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47 top corps face Russian expropriation

- 47 of top 200 corporations in world still have Russian assets at risk
- Those that delayed selling out are likely to face pressure from Putin
- They may be required to confirm support for Russia, give up shareholder rights, and/or invest more in Russia under threat of expropriation
- Some corporations' stock prices at particular risk

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New York/London. In the aftermath of Putin's 1 July threat to expropriate foreign shareholders in the Sakhalin II gas and oil project, the Moral Rating Agency released data revealing the 47 largest corporations in the world at risk of Russian expropriation because of the assets they still own in the country.

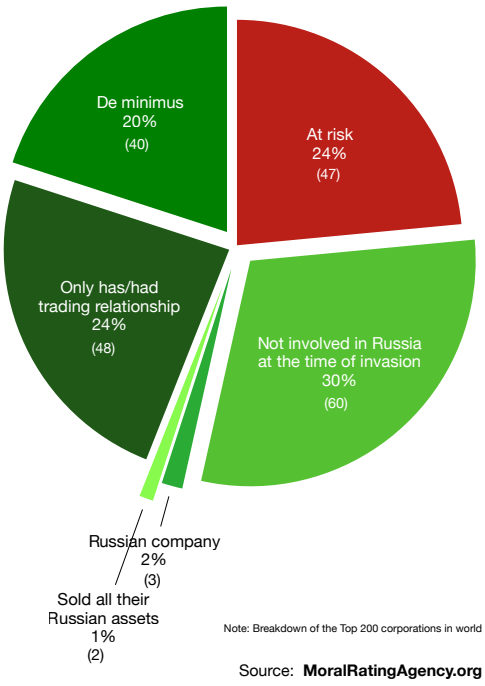
As part of its role in calling out corporations that are still involved with Russia on its website, the Moral Rating Agency released a list of the 47 corporations at risk together with their expropriation exposure levels.

The MRA has investigated the Russian involvement of corporations at the time of the invasion. The types of involvement that put a corporation 'at risk' cover wholly-owned factories and other assets, as well as majority- or minority-owned stakes in local Russian companies.

The Russian government decree announced on 1 July gives the Kremlin control of the Sakhalin-II project by transferring it to a new entity in which the three foreign investors (Shell, Mitsui, and Mitsubishi) will have to sign up to new conditions if they want to remain shareholders. Importantly, the decree did not expropriate the asset but instead gave the Kremlin the power to extract concessions from the shareholders.

Mark Dixon, founder of the Moral Rating Agency said, "The decree demonstrates that Russia is not just willing to expropriate assets but is also positioning itself to engage in 'expropriation blackmail'."

47 corporations at risk



Note: Breakdown of the Top 200 corporations in world

Source: **MoralRatingAgency.org**

The Moral Rating Agency data shows that, out of the 200 largest corporations in the world, the 47 'at risk' make up 24% of the total. Of the remaining 76%, 153 are not at risk for a variety of reasons: 3 companies because they are in fact Russian-owned, 60 because they didn't have assets at the time of Russia's invasion of Ukraine, 40 because their involvement in Russia is *de minimis*, 2 because they moved fast after the invasion and were able to sell their assets, and 48 because their involvement with Russia has been focused outside the country as exporter and/or importer or is limited to office representation.

At Risk

Top 200 corporations in the world at risk of Russian expropriation
Ranked by investment exposure level

Rank	Corporation	Asset(s) at risk	Exposure level*	Investment Exposure
1	Mitsui	12.5% stake in Sakhalin-2 and 10% in Arctic LNG-2 project	10.0	12.5% stake in Sakhalin-II estimated to be worth $2.5 billion based on total investment in Sakhalin-II estimated at $20 billion. Its 10% stake in Arctic LNG-2 involved and investment estimated at $2.6 billion. Combined, the two stakes equate to 15.3% of market capitalization
2	BP	19.75% Rosneft stake	10.0	19.75% stake in Rosneft's value at $11.2 billion equates to 12.8% of market capitalization
3	TotalEnergies	Minority stakes in non-state-owned Russian companies, including 10% in Arctic LNG-2 project	10.0	Russian investments worth $13.7 billion, according to Reuters, equate to 10.4% of market capitalization
4	China National Petroleum	Afilliates: Yamal LNG (20%) and Arctic LNG2 (10%)	10.0	Yamal and Arctic stakes combined worth $4.83 billion according to Hydrocarbons Technology, which equates to 9.0% of market capitalization
5	Mitsubishi Corp.	10% stake in Sakhalin-2	10.0	Russian assets including its 10% stake in Sakhalin-II is estimated to be valued at $2 billion, which equates to 9.0% of market capitalization.
6	Fortum	Thermal power plants	10.0	According to company, 8% of company's power plants in Russia
7	Sinopec Group	Stakes in Amur GCC	10.0	40% stake in Amur GCC is worth $4.0 billion, according to Reuters, equating to 5.74% market capitalization
8	PepsiCo	Novosibirsk snacks facility and Dairy plant in Moscow	10.0	4-5% of total revenue, according to company
9	China National Offshore Oil	Affiliates: 10% interest in Arctic LNG 2	10.0	Stake in Arctic LNG 2 worth $2.6 billion, according to NS Energy equates to 4.9% of market capitalization
10	E.ON	15.5% stake in Nord Stream 1 pipeline	10.0	Nord Stream 1 stake valued at $1.1 billion according to Reuters equates to 4.5% of market capitalization. Russia could disconnect rather than expropriate the pipeline
11	Trafigura Group	10% stake in Vostok oil development	10.0	10% stake in Vostok has been estimated at a value of $7.7 billion according to Reuters, which takes it above a 10 level of exposure for this private company
12	Marubeni	12.3% interest in SODECO. This Japanese consortium owns 30% of Sakhalin-I	8.0	According to Offshore Technology, it has a 3.70% stake in Sakhalin-I which is estimated to be worth $492 million. This equates to 3.2% of market capitalization
13	LG Electronics	Russian factory	5.7	2.4% of global revenue, according to Companiesmarketcap and TAdvisor
14	Royal Dutch Shell	Sakhalin-II stake and its interests in other Gazprom projects such as the Nord Stream 2 pipeline	5.5	According to Shell, its Russian investments were together valued at $3.9 billion in February 2022, which equates to 2.2% of its market capitalization
15	Nestlé	Nestle Rossiya OOO (manufacturer) subsidiary	5.0	2% of revenue from Russia, according to Fortune
16	Unilever	Production sites in Russia	5.0	1.97% of total sales, according to company
17	General Electric	GE Healthcare OOO manufacturer	5.0	Less than 2% of overall sales, according to Reuters
18	Assicurazioni Generali	38.5% stake in Ingosstrakh	4.1	38.5% stake in Ingosstrakh worth $390 million, according to the company, equates to 1.6% of market capitalisation
19	Samsung Electronics	Kaluga plant	3.8	1.5% of total revenue, according to Fortune
20	Nissan Motor	St Petersburg plant	3.8	1.5% of employees are in Russia, according to Automative News
21	Huawei Investment & Holding	Five research centers in Russia	3.5	1.4% of total employees are in Russia, according to Pandaily
22	Exxon Mobil	30% stake in Sakhalin-I project	2.8	According to company, value of its share in Sakhalin-I is estimated to be more than $4 billion, which is 1.1% of its market capitalization
23	Intel	Software development center	2.8	1.1% of total employees in Russia, according to TechCrunch
24	Alibaba Group Holding	Russian subsidiary	2.5	According to ICT Moscow , Alibaba owns 48% of AliExpress Russia which is estimated to be worth $3.2 billion. This equates to 1.0% of market capitalization
25	Siemens	Voronezh plant	2.5	1% of global revenues, according to company
26	BASF	Construction chemicals plant in St. Petersburg	2.5	1% of total sales, according to company
27	Hyundai Motor	St Petersburg plant	2.5	According to EMIS, 1.0% of total employees are employed in Hyundai Motor Manufacturing Rus Liability LTD, which operates the plant
28	Mercedes-Benz (formerly Daimler)	Moscow plant	2.5	According to company, $300 million investment in plant estimated to be 1% of market capitalisation
29	Ford Motor	Minority interest in Ford-Sollers joint venture	2.5	According to the company, joint venture generated less than 1% of total revenue in 2017
30	Procter & Gamble	Russian operations	2.5	Less than 1% of total profits, according to company
31	Glencore	Equity stakes in En+ and Rosneft	2.4	According to Forbes, Rosneft stake worth $240 million, EN+ stake worth $447 million. Combined they are worth 0.97% of market capitalisation
32	Boeing	Boeing subsidiaries, R&D facilities and joint ventures	2.3	1.0% of total employees are in Russia, according to Aviacionline
33	Itochu	Affiliates: <20% stake in Sakhalin-1	2.0	Estimated at 0.8% investment exposure, according to company
34	Axa	36.7% stake in Reso-Garantia	1.8	According to company annual report, value of Reso Garantia stake of $389 million is 0.7% of market capitalization
35	Deutsche Post DHL Group	Operating facilities	1.7	0.66% of total employees in Russia, according to Shipping Watch
36	Toyota Motor	St Petersburg plant	1.5	0.6% of total employees are employed at the St. Petersburg plant, according to Reuters
37	Volkswagen	Kaluga plant	1.5	According to Yahoo, directly owns Kalugar plant, where 0.6% of total employees are employed
38	Hitachi	Kalinin factory	1.3	Russian revenues approximate 0.5% of total, according to company
39	Chevron	15% stake in Caspian pipeline	1.0	CPC stake worth $800 million equates to 0.3% of market capitalization. Russia could expropriate the portion of the pipeline over Russian territory
40	Reliance Industries	74.9% ownership of Russian joint venture, Reliance-Sibur Elastomers	1.0	$337 million investment in 74.9%-owned joint venture equates to 0.2% of market capitalization
41	Walgreens Boots Alliance	"Less than 5%" stake in 36.6	1.0	Stake of "less than 5%" is worth less than $74 million which equates to 0.2% of market capitalization
42	Allianz	49.9% share of Russian subsidiary	1.0	Less than 0.2% of total profits, according to Wall Street Journal
43	ChemChina	Joint ventures	1.0	0.14% of total revenue
44	Airbus	Airbus Engineering Center in Russia (ECAR)	1.0	0.07% of total employees in ECAR, according to company
45	Tencent Holdings	10% stake in Digital Sky Technologies	1.0	10% stake in DST worth $300 million according to Wall Street Journal, which is estimated to be worth 0.07% of market capitalization
46	Microsoft	Software development R&D centre in Skolkovo	1.0	Microsoft Russian revenues are 0.06% of total, according to company and Spark
47	Bosch Group	Production plants	1.0	0.01% of total profits, according to annual report

*In some cases, exposure level may be calculated on a corporation's historical investment figure rather than current valuation of a stake as % of market capitalization. Market capitalization figures as of July 2022.Our investment exposure may differ from our Exposure score as it is calculated differently according to our methodology.

The MRA's founder, Mark Dixon, said, "The risk of being expropriated has now put companies that were talking about getting out of Russia in the same position as those refusing to get out. Both groups may now be subjected to the same pressures and risks."

Business & stock price impacts

The 47 corporations have expropriation exposure levels from 1 up to 10, according to the Moral Rating Agency's risk measurement methodology. This separates out each foreign company's trading activities from its in-country activities, and then looks at its Russian assets at risk as a percentage of its global business (whether compared by share of revenues, profits, assets, market capitalization, or using proxies for exposure such as employee share or production volume share, depending on what information is disclosed).

The energy sector took the majority of the highest exposure spots: Mitsui, BP, TotalEnergies, China National Petroleum, Mitsubishi, Fortum, Sinopec, China National Offshore Oil, E.ON, Trafigura, Marubeni and Royal Dutch Shell. Other energy companies had much lower risk levels: Exxon Mobil, Glencore, Itochu, and Chevron.

However, there are corporations in other sector at serious risk. PepsiCo had an expropriation exposure level of 10. Others with high risk levels include LG Electronics, Nestlé, Unilever, General Electric, Assicurazioni Generali, Samsung Electronics, and Nissan.

The high exposure levels of some corporations suggest their stock prices may be hit by the ramifications of the Sakhalin-II decree. Indeed, Shell, Mitsui and Mitsubishi, which were directly involved in the degree, all saw their share prices decline by about 5% compared to two days before the announcement.

Mr. Dixon said, "We anticipate a tsunami of expropriations or blackmailed concessions over the next couple of months."

If the expropriation threat proceeds, even the write-downs of Russian assets made by corporations such as BP and Shell will not insulate them from share price declines.

Mr. Dixon explained, "Write-downs are accounting adjustments and the stock market has not reflected those figures fully in share prices because a write-down doesn't mean the asset is lost or cannot return to its prior value. Expropriation is another matter and, if it happens or is considered likely, the stock price will be fully hit. Even corporations with a mix of assets at risk and non-asset activities (such as trade) may suffer on both lines of business because it will be difficult for corporations to keep trading with a country that illegally expropriates its factory or assets."

Not at risk

Top 200 corporations in the world not at risk of Russian expropriation

	Reason
Aegon	*De minimus* or no presence in Russia
AEON	Not involved in Russia
Agricultural Bank of China	*De minimus* presence in Russia
Albertsons	Not involved in Russia
Alimentation Couche-Tard	0.002% of stores and employees in Russia is *de minimus* exposure
Alphabet	Exports only
Aluminum Corp. of China	*De minimus* or no presence in Russia
Amazon	No data centers, infrastructure, or offices in Russia
Amer International Group	Not involved in Russia
AmerisourceBergen	Primary activity involves distribution of oncology therapies and pharmaceutical products
Anthem	Not involved in Russia
Apple	Stopped exports and only had an office at the time of invasion
ArcelorMittal	Not involved in Russia
Archer Daniels Midland	*De minimus* or no presence in Russia
AT&T	Not involved in Russia
Aviation Industry Corp. of China	Degree of investment in joint venture unclear
Aviva	*De minimus* or no presence in Russia
Banco Santander	Not involved in Russia
Bank of America	Only had minimal employees at the time of invasion
Bank of China	Only had an office at the time of invasion
Bank of Communications	Not involved in Russia
Beijing Automotive Group	*De minimus* or no presence in Russia
Berkshire Hathaway	Not involved in Russia
BMW Group	Do not own their own factory in Russia, partnering instead with a local factory that assembles the cars.
BNP Paribas	Banking services only
Brookfield Asset Management	Not involved in Russia
Cardinal Health	Not involved in Russia
Carrefour	Not involved in Russia
Centene	Not involved in Russia
China Baowu Steel Group	Imports only
China Communications Construction	Minimal Construction projects in Russia and an office only
China Construction Bank	Financial services and office at the time of invasion only
China Energy Investment	Not involved in Russia
China Everbright Group	Not involved in Russia
China Evergrande Group	Not involved in Russia
China FAW Group	Export only
China Life Insurance	Not involved in Russia
China Merchants Bank	Not involved in Russia
China Merchants Group	Not involved in Russia
China Minmetals	Not involved in Russia
China Mobile Communications	Office in Russia is de *minimus*
China National Building Material Group	Not involved in Russia
China North Industries Group	*De minimus* or no presence in Russia
China Pacific Insurance (Group)	*De minimus* or no presence in Russia
China Poly Group	*De minimus* or no presence in Russia
China Post Group	Not involved in Russia
China Railway Construction	Construction projects are *de minimus* exposure
China Railway Engineering Group	*De minimus* or no presence in Russia
China Resources	*De minimus* or no presence in Russia
China Southern Power Grid	Not involved in Russia
China State Construction Engineering	*De minimus* or no presence in Russia

	Reason
China Telecommunications	Only had an office at the time of invasion
China Vanke	*De minimus* or no presence in Russia
Cigna	Not involved in Russia
CITIC Group	CITIC's role as a general contractor in the Russian "Thermal Power Plan Complex Project" may not be at risk of expropriation assuming it does not own assets
Citigroup	No proprietary investments identified
COFCO	Imports only
Comcast	Only exports film and entertainment content
Costco Wholesale	Not involved in Russia
Country Garden Holdings	Predominantly domestic with holdings in South East Asia and South America
Crédit Agricole	*De minimus* presence in Russia
CVS Health	Not involved in Russia
Dai-ichi Life Holdings	Not involved in Russia
Dell Technologies	0.79% of revenues coming from Russia is assumed to be primarily related to exports and not St Petersburg development centre
Deutsche Telekom	No network in Russia and does not work with any companies in Russia
Dongfeng Motor	*De minimus* presence in Russia
Electricité de France	Sold all Russian assets
Enel	Sold entire stake
ENEOS Holdings	*De minimus* or no presence in Russia
Engie	*De minimus* or no presence in Russia
EXOR Group	5% stake in Veon, which received 30% of its revenue from Russia, is *de minimus* share of market capitalization
Fannie Mae	Not involved in Russia
FedEx	Primarily focused on Western market and Russian operations is de minimus of market capitalization
Freddie Mac	Not involved in Russia
Gazprom	Russian company
General Motors	No manufacturing in the country as of 2015
Goldman Sachs Group	Banking services only
Greenland Holding Group	*De minimus* or no presence in Russia
Guangzhou Automobile Industry Group	Imports only
HBIS Group	*De minimus* or no presence in Russia
Hengli Group	Not involved in Russia
Home Depot	Not involved in Russia
Hon Hai Precision Industry	Not involved in Russia
Honda Motor	Does not own a factory, trade only
HP	*De minimus* or no presence in Russia
HSBC Holdings	200 staff in Russia shows *de minimus* exposure
Humana	Not involved in Russia
Industrial & Commercial Bank of China	Banking services and office at the time of invasion only
Industrial Bank	Not involved in Russia
International Business Machines	Only had an office at the time of invasion
Japan Post Holdings	Delivery operations only
JD.com	Russian operations are *de minimus* share of market capitalization
Jinneng Holding Group	Not involved in Russia
Johnson & Johnson	Only exports and had an office at the time of invasion
JPMorgan Chase	*De minimus* presence in Russia
Kroger	Not involved in Russia
Legal & General Group	*De minimus* or no presence in Russia
Lenovo Group	Exports only
Lockheed Martin	Not involved in Russia
Lowe's	Not involved in Russia
Lukoil	Russian company
Manulife Financial	*De minimus* or no presence in Russia

	Reason
Marathon Petroleum	Imports only
McKesson	Not involved in Russia
Meta	Only had an office at the time of invasion
MetLife	*De minimus* or no presence in Russia
Mitsubishi UFJ Financial Group	*De minimus* or no presence in Russia
Munich Re Group	*De minimus* or no presence in Russia
Nippon Life Insurance	Not involved in Russia
Nippon Telegraph and Telephone	Only had an office at the time of invasion
Pacific Construction Group	Not involved in Russia
Panasonic	Largely exports only
People's Insurance Co. of China	Small insurance business in Russia which is *de minimus* share of market capitalization
Petrobras	Not involved in Russia
Phillips 66	Not involved in Russia
Ping An Insurance	Not involved in Russia
PowerChina	Not involved in Russia
Prudential	Not involved in Russia
Prudential Financial	Not involved in Russia
Raytheon Technologies	Only had an office at the time of invasion
Roche Group	*De minimus* or no presence in Russia
Rosneft Oil	Russian company
Royal Ahold Delhaize	Not involved in Russia
SAIC Motor	Exports only
Saudi Aramco	30% stake in Novomet is *de minimus* share of market capitalization
Seven & I Holdings	Not involved in Russia
Shandong Energy Group	Not involved in Russia
Sinochem	Imports only
Sinopharm	Not involved in Russia
SK	Only had an office at the time of invasion and trading relationship
SoftBank Group	*De minimus* presence in Russia
Sony	Trade only
State Farm Insurance	Not involved in Russia
State Grid	Not involved in Russia
StoneX Group	Not involved in Russia
Sysco	Imports only
Target	Not involved in Russia
Tesco	No direct operations in Russia
Tokyo Electric Power	Imports only
Toyota Tsusho	*De minimus* presence in Russia
U.S. Postal Service	Primarily focused on Western market and Russian operations is de minimus of market capitalization
United Parcel Service	*De minimus* presence in Russia
UnitedHealth Group	Not involved in Russia
Valero Energy	Imports only
Verizon Communications	Not involved in Russia
Walmart	Not involved in Russia
Walt Disney	Trade only
Wells Fargo	Not involved in Russia
Wuchan Zhongda Group	Not involved in Russia
Xiamen C&D	Involved in supply chain management only
Xiamen ITG Holding Group	Mainly imports only
XMXYG	*De minimus* presence in Russia
Zurich Insurance Group	*De minimus* or no presence in Russia

The moral of the story: selling early pays off

Of the top 200 corporations in the world that got out of Russia before the Sakhalin-II decree, the vast majority cut trading activities but had no significant assets to worry about. They include Alphabet (owner of Google), Amazon, BMW, Deutsche Telekom, Honda, Sysco and Valero Energy. Only two of the top 200 with significant assets had completed sales prior to the decree: EdF, which sold its Dalkia Rus subsidiary, and Enel, which sold Enel Russia. Smaller companies managed to sell assets. McDonald's is the famous example, though it was not one of the top 200. It ranks about 500th in the world.

The MRA considers that these fast sellers have acted morally. By comparison, those refusing to sell have the stigma of Russian cooperation, and those that promised to sell but didn't deliver also have to answer for their failure.

Mr. Dixon said, "Sometimes moral behavior is rewarded on earth not just in heaven. Companies that left Russia quickly after the invasion, and were willing to make the commercial sacrifice by accepting low prices for their assets, no longer need to worry about being expropriated by the Russian government or being blackmailed under threat of expropriation. We have a karmic situation in which the companies that kept dancing with the devil may now be eaten by the devil!"

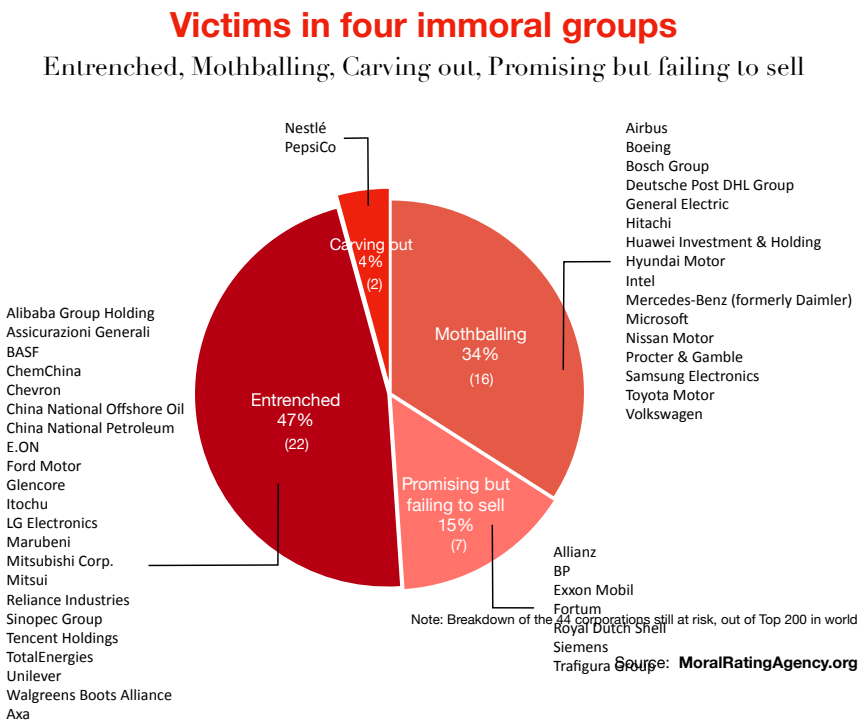
The MRA's founder added, "Waiting to sell at a good price is greedy. Also, delaying an announced sale long enough, in the hope the sale can be avoided, is manipulative. Even if the exposed companies are not expropriated, selling Russian assets has just become much more difficult. At any moment, a sale process can be interrupted by another Russian government decree."

The 47 corporations at risk fall into four broad groups: they are entrenched and have either refused to leave Russia or made no comment, have mothballed their local operations, have carved out activities to continue, or have promised to sell factories or businesses but have not followed through.

Immoral victims

Corporations still in Russia have all acted immorally in the view of the Moral Rating Agency, and have been given a range of low moral ratings depending on their particular behavior. The MRA considers them responsible for indirectly helping Russia finance its war on Ukraine, and that Ukraine and its people are the indirect victims of the corporations' complicity.

The increased risk of expropriation and 'expropriation



blackmail' create an unusual situation: now these complicit corporations are likely to become the victims of Putin's aggression themselves.

Mr. Dixon added, "Doing business in markets run by bad actors is a choice these corporations have made with their eyes open and with pure greed as the driver. The world owes them no compassion. Some of the largest corporations in the world have continued to cooperate with Russia in the face of its human rights abuses, past invasion of Ukraine, and the February 2022 invasion of Ukraine. They remain there today despite exposure by us and world opinion. Whatever they face is their own doing. Just because a Western company from one of our democracies is damaged by a nasty dictator does not make it innocent. Yes, it is now a victim, but, no, it is far from innocent. It is simply reaping what it sowed."

Range of risks

The Moral Rating Agency has outlined a range of risks faced by the corporations which it is rating for Russian involvement.

- The simple risk is that assets will be expropriated before they can be sold. The larger the value of the asset, the harder it will be to sell. Potential Russian buyers of such assets may be state-owned or subject to influence by the government. Many sales will also require regulatory approval. Finally, Putin can issue a decree at any moment. For all of these reasons, a company may not be able to avoid expropriation by moving fast. It seems unlikely that Putin will allow a foreign company to cash out at this point and take any substantial capital out of the country.
- Corporations may be pushed to continue to invest in Russian companies under the threat of losing their shares. They may be asked to amend any existing shareholder rights they benefit from, such as protections from local partners declaring cash calls at whim which the foreign partner may not be able to fund, in effect allowing the Russian side to dilute the foreigner's shares.
- Any additional investment a Western company is forced to make in Russia will not only increase its exposure to the country but also make it even more liable to being manipulated. Moreover, it will also make any future expropriation even more lucrative to Putin as a result of the additional equity investment.
- Corporations may also be required to sign 'no-boycott agreements' with Russia, which may contain conditions where their assets are legally forfeited as opposed to being expropriated without proper grounds. The assets would be forfeited in the event the company interrupts the 'no-boycott' clause, even if it is forced to do so by Western sanctions at some point.

Putin's plan view of MRA

The Moral Rating Agency's founder described how Putin may be planning to use expropriation and what the Sakhalin-II degree means in practice.

"Putin is a highly manipulative person. He knows that he can expropriate anything he wishes and is fully able to calculate the trade-off between capturing the value of the assets at no cost, and cost of any backlash from the West. However, that would be a simple move. Blackmailing companies into making legally-binding concessions under threat of expropriation is much more devious and much more his style."

"Putin has many upsides in pursuing a more complex game of 'blackmail before expropriation'. First, blackmail won't generate the same backlash as outright expropriation. Secondly, Putin may obtain concessions in which companies are forced to 'side with' Russia, such as making investments in the country, or agreeing to forfeit assets if the companies later boycott Russia by complying with their own governments' sanctions."

Mr. Dixon added, "Thirdly, Putin is probably planning to follow his usual pattern of dividing the enemy. We have seen him dividing Western nations, and also divide voters within nations. In this case, he will seek to drive a wedge between the corporate and public sectors. This would not be possible through a simple expropriation strategy because it results in a *fait accompli*. He's aware that companies are free to act independently of their governments and will often act selfishly if they are being threatened. He is probably hoping that large corporations will lobby governments not to act in ways that will lose them their assets. Putin is trying to throw a cat among the pigeons. He has no downside in pursuing 'expropriation blackmail' in advance of expropriation."

The MRA founder added, "We already have evidence that the expropriation threat is working. The Japanese government's response to the Sakhalin-II decree was conciliatory, with its Industry Minister saying the government didn't view the decree as a requisition. Mitsubishi and Mitsui, with their economic interests at stake in Sakhalin-II, can pressure the Japanese government which of course has Japan's energy security as both reason and excuse to fall in line. The result of the decree is that one country is already placating Putin."

End game

Mr. Dixon described the likely end game of Putin's plan: "After Putin has caused divisions in the West and between companies and their governments, obtained concessions from individual companies, perhaps additional investment, he is likely to end up expropriating all foreign assets in Russia, except from companies from China, India and any other countries opposing Western sanctions. He will have his cake and eat it: the benefits of the blackmail and then the spoils of the assets themselves."

"Just as he made demands in advance of his invasion of Ukraine and then used their refusal as an excuse for the invasion, he may do the same to justify to his own people that expropriation is not theft because the demands for concessions were not met, and the companies had a choice. He will no doubt use the 'Robin Hood' argument that he's seizing the assets for the good of the Russian people."

Mr. Dixon suggested what the West should do: "Western governments should interrupt the 'divide and conquer' tactic by enacting real sanctions against Russia, so that Western corporations and governments are aligned and not pitted against each other. Otherwise, these immoral companies that are stuck owning Russian assets will be pawns on the geopolitical chessboard. It's vital that the pawns don't turn on the home team. We must interrupt Putin's playbook without delay."

Future economic separation

Speaking of the wider implications, Mr. Dixon said, "Putin's commercial aggression is, however, not necessarily bad in the long run. It is natural that the West and East are dividing economically. Idealistically-different countries can co-exist but, once they start to pull apart, the artificial willingness or pragmatism to cooperate against all logic falls apart and spins out of control. It is replaced by something much closer to the truth: each side's benefit from a free flow of trade and investment is vastly eclipsed by the disadvantage of supporting the enemy."

"We should separate Western economies entirely from Russia and accept the sacrifice because it will be vastly more painful to Russia. We can bring the Russian economy to its knees without destroying the Western economy because the West is 35 times larger, so the pain would be diluted at a 1 to 35 ratio. This is in fact a great opportunity we must not miss to solve today's greatest crisis. It is the only solution since military and diplomatic intervention are not an option. That's why we see Putin's economic escalation to be helpful in hastening the economic separation that the Free World needs."

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About the Moral Rating Agency

The Moral Rating Agency was set up to get Russia out of Ukraine and use this momentum to help pro-democracy Russians get Putin and his regime out of Russia. Later, it plans to cover corporate immoral behavior on other critical political issues.

In addition to exposing or crediting corporations through moral ratings, the MRA maintain an Indelible Ledger of a company's behavior so any later corrective actions do not wipe the slate clean. Time is of the essence, so the rating system includes

Meta

Meta (formerly Facebook)

Public
USA

Associated brands: Instagram, Messenger, Oculus, WhatsApp, Diem, Facebook, Mapillary, Workplace

Sprinting Faint-hearted Seriously-exposed with Power **47**

'Sprinting' for a 9 to 10 Speed Score; 'Faint-hearted' for a 1 to 4 Degree Score; 'Seriously exposed' for a 4 to 10 Exposure Score; 'with Power' for a 4 to 10 in Power Score.

Pre-invasion Status

3.5 Average Exposure
Potential sacrifice

10.0 Extreme Power
Potential economic impact

Post-invasion Events

2.0 Degree
What?

10.0 Speed
When?

3.0 Attitude
How?

On 25 February, Nathaniel Gleicher, Meta's Head of security policy, tweeted it was "now prohibiting Russian state media from running ads" or "monetizing" on the platform. On 21 March, Reuters reported Meta had been found guilty of "extremist activity" by a Moscow court. Russia accounts for 1.5% of Meta's advertising revenues, according to CFO Dave Wehner.

Less

Date of Announcement: 25 February 2022

Our Moral Verdict

Has Meta behaved well? If we consider that it acted one day after the invasion, that it pulled state-run media company ads on Facebook, took down anti-Ukrainian activities on its platform, and that Russia retaliated by finding Meta guilty of extremist activity in a Moscow court, it looks perfect picture.

However, when we look deeper, we see a different picture. First, the Announcement didn't carry a leadership level denouncement of Russia, making Meta a Mealy-Mouther. But the real failing is that the company continues to offer a major online advertising platform to most companies in Russia. This is of value to the Russian economy or it wouldn't be using the platform. Meta is right that it has a moral duty to allow Russian people to use its media to avoid government censorship and propaganda by obtaining information and communicating with each other freely. But it doesn't need to run advertising at the same time. It could easily be an ad-free environment. That way, Meta could help democracy by undermining censorship and propaganda, while also undermining the economy.

Since Meta, unlike Alphabet's Google, is lining its pockets in this way, we have given it 2 points in Degree for its state-media advertising ban. It gets 10 out of 10 on Speed, by making its move a week before Alphabet) and ten days before Amazon.

Since 1.8% of its revenues come from Russia, we gave it an Exposure level of 3.5. Its Power is extreme, from a combination of economic and psychological factors. Imagine the impact on tens of millions of Russians seeing empty ads on the platform in protest, or even better a statement saying that Meta refuses to make money from Russia at this time but continues service as a censorship-free medium for the public good.

It is disappointing and ironic that the company that has made money in the past from selling ads to Russian-controlled and Russian-sympathetic parties trying to influence voters in Western democracies – including for a US presidential election and the Brexit referendum – didn't have the morality to do something to help democracy when it had the chance.

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Rating as of: 26 March 2022

Example of one of our ratings at MoralRatingAgency.org

a disincentive for delay through exposing and tracking what preceded a later corrective action.

Unlike ESG (Environmental, Social and Governance) rating agencies, which have a commercial responsibility to their institutional investor clients to cover the range of issues their clients wish, the Moral Rating Agency is zeroing in on a single corporate moral issue, initially Russia-Ukraine.

The MRA was founded and is led by Mark Dixon, who runs the mergers & acquisitions consultancy Thinking Linking in the City of London and New York. Mark has been opposed to autocratic regimes, particularly the Chinese government and Putin's transformation of Russia from a nascent democracy into a fully-throttled autocracy. He has a personal connection with Ukraine because he has owned an apartment in the city of Lviv since 2010. He has also lived in China.

The MRA has a paid staff comprising moral raters, verifiers, and fact-checkers who operate according to its Rating Methodology. It also has an on-site team involved in statistics, media relations, site production and publishing.

The MRA has no customers, external commercial relationships, nor conflicts of any kind. It will rate and publish so that consumers, media and governments can see corporate behavior on a single topic on a fair and standardized basis, quite aside from the fact that it feels strongly about the underlying topic in question, as explained in Rating Philosophy.

The MRA's site includes a detailed set of definitions in its rating lexicon.