

# In Ukraine, a Vision of ESG's Potential: The massive corporate response to Russia's invasion shows what ESG can be

*ESG on a scale – and at a speed – we've never seen before. Al Collins assesses the state and future of ESG in light of the past two weeks.*

NEW YORK, NY, UNITED STATES, March 11, 2022 /EINPresswire.com/ -- For the first time, staying



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*Al Collins*

silent and complicit in global crises poses greater risk to the private sector than acting on stated values, even if it means lost profits. The rapid, massive corporate response to Russia's invasion of the Ukraine marks a new era of [ESG](#).

Environmental, social and governance standards have become increasingly significant factors for both institutional and retail investors and brands. Analysis by academic institutions like NYU Stern has consistently

shown positive correlations between ESG performance and financial performance. According to Morningstar, inflows to funds indexed to ESG criteria are growing rapidly and total ESG assets, per Bloomberg, may soon account for an astounding one-third of global assets under management.

However, evidence of the actual impact on E, S or G has been murkier. The war in Ukraine may be one of the clearest demonstrations of its potential.

The corporate response to the Russian invasion has been unprecedented. Seemingly overnight, [hundreds of businesses](#) have decided to scale back operations in or sever ties with Russia, a veritable stampede for the exit, moving with agility their shareholders probably wish they saw in other functional areas of the organization. High-profile brands – dozens more every day – have made major pivots in real-time, attempting to walk the walk of good global citizens, even when those high-minded business decisions run counter to the firms' immediate financial interests. The calculus, it seems, is that while these actions may cause a short-term financial hit, failure to act could be fatal.

The majority of these business decisions are just that: business decisions, not the result of a

government mandate. Individual corporations are listening to clients, customers, shareholders, employees and pundits.

[VShift](#) CEO Al Collins sees this as a turning point in ESG. The private sector has never before been empowered to act so quickly and so decisively to shift both operations and communications in response to a crisis.

“ESG has reached a tipping point at which the collective power of corporations makes possible momentous actions in support of high-priority social goals,” Collins said.

As a result, Apple and Google suspended mobile payments, Visa, Mastercard and Amex closed their operations, carmakers shuttered their showrooms, movie studios canceled blockbuster openings. Multinationals from Airbus and Boeing to retail giants like H&M and Ikea joined the exodus. Taking an innovative approach, Airbnb is burnishing its social bona fides with an offer of free housing to Ukrainian refugees.

While the true impact and outcome of these collective corporate ESG-driven actions remains unknown, there is no question that they are contributing mightily to the economic punishment of Russia – perhaps as significantly as government sanctions themselves. Russia had undoubtedly prepared for government sanctions – but did it factor in corporate punishments as well?

In just a couple of weeks ESG has reached a tipping point at which the collective power of corporations makes possible momentous actions in support of high-priority social goals. Indeed, perhaps we are coming upon a day when corporate social conscience becomes unremarkable – because it’s the norm. This new paradigm would be most welcome and not a moment too soon: There’s no shortage of challenges on the horizon.

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