



## ORIGINAL PAPER



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# The Impact of Sanctions on the Level of ESG Transparency in Russian Companies After the Start of the Special Military Operation

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## ABSTRACT

Under the conditions of sanctions restrictions, there has been a change in the ESG involvement and ESG transparency of Russian companies. At the same time, the nature of such changes, as well as the impact of sanctions, ownership structure and industry affiliation, remains insufficiently studied. The article examines the level of ESG transparency of Russian business before and after the start of a special military operation in 2022, considering the ownership structure and industry affiliation of companies. The study sample includes ESG transparency estimates for 75 Russian public companies for the period from 2021 to 2023. According to the results of the study, it was revealed that after the start of the special military operation, there was a decrease in the level of information transparency in all three ESG aspects, especially in terms of social information and corporate governance information. In addition, it was found that the change in the level of ESG transparency varies depending on the ownership structure and industry affiliation. The results obtained can be used by investors, creditors and other stakeholder groups when making decisions about cooperation with certain companies, taking into account the specifics related to the capital structure and business profile.

**Keywords:** corporate governance; ESG-transparency; sanctions; stakeholders; transparency criteria; SMO; Russia

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## INTRODUCTION

After the start of the special military operation (SMO) experts have forwarded their point of view that the aspects of sustainable development and ESG agenda will lose their relevance. Experts understand ESG as “a set of environmental, social and governance indicators that are increasingly used to assess the sustainability of business and investments” [1]. Such scepticism was based on the following main reasons: foreign investors withdraw funds from the capital of Russian entities, foreign companies prominent for advanced ‘green’ technologies and practices abandon Russian markets, as well as Western countries impose alternating packages of restrictive measures against Russian businesses.

Indeed, such issues as maintaining business, re-orientation to other markets and retention of valuable employees became of paramount importance. However, the agenda of sustainable development has not been closed, while the emphasis of aspects ‘E’, ‘S’ and ‘G’ has changed. As some expert surveys revealed, the most relevant issues turned out to be social programmes and those related to the carbon agenda.<sup>1</sup> To run sustainable development in the context of limited resources and sanctions shocks, Russian businesses rejected the style of keeping up with international leaders and act like them to a different self-conscious approach based on their own interests and priorities.

The pressure of external sanctions forced domestic corporations to significantly change their information transparency. For security reasons, there were restrictions for government agencies and companies to provide information about their activities. In 2022, the Federal Customs Service suspended publishing information on exports and imports.<sup>2</sup> Only a year later, the publication of data on international trade was partially renewed. The Bank of Russia issued a

resolution<sup>3</sup> to order restrictions on financial and non-financial reporting for companies under sanctions or threatened with sanctions. As a result, many state-owned companies and banks, as well as state-run entities related to certain industries and specified types of business, ceased to officially report on their activities.

At the same time, due to lack of transparency of financial and non-financial information, there is a growing risk of greenwashing and various types of violations of shareholders’ rights, including minority shareholders. Investors and partners in Asian markets, which Russian companies re-oriented to deal with, are also involved in sustainability issues. Thus, ESG transparency issues become important for large public entities, if they are needed by investors and other stakeholders.

The purpose of the research is to assess the impact of sanctions restrictions on the level of ESG-transparency of Russian public companies within the period of 2021–2023, i.e. before and after the start of the special military operation. By ESG-transparency we mean disclosure of data related not only to financial, environmental and social aspects, but also to corporate governance, presented in the form of extended annual reports, sustainability reports, integrated reporting etc.

## REVIEW OF THE RESEARCH

### The impact of sanctions on business

Being an instrument of economic and political pressure, sanctions were imposed since old times. In terms of economic content, sanctions enforce trade restrictions on foreign trade transactions: embargoes on arms, military equipment, technology, food, etc. They also lead to financial limitations: cancellation of loans, ban on investments in countries or companies, financial trans-

<sup>1</sup> URL: <https://chr.plus.rbc.ru/news/624598017a8aa90f36782a28>

<sup>2</sup> URL: <https://www.interfax.ru/business/837264>

<sup>3</sup> Information letter of the Bank of Russia dated 22.04.2022 No. IN-02–28/59 “On non-disclosure of information based on the Resolution of the Board of Directors of the Bank of Russia dated 14.04.2022”.



actions, etc. The article by I. N. Timofeev describes in detail the means and methods imposed against the Russian economy [2].

Sanctions affect not only the target countries, but also the countries, which initiate them against other countries, so that the consequences may not always be predictable for both sides [3].

Foreign experts give different assessments of the damage level caused by sanctions which hit the Russian economy. Experts from the World Bank,<sup>4</sup> the European Union<sup>5</sup> [4] and Ukrainian researchers [5] insist on a significant impact on the reduction of GDP and international trade.

Some other Western experts point out a limited damage of the sanctions, since Russian businesses import necessary goods through the countries of Central Asia and the Caucasus. According to their estimation, “exports from the EU to these countries grew by 46 billion Euros in 2023, which is 50 per cent more than in 2021, or equivalent to a 75 per cent drop in European exports to Russia over that time”.<sup>6</sup>

Russian scholars acknowledge the drop in growth of economy and its losses, but the assessments are different. Their research works are related to the first-wave sanctions of 2014, including their geo-economic and geopolitical consequences [6–8], and those sanctions imposed at the beginning of the special military operation [3,9]. Besides, many scholars have an opinion that the impact on business was weaker than expected, since domestic entrepreneurs acquired a good experience of adaptation to the crises of previous years.

Some research works are also devoted to the assessment of information transparency

[10], the impact of the special military operation on disclosure of financial data [11], and on sanctions affecting ESG strategies of Russian companies [12,13].

### **Drivers of ESG-transparency in the context of the special military operation**

From the position statement of legitimacy theory, domestic companies employ ESG-transparency to obtain a decent image of their activity in the public opinion. In a way, it is a kind of “license to operate” which is built up by an increasing trust and forming a positive public identity — this is the reason to encourage entities to publish non-financial (environmental, social, etc.) reports [1,14].

From the point of view of the stakeholder theory, the information transparency of business in the field of sustainable development depends on the interest of investors, creditors, customers, partners, the society etc. in public disclosure of environmental, social, managerial and other significant aspects of companies’ activities.

Thus, the demand for ESG-transparency of public companies is justified by the expectations of shareholders, the public and other stakeholders. All countries demonstrate an increasing interest in such information, which is confirmed by the multiple growth of ESG-ratings and indexes. Over 500 agencies worldwide provide services to assess companies in terms of their sustainability [15].

Sanctions restrictions have changed the drivers of ESG-transparency among Russian companies. In the first place, the regulatory environment transformed information transparency: easier terms of disclosure of financial and non-financial information were adopted. Withdrawal of foreign investors and partners from the domestic market diminished their influence on Russian companies, which in turn retained their positions in Western markets. On the other hand, ESG criteria are still relevant in the South Asian and Asian-Pacific regions.

<sup>4</sup> URL: <https://www.weforum.org/agenda/2022/12/sanctions-russian-economy-effects/>

<sup>5</sup> URL: <https://www.weforum.org/agenda/2022/12/sanctions-russian-economy-effects/>

<sup>6</sup> URL: <https://www.economist.com/europe/2024/08/19/the-mysterious-middlemen-helping-russias-war-machine>

Russian agencies,<sup>7</sup> which provide ratings and indexes, replaced foreign data providers. The risk of cross-border carbon regulation from Europe has been replaced by a similar risk from China.<sup>8</sup> As a top priority range of targets, market participants focus on economic and financial reliability issues, import substitution, supply stability etc. Thus, after the start of the special military operation, just an image per se is no longer a significant **driver** of ESG disclosure.<sup>9</sup>

Consultants and analysts claim that foreign stakeholders still become the drivers of ESG indication for export-oriented companies. However, industry affiliation, as well as foreign and domestic sales markets define the level of business partners. Companies, which re-oriented business activities from American and European to Asian markets meet the requirements of new partners to maintain or even demonstrate an information transparency related to their growing sustainability. Those companies that failed to substitute foreign markets and focused on domestic markets, show a slight decrease in ESG transparency.

Shareholders or investors play an important role as economic factors to influence ESG transparency as well. Asian investors do not put a strong pressure on businesses of Russian companies regarding transparency issues: their share in the equity capital is smaller than that of Western investors before they withdrew. The state assumes this function as a key driver of ESG-disclosure<sup>10</sup> [16].

Researchers provide different points of view: some do their best to prove a positive factor of the presence of the state in the share capital

and ESG-transparency of companies [17–19], meanwhile others take the opposite point of view [20–24].

Analysing different industries, one of the studies demonstrated that, for example, metallurgical companies have a more explicit ESG-disclosure due to the fact that they have the strongest harmful impact on the environment [25].

Review of the research led to formulate the following questions:

1. Which of the aspects (E, S or G) in the ESG-assessment of Russian companies changed most significantly after the start of the special military operation?
2. How did the sanctions related to the special military operation affect the ESG-transparency of Russian companies with different structures of ownership (with or without state participation)?
3. How did the sanctions implicated in the special military operation affect the ESG-transparency of Russian companies in different industries?

### Research methods and materials

Most often, Russian public companies, including those with state participation, disclose ESG information within the framework of their annual or sustainability reports, ESG ratings conferred, as well as by means of issuing data books of non-financial indicators. Based on this and other official publicly available information (including materials posted on companies' corporate websites), Russian rating agencies make lists of ratings and rankings of ESG performance and ESG transparency.

The sample of this research study includes 75 Russian public financial and non-financial companies (168 findings) involved in the ESG transparency ranking of Expert RA credit agency<sup>11</sup> in the period of 2021–2023. The authors put

<sup>7</sup> In Russia, ESG ratings are provided by National Rating Agency (NRA), Analytical Credit Rating Agency (ACRA), Expert RA and National Credit Ratings (NCR).

<sup>8</sup> URL: <https://ao-journal.ru/esg-perestroyka-perekhodim-ot-liriki-k-fizike>

<sup>9</sup> URL: <https://mustread.kept.ru/interviews/esg/imidzhevaya-sostavlyayushchaya-poteryaet-znachenie-investirovat-v-esg-prodolzhat-te-komu-eto-deystvi/>

<sup>10</sup> URL: <https://trends.rbc.ru/trends/green/650432939a7947bc23ec82dc>

<sup>11</sup> Expert RA is one of the oldest and largest rating agencies in Russia, holding leading positions in both credit and non-credit (ESG) ratings. Since 2021, it has been compiling an

Table 1

**ESG transparency estimates of Russian companies per annum in ter of E, S, and G, in pts.**

Criterion / Year	2021	2022	2023	Total
Total ESG-score	1.63	1.43	1.50	1.52
E-score	1.67	1.46	1.54	1.56
S-score	1.75	1.47	1.56	1.60
G-score	1.87	1.60	1.79	1.75

Source: compiled by the authors.

together all of them in accordance with the state presence in the share capital structure or without state participation and industry affiliation.

Within the framework of the analysis, in view of account the Expert RA methodology, the information disclosure is assessed according to the following:

- environmental policy and actual environmental impact (E);
- social responsibility policy and actual interaction with employees, clients and society as a whole (S);
- the management and actual protection of stakeholder rights (G);
- the non-financial reporting standards used (St).

Each indicator is valued on a three-point scale: 2 points — in case of full disclosure, 1 point — in the matter of incomplete/insufficient disclosure, 0 points — in case of no disclosure. Based on individual indicators, an overall score was formed, which was measured on the same scale. For separate companies, including financial, IT and telecom entities, a few environmental and social factors (e.g., disclosure on air pollution, as well as on safety and health

protection) were not taken into account for the assessment process.

This research work analyses the overall assessment of ESG transparency, as well as its E, S and G aspects.

## RESULTS

### ESG-transparency: a trend analysis

In accordance with the results of the trend analysis in *Table 1*, the level of ESG transparency decreased by 12 per cent from 1.63 to 1.43 points after the start of the special military operation in 2022 and the introduction of anti-Russian sanctions. This applies to all ESG aspects, however, both social disclosure and corporate governance disclosure decreased most of all: by 16 and 14 per cent correspondingly.

*Table 1* indicates that in 2023, Russian companies adapted and partially restored disclosure of non-financial information: the average ESG score increased by 5 per cent, from 1.43 up to 1.50. Russian businesses became more active in publishing information on all ESG aspects, with the most significant increase in transparency in the area of corporate governance: the average G-score increased by 12 per cent, from 1.60 to 1.79. At the same time, Russian companies did not reach the level of 2021 before the start of the start of military operation in any of the aspects.

ESG transparency ranking of Russian companies and banks, which assesses the degree of disclosure (transparency) of ESG information. In 2022, the methodology for compiling this ranking became public. URL: <https://raexpert.ru/docbank/7bc/7f3/df1/de8a9e328f887ece378f281.pdf>



Table 2

**ESG transparency estimates of Russian companies in 2021–2023 in terms of E, S, and G, depending on the ownership structure, in pts.**

Ownership structure	Overall ESG-score	E-score	S-score	G-score
Public companies	1.50	1.46	1.79	1.16
With state participation	1.55	1.71	1.70	1.08
Total	1.52	1.56	1.75	1.13

Source: compiled by the authors.

**ESG transparency  
and ownership structure**

After the start of the special military operation, when sanctions were developing in February 2022 to target a multitude of Russian companies and individuals, one of the main criteria for such restrictions was the degree of affiliation with the state. Therefore, no wonder that a significant part of sanctions was aimed precisely to hit the companies with state participation.

The comparison figures of companies with different ownership structures assessed in terms of information disclosure for all three aspects (E-score, S-score, G-score and overall ESG-score) is shown in *Table 2*.

*Table 2* indicates that companies with state participation show a higher level of transparency of environmental and social information (1.71 and 1.08 points), than public companies without state participation (1.46 and 1.16 points, respectively). In contrast to this aspect, the degree of transparency of corporate governance information is higher among companies without state participation (1.79 points) than in companies with state participation (1.70 points).

*Table 3* presents the year-on-year comparison figures of companies in terms of ESG information disclosure in all three aspects.

According to the results indicated in *Table 3*, in 2021, companies with state participation show a higher level of ESG transparency (1.67

points) versus companies without state participation (1.59 points). Meanwhile the level of disclosure of social and corporate governance information did not differ significantly (1.77 and 1.88 points in companies with state participation versus 1.74 and 1.87 points in companies without state participation). The degree of openness in the field of environmental information was significantly higher in companies with state participation (1.79 versus 1.58 points). Such openness of environmental information on the part of companies in which the state is one of the shareholders is easy to understand: it is the state that plays the main role in the formation of the regulatory and legal framework in the environmental sphere, as well as in the implementation of environmental policy.

In ESG transparency ranking for 2022 by Expert RA credit agency, companies with state participation reduced the amount of ESG information disclosed to a greater extent: their ESG transparency level dropped by 16 per cent, from 1.67 to 1.40 points, while that level of others decreased by 9 per cent, from 1.59 to 1.45 points. The level of transparency of corporate governance information plummeted most of all — by 24 per cent in companies with state participation: from 1.88 to 1.43 points, while in public companies it fell only by 9 per cent: from 1.87 to 1.71 points.

Such a significant decrease in corporate governance transparency of companies with



Table 3

**ESG transparency estimates of Russian companies per annum in terms of E, S, and G,  
depending on the ownership structure, in pts.**

Criterion / Year	2021		2022		2023	
Ownership structure	Public companies	With state participation	Public companies	With state participation	Public companies	With state participation
Overall ESG-score	1.59	1.67	1.45	1.40	1.46	1.57
E-score	1.58	1.79	1.38	1.58	1.41	1.75
S-score	1.74	1.77	1.44	1.52	1.52	1.62
G-score	1.87	1.88	1.71	1.43	1.80	1.78
St-score	1.12	1.02	1.25	1.08	1.11	1.14

Source: compiled by the authors.

state participation is obvious: in the context of sanctions and in the interests of national security these companies closed access to all sensitive information, including the composition of the Board of Directors. Whereas previously such information was available in the open access, Russian public companies were given the option not to disclose it, or to disclose it partially by Resolution No. 351<sup>12</sup> of the Government of the Russian Federation dated 12.03.2022.

Although this primarily involved only financial statements, many companies, mainly those with state participation, decided not to publish non-financial indicators as well, in their annual or ESG reports.

The current research work figured out 3 strategies for companies to respond in terms of ESG transparency during the analysed period. In 2022, some of the companies, namely, VTB, Transneft, PIK, KAMAZ, etc. completely

removed sustainability reports for previous years from their websites. At the same time, most companies kept publishing non-financial reporting and reduced the amount of data provided. Disclosure of information related to corporate governance significantly decreased, for example, among such companies as Sberbank (from 2.0 to 0.4 points), AK Alrosa (from 2.0 to 0.4 points) and Gazpromneft (from 2.0 to 0.6 points). However, some entities did not change the level of transparency in corporate governance, including, for example, Gazprom (2.0 points), Tatneft (1.8 points). Some companies even increased the level, such as Moscow Exchange — from 1.8 to 2.0 points.

In 2023, companies with state participation increased their index of ESG disclosure by 12 per cent: from 1.40 to 1.57 points, while those companies without state participation increased by less than 1 per cent: from 1.45 to 1.46 points. At the same time, their corporate governance disclosure was almost at the equal level: 1.78 and 1.80 points, respectively.

<sup>12</sup> URL: <https://www.garant.ru/products/ipo/prime/doc/403593706/>

Table 4

**ESG transparency overall estimates of Russian companies per annum, depending on industry affiliation, in pts.**

INDUSTRY / YEAR	2021	2022	2023	TOTAL
Agro-industrial complex	1.36	1.02	1.57	1.32
Generating companies	1.79	1.46	1.65	1.63
Gold and diamond mining	1.73	1.74	1.76	1.74
Machine building	1.20	0.53	1.07	1.01
Oil and gas production	1.76	1.49	1.58	1.61
Retail trade	1.49	1.36	1.33	1.40
Communications and telecommunications	1.95	1.57	0.80	1.57
Network companies	1.60	1.48	1.49	1.51
Construction and development	1.28	1.57	1.39	1.40
Transport and infrastructure	1.32	0.99	1.09	1.13
Coal Mining	n/a	1.67	1.62	1.65
Finance	1.56	1.24	1.62	1.46
Chemical industry	1.36	1.95	1.95	1.60
Holdings	1.99	1.10	1.28	1.41
Non-ferrous metallurgy	1.90	1.93	1.67	1.81
Pulp and paper industry	1.80	1.23	1.22	1.42
Ferrous metallurgy	1.85	2.00	1.91	1.90
IT	1.48	1.37	1.61	1.49
TOTAL	1.63	1.43	1.50	1.52

Source: compiled by the authors.





### ESG transparency and industry affiliation

*Table 4 and 5* present the comparison by ESG transparency among the sample industries.

The analysis based on data of *Table 4* reveals that the highest level of ESG-transparency currently have non-ferrous (1.81 points) and ferrous (1.90 points) metallurgy companies, as well as gold and diamond mining companies (1.74 points). The first group includes MMK, NLMK, Nor Nickel, Severstal, Rusal, etc., and the second group includes AK Alrosa, Polymetal, Polyus and Seligdar.

Companies from the oil and gas sector, like Gazpromneft, Gazprom, Rosneft, Tatneft, etc. have an average disclosure indicator of 1.61, as do companies in the energy sector, including Inter RAO, Mosenergo, Rushydro, etc. (1.6 points) and the entities of the chemical industry (1.60 points). The least ESG criteria are disclosed by companies from the transport sector, such as Aeroflot, UTair etc. (on average 1.13 points) and mechanical engineering, including Kamaz, UAC, etc. (1.01 points).

Over the period of 2021–2023, the level of disclosure of non-financial information decreased in 11 out of 18 industries. ESG-transparency of companies in the field of communications and telecommunications dropped more than twofold by 41 per cent from 1.95 points in 2021 to 0.8 points in 2023; by 11 per cent in machine-building companies and by 17 per cent in transport companies; by 32 per cent in the pulp and paper industry and by 64% in holding companies.<sup>15</sup> However, certain industries showed an increase in ESG transparency: gold and diamond mining (by 2 per cent), finance (by 4 per cent), IT (by 9 per cent) and chemical industry (by 43 per cent).

Noticeably, the level of ESG disclosure after the start of the special military operation either unchanged or increased in the companies of such industries that were less affected by anti-

Russian sanctions and retained their positions on the global market due to their monopolistic position, primarily the chemical industry. As to the industries that operate to a greater extent in the Russian market and were affected by Western sanctions, on the contrary, they showed a decrease in the level of information transparency in the ESG area (telecommunications, pulp and paper companies, as well as holding companies).

*Table 5* presents disclosure of information by the sample companies selected by groups of social, environmental and managerial indicators for the period under study.

According to data from *Table 5*, the worst disclosed are environmental indicators (1.56 points), and the best disclosed are social indicators (1.75 points). Among the exceptions are generating companies, gold and diamond mining, non-ferrous and ferrous metallurgy, IT.

The highest scores of information disclosure in the area of corporate governance are for ferrous metallurgy companies (1.96 points) and in the area of environment for gold and diamond mining companies (the highest is 2.00 points) as well as ferrous and non-ferrous metallurgy companies (1.95 and 1.94 points respectively).

The least transparency regarding disclosure of environmental indicators revealed by transport and infrastructure (1.11 points), machine building (1.11 points), retail trade (1.12 points) and construction (1.15 points).

### DISCOURSE AND CONCLUSIONS

The given study reveals that ESG agenda was affected by negative events during the period under review. After the start of the special military operation and the sanctions, domestic companies of different industries with different ownership structures demonstrated uneven changes in degrees of involvement in their implementation of sustainability goals and ESG-transparency.

In response to the first research question, it can be noted that after the start of the special

<sup>15</sup> Under the methodology of Expert RA credit agency, the category of holdings includes such companies as Sistema JSFC, EN+ GROUP PJSC and SFAI PJSC.

Table 5

**ESG transparency estimates of Russian companies in terms of E, S, and G in 2021–2023,  
depending on industry affiliation, in pts.**

Industry	Overall ESG-score	E-score	S-score	G-score
Agro-industrial complex	1.32	1.24	1.73	1.67
Generating companies	1.63	1.85	1.78	1.67
Gold and diamond mining	1.74	2.00	1.76	1.75
Machine building	1.01	1.11	1.36	1.24
Oil and gas production	1.61	1.67	1.80	1.64
Retail trade	1.40	1.12	1.78	1.60
Communications and telecommunications	1.57	1.54	1.88	1.65
Network companies	1.51	1.56	1.83	1.66
Construction and development	1.40	1.15	1.83	1.71
Transport and infrastructure	1.13	1.11	1.57	1.23
Coal Mining	1.65	1.88	1.90	1.70
Finance	1.46	1.39	1.53	1.47
Chemical industry	1.60	1.80	1.84	1.60
Holdings	1.41	1.18	1.86	1.34
Non-ferrous metallurgy	1.81	1.94	1.91	1.74
Pulp and paper industry	1.42	1.23	2.00	1.60
Ferrous metallurgy	1.90	1.95	1.93	1.96
IT	1.49	1.78	1.47	1.40
TOTAL	1.52	1.56	1.75	1.60

Source: compiled by the authors.



military operation, the disclosure level of public companies in the whole sample decreased by 12 per cent for all three groups of indicators (E, S, G): from 1.63 points in 2021 to 1.43 points in 2022. To a major extent, this applies to social and corporate governance indicators. In 2023, the disclosure of non-financial data expanded compared to 2022, but none of the groups reached the level of 2021 with scores comparable to those in the period of time frame prior to the start of the special military operation.

As for the second question, companies with state participation cut to a large extent their disclosure of non-financial information. This is logical and related to the fact that one of the criteria for imposing anti-Russian sanctions was the degree of affiliation with the state. Consequently, such companies started to conceal essential corporate information aiming to safeguard national interests.

As regards the third research question, the research work revealed that the impact of sanctions was not homogeneous for ESG-transparency of companies in different industries. Some companies increased the transparency of non-financial information, for instance in the sectors of gold and diamond mining, finance, chemical industry, or IT-industry. On the other hand, some other industries concealed it: ESG-transparency decreased to the greatest extent in companies in the communications and telecommunications, transport, and engineering industries. The explanation is obvious: some of them manufacture dual-use products.

As for separate groups, the gravest situation in most industries concerns the disclosure of environmental indicators. The only exception is export-oriented industries, which may deal with requirements of foreign partners. The least transparent environmental indicators were shown by companies whose activities are on the domestic market: transport and infrastructure, machine building, retail trade, construction, etc. This indicates that Russian stakeholders among shareholders, clients, em-

ployees etc. do not consider participation in ESG-awareness and ESG-transparency to be among their priorities.

A clear example is timber industry companies, including PJSC Segezha Group,<sup>14</sup> which lost access to Western European markets. In 2022, the level of ESG transparency of such companies in this industry dropped by 32 per cent: from 1.80 to 1.23 points, and in 2023 it still did not show a recovery to stay at the level of 1.22 points.

In accordance with the results of the given study, one can also claim that the state becomes the driver of ESG-disclosure for the companies, which operate in the domestic market trying to get adapted to the conditions of a new wave of sanctions [16]. This happens due to increased transparency of companies operating with state participation in all three groups of indicators: environmental, social and corporate governance.

## CONCLUSIONS

The research work contains the empirical analysis of 75 Russian public companies for the period 2021–2023. It has been revealed that after the start of the special military operation and imposing unprecedented anti-Russian sanctions, there was a noticeable decline of ESG transparency of the Russian business, especially in terms of social and corporate governance disclosure.

At the same time, the impact of the sanctions pressure on the level of information transparency regarding ESG turned out to be quite different, because an important role is played by such factors as ownership structure and industry affiliation. Thus, after the start of the special military operation, the ESG transparency of companies with state participation decreased most of all. Among the main reasons were the affiliation with the state and,

<sup>14</sup> Vertically integrated timber holding company within AFK Sistema Group JSFC

consequently, another more acute problem of safeguarding national interests at the level of each separate corporation and the interests of the country as a whole. As for the industry affiliation, its influence on the degree of ESG-transparency in the sanctions environment deals with the company's orientation: domestic or foreign market. In particular, despite the sanctions, many export-oriented industries have improved ESG reporting disclosure, primarily gold and diamond mining, as well as the chemical industry.

The obtained results have theoretical and practical significance. From the theoretical point of view, the authors carried out a quantitative assessment of changes in the level of ESG-transparency of Russian companies before and after the start of the special military operation. In practice, the results obtained

can be used by investors, creditors and other stakeholders, when making decisions regarding certain companies, taking into account the specifics related to the capital structure and business profile. In particular, the findings obtained in this paper will be useful for agencies, which formulate sustainability ratings and rankings in the process of developing a methodology for forming estimates for comparative analyses of the ESG transparency of Russian companies.

It is worth pointing out that this research work analyses a relatively short period (2021–2023), the maximum available timeframe for which ESG transparency assessments of Russian companies existed at the time of writing. Thus, it seems relevant to conduct research using a longer time horizon and with a detailed analysis of the sustainability indicators of companies themselves.

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