribution-to-esg-investing/?sh=5a4d817b7f93>

Academia to support Ukraine

>>> IN A CALL for action to the scientific community two leaders of the United States National Academy of Sciences urges universities and academics to support Ukraine. This can be done in a number of ways, they write in the journal Science: “...strengthening

regional partnerships in Eastern Europe, networking to find refugees safe havens, speaking out forcefully against this invasion, and preparing to help rebuild Ukrainian science when the time is right”. A starting point is to partner with universities in border countri-

es, that have strong ties to the Ukraine academic society and can channel the effort needed into Ukraine and to the refugees. ■



SOURCE: <https://www.science.org/doi/10.1126/science.abp8817>



Supporting suppliers and employees in Ukraine

>>> ETHICAL TRADING INITIATIVE

have presented recommendations for companies with suppliers in Ukraine. It is about engaging with the local employees giving them support and help them with their needs. Secondly, companies should help in protecting Ukrainian refugees when they settle in other countries from exploitation, ensuring for example fair pay. Thirdly, companies need to follow and implement the sanctions set up by the west. When possible, employers should form part-

nerships with unions to support employees. Efforts should be done in line with the UN Guiding Principles on Business and Human Rights. Long term, companies can contribute to a democratic development in markets by anti-corruption, supporting unions and train employees in the rights they have. ■



SOURCE: <https://www.ethicaltrade.org/blog/eti-responds-to-russian-invasion-ukraine>

Partnering in “BUSINESS FOR UKRAINE”

>>> A NUMBER OF companies and organizations have started “Business for Ukraine”, including Forever Sustainable, Enact, Ny Teknik, CSR Västsverige and NMC. The initiative wants to give the business community an opportunity to stand up for democracy and freedom. We channel financial support through the Red Cross and their activities in Ukraine and neighboring countries. To join the initiative is to take a moral stand against the war and to be a part of creating an institutional pressure on Russia to leave Ukraine. The money raised goes directly to those in need and are used for food, water, shelter and health care for people affected by the conflict. ■



BUSINESS FOR UKRAINE



KEVIN BUCKERT



SOURCE: <https://www.business-for-ukraine.se/>

Targets for Corporate Activism lose value

»» **RESEARCHERS HAS** examined what happened when Facebook was targeted by 32 other companies including North Face and Unilever in the Stop Hate for Profit campaign. Results show that Facebook suffered a significant negative effect on the stock market due to the boycott. However, there was no stock market effect on the companies being part of the boycott, even though that could have been expected from a brand perspective. Corporate activism is where companies take a stand on a controversial social, political, or environmental issues to contribute to change. Managers should be aware when joining a boycott that there can be severe consequences for the target, but not necessarily a clear positive effect on themselves as companies, researchers conclude. ■



SOURCE: <https://www.sciencedirect.com/db.ub.oru.se/science/article/pii/S0148296321006135>



ANTON

Un-strategic actions bring new innovation

»» **LEARNINGS FROM THE** Covid 19 pandemic show that in crises situations companies take action in a non-strategic way outside their core business. Companies respond to the needs of stakeholders without so much consideration of the profitability dimension. It is a form of crisis-driven innovation where companies temporarily are suspending the profit orientation to respond quickly to calls for help. One example was new

product innovations in personal protective equipment. This is the findings of interviews with eight Swedish companies. Researchers draw general conclusions on how companies respond in crisis situations that could lead to new ways of working also after the crisis is over. ■



SOURCE: <https://onlinelibrary.wiley.com/doi/pdf/10.1111/radm.12522>

Business can lead development in Newly Formed Democracies

»» **ETHICS IN BUSINESS** is a precondition for establishing a legitimate political democracy in a country coming from a dictatorship. It is a precondition for the legitimacy of a market economy and lack of morality in business can undermine exactly those priorities that newly formed democracies regard as most urgent. The role that business leaders together with politicians, civil society and the media can play is emphasized. Especially important it is to address corruption since it undermines democracy. Learnings from the work to establish democracy in South Africa should be used in the Eastern European countries, the author Gedeon J. Rossouw, writes

in Journal of Business Ethics and ads "*Business Ethics is often regarded as a low priority in newly formed democracies, because it seems there are more urgent demands that have to be dealt with first. In this paper it is argued that this perception is not only wrong, but also dangerous*". This paper was published 1998. ■



SOURCE: <https://link.springer.com/db.ub.oru.se/content/pdf/10.1023/A:1005767721227.pdf>

"For decades managers trusted influential economists who promised that if businesses maximized profits, an invisible hand would generate greater benefits for all society. That isn't happening the way they said it would. An excessive focus on creating value for shareholders is robbing other stakeholders of value."

Authors from Bain & Company in Harvard Business Review

The purpose driven company

>>> IN A LARGER SPECIAL report on Purpose in Harvard Business Review academics give new guidance on how to put purpose at the center of business strategy. As purpose is a somewhat confusing concept it is important to find an authentic and motivating basis that stakeholder groups can align on. Purpose can be used in at least three ways; the function of the product, how to run the business or the good the company aspire to do. Also, all companies do not necessarily need to have a strong

purpose driven strategy. *"Not all companies can save the world"*, as the authors write. In these cases, a strong culture can still provide a meaningful why for employees and other stakeholders.

But if you can find a purpose driven strategy it is beneficial in several ways. Firstly, it can increase customers interests for your products and services. Also, purpose can strengthen employees' connection to work and one another. Additionally, it can enhance reputation as a good corporate citizen

and eventually reduce business risk and find new avenues for growth. Also, the consultancy Bain & Company joins the piece in HBR giving recommendations on purpose implementation including aligning internally, manage the culture needed and anchoring the purpose with stakeholders. ■



SOURCE: <https://hbr.org/2022/03/what-is-the-purpose-of-your-purpose>



ABOUT US

FOREVER SUSTAINABLE

We are a Scandinavian hybrid consultancy and think tank focusing on sustainable business and Shared Value.

SUSTAINABLE BUSINESS QUARTERLY REPORT

An intelligence service for executives engaged in sustainability, CSR and the future of business.

IN COOPERATION WITH:

Center for Sustainable Business, CSB, Örebro University.

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SUSTAINABLE
BUSINESS

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Obos, Atlas Copco, BDO, CGI, SEB and Skandia Ideas for life.

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