

Corporations ‘moralwashing’ about Russia

- The Moral Rating Agency is accusing 12 companies of making statements that look better than their actions
- The MRA found confusing wording, wriggle-room text, red herrings and ‘corporate amnesia’
- Report released at a time when Russia is raising stakes in invasion of Ukraine

EMBARGOED till Thursday 6 October: The Moral Rating Agency accuses 12 corporations of moralwashing or making confusing statements about their involvement with Russia. It released a ranking entitled ‘The Communications Hall of Shame’. The MRA identified statements that give the impression of a more complete Russian exit than actually took place, or saying one thing and doing another.

The corporate ethics watchdog rates companies on their involvement in Russia by measuring five factors: degree of exit, speed of exit, conviction in exit, the impact of the exit on Russia, and the sacrifice involved. The MRA’s ratings on corporate involvement in Russia are disclosed at MoralRatingAgency.org.

For its report ‘Russian Moralwashing’, the MRA analysed the announcements of 112 companies that were involved in Russia at the time of the invasion of Ukraine from the 200 top companies in the world. The remaining 88 either had no activities in Russia (75), were Russian companies themselves (3), or made a full and complete withdrawal (10), meaning that moralwashing and other communication failures were not relevant. The agency classified the communications failures into four types: ‘confusing wording’, ‘wriggle-room wording’, ‘red herring’ statements, and not disclosing one or more Russian activities properly, which the MRA calls ‘corporate amnesia’.

The MRA took into account the disparity between the ‘diction and reality’ in announcements as well as the number of different communication failures each company made. The combination was used to select and rank the 12 worst offenders.

The MRA’s founder and Rater-in-Chief Mark Dixon said, “The 12 worst offenders didn’t just fail to exit Russia properly. They also frequently moralwashed their failures by saying one thing and doing another. Russia is such a pariah that

The Communications Hall of Shame

Dozen worst communicators ranked worst first

Rank	Company	Type(s) of bad communication
1	 PEPSICO	• ‘Confusing Wording’ • ‘Corporate Amnesia’ • ‘Red Herring’ statement
2	 Nestlé	• ‘Corporate Amnesia’ • ‘Confusing Wording’ • ‘Red Herring’ statement
3	 Unilever	• ‘Confusing Wording’ • ‘Red Herring’ statement
4	 EDF	• ‘Corporate Amnesia’
5	 Johnson & Johnson	• ‘Confusing Wording’ • ‘Red Herring’ statement
6	 Chevron	• ‘Corporate Amnesia’
7	 P&G	• ‘Confusing Wording’
8	 Allianz	• ‘Corporate Amnesia’
9	 DELL Technologies	• ‘Corporate Amnesia’
10	 fortum	• ‘Wriggle-room Wording’ • ‘Red Herring’ statement
11	 Goldman Sachs	• Wriggle-room Wording’
12	 GENERALI	• ‘Corporate Amnesia’

Source: MoralRatingAgency.org

companies find it difficult to speak plainly.” Mr. Dixon added, “Continuing to work with Russia is immoral, but moralwashing it is doubly immoral.”

The worst offenders

The worst of the worst was PepsiCo. It failed on three counts: ‘confusing wording’ on several points, ‘corporate amnesia’ about its snack production businesses in Russia, and issuing a ‘red herring’ statement.

The Moral Rating Agency’s founder Mark Dixon said, “We gave PepsiCo first place in the ‘Hall of Shame’ for saying in March that it was suspending sales of Pepsi while Reuters found that the product continued to be produced and sold in Russia as late as August.”

“Also, when PepsiCo carved out ‘daily essentials’ from its withdrawal announcement, it failed to mention it still had two plants in Russia making potato crisps. If crisps are essential, what food isn’t? PepsiCo is not only hiding behind the word ‘essential’ but is also failing to disclose which products it is carving out with this excuse. We are still waiting for an announcement that it will halt crisp production.”

Close on PepsiCo’s heels was Nestlé. It also suffered from ‘corporate amnesia’ about its Russian manufacturing activities, used ‘confusing wording’, and issued a ‘red herring’ statement.

Mr. Dixon explained, “Nestlé failed across the board. Its confusing wording allowed it to keep producing KitKat and Nesquik under the mantle of “essential foods” until exposed. Then, when it said it would cut back its Russian activities to a shorter product list, it used the same “essential” wording for a different range of products.”

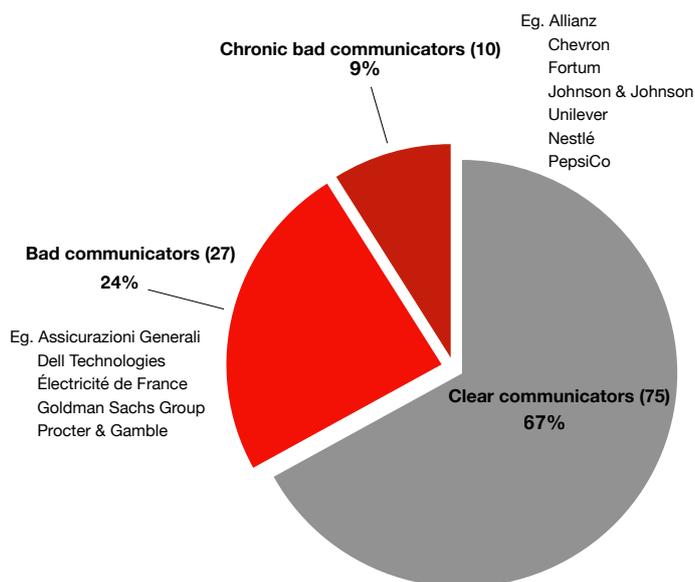
“Nestlé can’t get away with using the same word with different meanings a few weeks apart. Language doesn’t evolve that fast. Nestlé must speak plain English and get out of Russia fully.”

Unilever took third place in the Hall of Shame, failing on two counts: ‘confusing wording’ and issuing a ‘red herring’ statement. Mr. Dixon said, “Unilever used “essential food” to justify staying in Russia. Such wording cannot possibly cover Magnum and Cornetto ice creams. Even after this was exposed, Unilever continues to sell ice creams under the essential carve-out. The company is taking the world for an idiot.”

A total of 51 ‘communication failures’ were identified across 37 companies, representing approximately a third of companies making statements about Russia. Ten companies were found to be ‘chronic bad communicators’, meaning more than one type of spin or confusion was found in the company’s statement. 27 companies engaged in one case of spin or bad communication.

Communication ‘skills’

Bad communicators about Russian involvement



Note: Bad communicators engage in a single bad communication, and chronic bad communicators engaged in 2 or more bad communications.

Note: Breakdown of the 112 largest corporations still involved in Russia

Source: [MoralRatingAgency.org](https://moralratingagency.org)

Moralwashing Menu

The most prevalent type of bad communication was the ‘red herring’ statement. 18 cases were found representing 35% of the communications failures. Corporations often make such a ‘big splash’ of promising they will not make further investments in Russia. The MRA considers such statements to be gratuitous because it is a promise unrelated to existing activities, and redundant because investments in Russia are hardly likely at this time. A ‘red herring’ statement tends to distract from a company failing to act on its existing Russian activities.

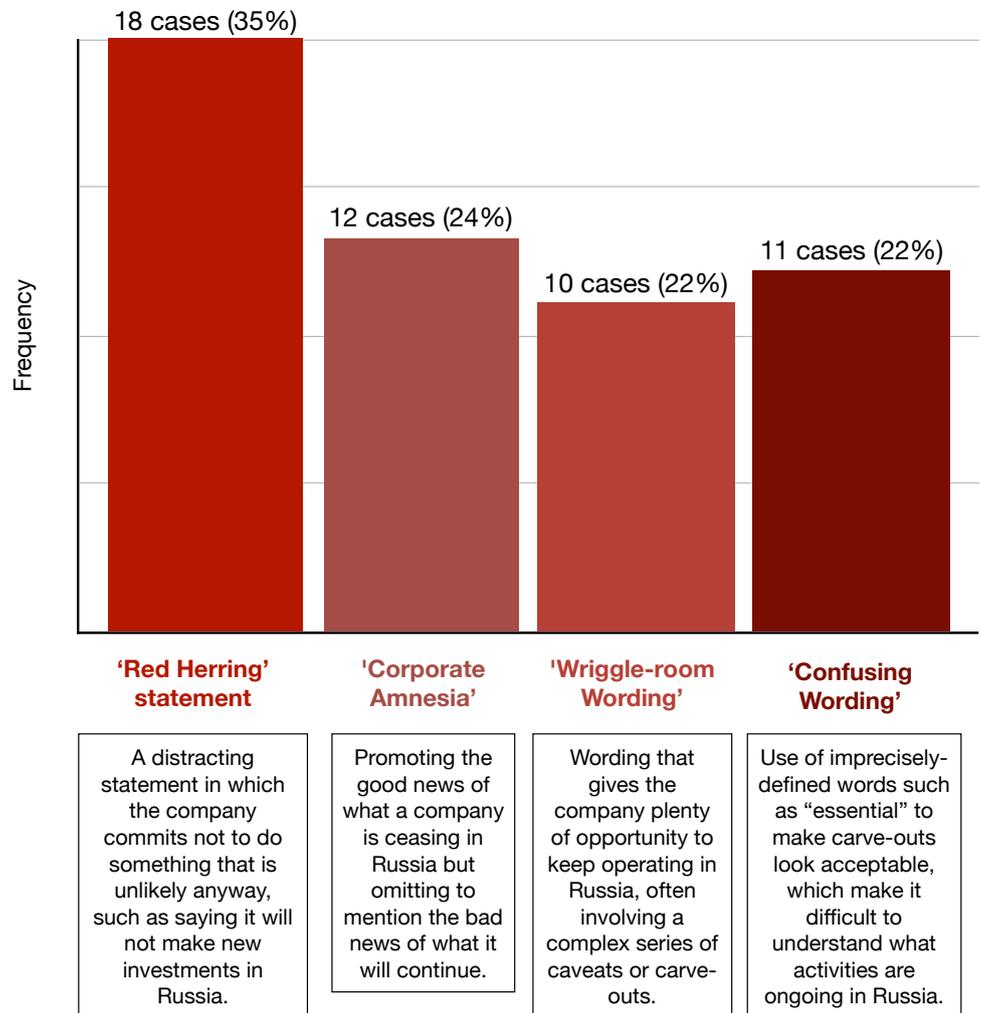
Companies also announced breaks with Russia while ‘forgetting’ activities they didn’t cut. These cases of ‘corporate amnesia’ were monitored 12 times. The MRA found

ten cases of ‘wriggle-room wording’ and eleven cases of ‘confusing wording’. ‘Wriggle-room wording’, often in the fine print of announcements, gives the company the chance to continue operating an activity in Russia, while looking like it is cutting links. ‘Confusing wording’ gives the impression a company is doing more than it is, or makes it difficult to see that a company may be doing almost nothing at all.

Mr. Dixon said, “Every confusing statement we investigated showed the company in a better light than it deserved. There was not one case of a company portraying its actions more modestly than reality.”

How companies ‘speak Russian’

Communication failures about Russian involvement



Note: A total of 51 bad communications were identified for 37 corporations among the 112 largest corporations still involved in Russia

Source: [MoralRatingAgency.org](https://www.moralratingagency.org)

Diction vs. Reality

12 worst communicators about Russia, ranked worst first

Rank	Company	Diction <i>Impression from what the company said</i>	Reality <i>What's really going on</i>
1		The company's 8 March statement of the "suspension of the sale" of Pepsi-Cola gives a clear impression that sales were being stopped. The statement that the company would only continue to offer "daily essentials" such as milk and other dairy offerings, baby formula and baby food" gives the impression that all non-essential production activities have been stopped, since the examples covered not only beverages such as milk, but also baby food. Announcing that further investment at the Novosibirsk snacks plant has been suspended sounds like a commitment of value.	'Confusing Wording' – Reuters found that production and sale of Pepsi had not been suspended in March. Also, a "daily essentials" carve-out makes no sense as a concept when the company is still producing potato crisps. 'Corporate Amnesia' – no mention of the company's two snack plants in first announcement 'Red Herring' statement – suspending further investments in Novosibirsk crisps plant is a distraction 1. Confusing Wording 2. The initial statement's suspension of "the sale of Pepsi-Cola" doesn't fit with continued production of the product and its continued sale in shops. Reuters' investigation of products in shops claimed that the Pepsi products for sale had production dates as late as 17 August and were still being sold thereafter. When using the word "sale", the company's initial statement didn't specify that it was only suspending deliveries of concentrates, which the company only clarified when the continuing production and sales were exposed by Reuters. 3. Meanwhile, PepsiCo continued to produce crisps, which cannot be considered "daily essentials". This was revealed by PepsiCo's later announcement that Lay's Crisps and HuntWam crisp breads were produced at Novosibirsk snacks plant since before the invasion. The announcement involving "daily essentials" is confusing as it is very unclear what is covered (beverages and food, or only beverages, in such latter case, why was baby food included as a carve-out) and, in addition, the term itself is unclear and it is unclear what it applies to. In this context, the discovery of ongoing crisp production is a surprise. 2. Corporate Amnesia In its 8 March announcement, PepsiCo did not mention its crisps and snack plants in Novosibirsk or Moscow. Even when it mentioned the Novosibirsk plant in a later announcement, it failed to mention the Moscow facility. 3. Red Herring We consider the announcement to suspend further investment at the snack plant a Red Herring and a distraction because no company could reasonably be planning investments in Russia in any reasonable time frame.
2		The company's first announcement of continuing to offer "essential foods" gave the impression that non-essential activities had stopped across the board in Russia, and the examples given for "essential" such as "baby food, cereals, and balanced nutrition and therapeutic pet foods for specialist retailers and veterinarian clinics", implied that the company would be selling a truly necessary range of items. Announcing that new capital investments will be halted looks like a real commitment.	'Corporate Amnesia' – no mention of manufacturing activities in first announcement 'Confusing Wording' – non-essential announcement didn't apply to non-essential manufacturing inside Russia 'Red Herring' statement – halting new capital investments 1. 'Amnesia' In its 11 March announcement, Nestlé did not mention its manufacturing activities in Russia, leaving the impression that the carve-outs in its initial announcement covered all activities. 2. 'Confusing Wording' The above led to people being confused that all non-essential activities had been stopped. In fact, plenty of clearly non-essential products continued to be manufactured in Russia, including brands like KitKat and Nesquik. After this was revealed on 23 March, Nestlé agreed to extend its suspension of non-essential products from exports to manufacturing. We consider the commitment to halt new capital investments a Red Herring and distraction because no company could reasonably be planning investments in Russia in any reasonable time frame.
3		The impression is that the company only carved out from its Russian manufacturing a truly necessary range of products through the use of the word "essential". Not investing any further capital into Russia looks like a significant commitment.	'Confusing Wording' – "essential" makes no sense after it was revealed ice-cream was part of essential foods carve-out 'Red Herring' statement – not investing further capital After the 8 March announcement about continuing "everyday essential food and hygiene products", Unilever kept producing non-essential food items such as ice-creams. These are clearly outside the definition of "essential" by any reasonable standards. Products Unilever continues selling today include Cornetto and Magnum ice creams. Unilever admitted to the Telegraph on 28 April that the carve-out comprised "most" of its products in Russia. Not investing further capital is a Red Herring because no company can justify investing in Russia within any reasonable time horizon.
4		The 8 March announcement reads like the Moscow office may be its only activity in Russia, since nothing else was mentioned.	'Corporate Amnesia' about three Russian activities 1. At the time of the 8 March announcement, EDF owned 100% of Dalkia Rus., which provided energy efficiency services in Russia. 2. It also owns 75.9% of Framatome, which has a strategic partnership and collaborates in industrialisation projects with Russian nuclear giant Rosatom. Sharon Sinclair, a spokeswoman for Framatome, confirmed on 15 June that the agreement between Framatome and Rosatom "is still in place". 3. In its 8 March announcement, EDF made no mention of its natural gas supply contracts in Russia.
5		The commitment to continue "essential medical products" looks like a big step. The use of these words does not give the impression J&J would cover personal care, such as non-medical lotions, oral care, etc. Also suspending additional investment in Russia looks like a real commitment.	'Confusing Wording' – Personal care products later shown to have been included in "essential medical products" 'Red Herring' statement – suspending additional investment The company's second announcement on 28 March revealed that personal care products had been included in the original carve-out described as "essential medical products". If "essential medical products" includes personal care, what real medical products could not be considered essential? In fact, "essential medical products" were shown to be identical to the company's own second announcement. Not making future investments is a Red Herring because no company can justify investing in Russia within any reasonable time horizon.
6		Announcements about Chevron not buying Russia oil from the Caspian Petroleum Consortium (CPC) leave the impression that it is not involved with helping Russia get oil to world markets and that CPC is acting for the good of the world.	'Corporate Amnesia' – 1. Initial statement cannot be found on its website; 2. Chevron is a shareholder and not just an equity-customer of CPC 'Confusing Wording' – illogical argument to imply CPC is helping the world when it is transporting Russian oil to world markets 1. Chevron's initial statement of "bidding all transactions, filling sales orders and shipping of orders" on 1 March is no longer available on its website where it was originally announced. MBA used the Wayback Machine to retrieve a copy of the deleted internet page. 2. CPC, in which Chevron has a 15% stake, does transport Russian oil. Statements Chevron has made about CPC focus on its purchasing relationships with CPC buying equity crude in which it can ask for Russian oil to be omitted, as opposed to its shareholder role in CPC which gets Russian oil to world markets. Chevron also claims that CPC is helping energy security as the world copes with the Russian oil embargo, while CPC is in fact helping Russia actually circumvent the oil embargo. The percentage of Russian versus Kazakh oil transported by CPC is higher than Russia's percentage of global oil exports, so CPC is helping Russia more than helping oil security.
7		The word "focus" used for the carve-out of "basic health, hygiene and personal care items" implies a minority of activities will continue because you cannot focus on most of something. The words "significantly reduced" also support this idea. The resulting impression given is that P&G is mostly out of Russia.	'Confusing Wording' – The word "focus" was later shown to cover the majority of activities We believe P&G is mostly still in Russia based on most of its global lines of business falling into "basic health, hygiene and personal care items".
8		Gives the impression it cut its involvement in Russia in half.	'Corporate Amnesia' – Omitted to point out it is getting a smaller slice of a bigger pie The shares Allianz sold in the transaction were used to pay for a merger with another company, Interholdings LLL. Allianz will own 49.9% of the "combined company", which is twice as large in value. In effect, it will own a smaller slice of a bigger pie.
9		Gives the impression it totally withdrew from Russia by mentioning its imports were ceasing without disclosing it had other activities with Russia.	'Corporate Amnesia' – Forgetting the St. Petersburg development centre The reality is that Dell owned the St. Petersburg development centre. This oversight was proven many months later when Dell announced it had closed the development centre. During these months, and until the second announcement, the public was not aware that this was owned and continued to operate in Russia. The St. Petersburg development centre has been said by Tony Parkinson, VP of enterprise solutions in EMEA region to be "very important for the country". Therefore, there is even less excuse for it not having been mentioned in the initial announcement and for months thereafter.
10		The impression is that they are curtailing, to some degree, four things, and therefore making lots of progress: 1. Future investments 2. Assets ("potential investment") 3. Coal, pellets, and biomass imports 4. Gas imports	'Wiggle-room Wording' & Red Herring' statement In reality, they are only making a true commitment on: 3. Coal, pellets, and biomass imports As for future investments, we consider it a Red Herring because no company shareholder would allow a company to plan new investments in Russia at any reasonable time horizon. As for assets, the words "potential investment" removes any real commitment from the statement. Indeed, the assets may be more significant than the company's imports. Saying it is "working to diversify" gas imports is too vague. In short, a long list of actions isn't worth much when studied carefully.
11		The use of the expression "winding down" can sound like GS is pulling out of Russia, especially when the company did not suggest any limitation to the activities being wound down.	'Wiggle-room' in 10 March announcement The statement is very unclear about the wind-down of activities in Russia. By using the words "its business in Russia", the company suggests that the "winding down" applies to its entire business in Russia. This is not necessarily the case because the winding down can equally apply only to what is required by the regulatory and licensing obligations. Indeed, GS may be making no commitment to wind down anything beyond what it is legally required to do. Moreover, despite this "winding down" statement in March, GS used a loophole to deal in Russian sovereign debt in the secondary markets all this was closed 7 June by a sanction update. Capitalising on a loophole to profit from Russian government securities is hardly in the spirit of "winding down" unless "winding down" is restricted to a very narrow definition. Based on a narrow definition of "winding down", and given that no deadline was given across the board, GS can continue to serve clients in Russia indefinitely under the wording "supporting our clients in managing or closing out pre-existing obligations." The use of the word "or" also gives GS the chance to keep working with clients that are not leaving Russia. Moreover, the reference to "clients" in no way excludes GS from serving Russian companies and oligarchs unless they are sanctioned. Furthermore, by saying it will be "ensuring the wellbeing of our people", in the absence of any deadline, GS leaves itself the option to retain staff indefinitely. In short, it is a 'non-statement' because of the absence of commitments.
12		Regarding Generali's investment in Ingostrakh, resigning from the board and saying they no longer have influence sounds like a significant distancing from Russia, especially in conjunction with the statement that they are "fully compliant with all applicable sanctions."	'Red Herring' statements covering control and future investments It was already a minority shareholder, and it is very uncertain that they had much influence anyway, and indeed they are not selling any shares in the company. The statement that they are compliant with sanctions is a Red Herring because every company in the world must legally be in compliance with sanctions.

Note: Dell was still involved in Russia at the time it suffered 'corporate amnesia'. The company's exit since then does not negate its communication failure.

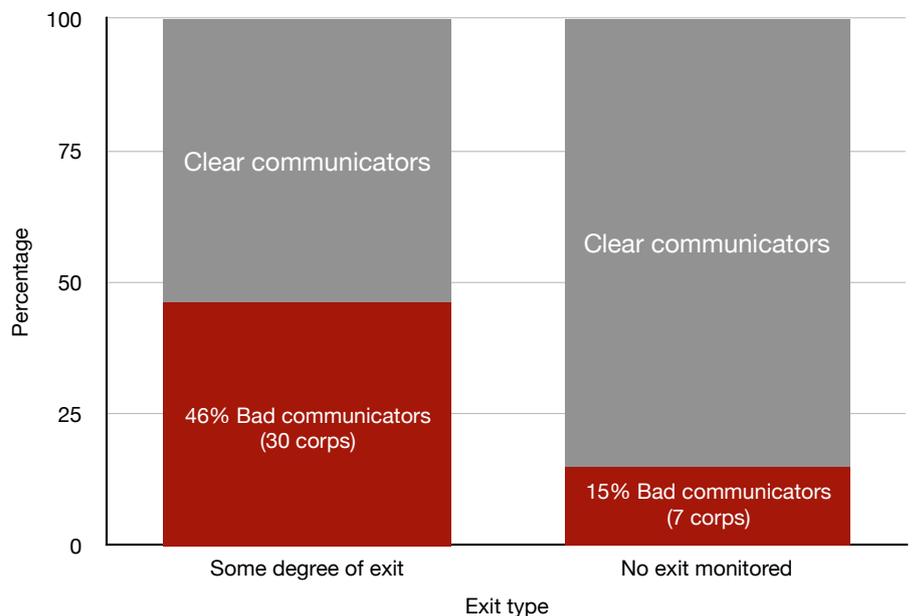
Source: MoralRatingAgency.org

In addition to the moralwashing tendency, the MRA found that the communications failures are concentrated in the companies making partial exits from Russia rather than those taking no action at all. Apparently, companies communicate more accurately when they have nothing to announce except bad news. On the other hand, when a company's withdrawal is in the shades of grey, there is the latitude to confuse.

Mr. Dixon added, "The temptation to spin must be greater when a company is doing nothing but it's hard to exaggerate zero. Indeed every one of the worst 12 communicators made some degree of exit."

Easier to spin when doing something rather than nothing

Moralwashing and poor communications rampant among corps that put a foot out of Russia



Note: Breakdown of the 112 largest corporations still involved in Russia

Source: [MoralRatingAgency.org](https://moralratingagency.org)

'False heroes'

The result of the moralwashing and other communication failures is that companies are becoming false heroes. The Moral Rating Agency's founder added, "Moralwashing must be called out. Companies are acting immorally but getting credit for being moral. Moralwashing negates the motivation to take action, so Moralwashing and helping Putin amount to the same thing in practice."

MRA quotes on individual companies

The MRA added some comments on other members of the Hall of Shame:

EDF: "EDF gave the impression it was leaving Russia when it announced it would close its Moscow office. It must have been suffering from a severe case of 'corporate amnesia' because, at the time of the announcement, it owned a company in Russia called Dalkia Rus, had a strategic partnership with Russian nuclear giant Rosatom through a 75.5% subsidiary, and had gas contracts as well. This is a lot more than a Moscow office."

Johnson & Johnson: "How can 'essential medical products' possibly include personal care such as non-medical lotions?"

Chevron: "Chevron's announcements focus attention on its role as an oil purchaser from CPC, for which it avoids Russian content, rather than on its role as a shareholder in CPC, from which it profits by transporting Russian oil to world markets."

“Chevron also claims that CPC is helping energy security as the world copes with the Russian oil embargo, while CPC is in fact helping Russia actually circumvent the oil embargo. The percentage of Russian versus Kazakh oil transported by CPC is higher than Russia’s percentage of global oil exports, so CPC is helping Russia more than helping oil security.”

“We discovered detailed info on Chevron’s web site about its Russian activities was removed and the company has refused to confirm that the page was removed or explain why.”

P&G: “P&G used to word ‘focus’ to describe the products it will keep selling in Russia. The word ‘focus’ normally implies a narrow range of products, but P&G carved out more than half of its global product lines.”

Allianz: “Allianz gave the impression it cut its investment in half in Russia, but the shares it sold were used to pay for a merger with another company. Today, it simply owns a smaller slice of a bigger pie.”

For press inquiries, please contact press@MoralRatingAgency.org.

Or, for comment/interview, we can be reached on one of these numbers:

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About the [Moral Rating Agency](#)

The Moral Rating Agency was set up to get Russia out of Ukraine. It later plans to cover corporate unethical actions in other countries and on other issues.

In addition to exposing, and crediting, corporations through moral ratings, the MRA maintains an [Indelible Ledger](#) of a company's actions so any later corrective actions do not wipe the slate clean. Time is of the essence, so the rating system includes 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 these clients wish, the Moral Rating Agency is zeroing in on a single corporate moral issue, in this case the Russia-Ukraine war.

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. He was one of the co-founders of the online financial commentator [BreakingViews.com](#), which is today part of Thomson Reuters. Mark has been opposed to autocratic regimes, particularly to the Chinese government and to 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 of 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, or conflicts of any kind. It will rate and publish so that consumers, media and governments can judge companies on a single topic on a fair basis. This objectivity on individual companies and their relative scores is maintained despite the campaigning nature of the agency, as explained in [Rating Philosophy](#).

The screenshot shows a moral rating report for Nestlé, a public company in Switzerland. The report is dated 23 March 2022 and focuses on the company's actions during the Russia-Ukraine war. It features a 'Pre-invasion Status' section with a 5.0 'Average' rating for potential sacrifice and a 10.0 'Extreme Power' rating for potential economic impact. The 'Post-invasion Events' section includes a 3.5 'Degree' rating for 'What?' (Nestlé's first move on 9 March), a 0.0 'Speed' rating for 'When?' (stopping advertising on Russian TV), and a 4.0 'Attitude' rating for 'How?' (stopping capital investments in Russia). A large red box on the right displays the overall rating: 'Laggard Faint-hearted Seriously-exposed with Power' and a score of 13. Below this, a detailed 'Our Moral Verdict' explains the rating, criticizing Nestlé's 'back-peddling' and 'pseudo-moral arguments'.

Category	Score	Description
Pre-invasion Status	5.0 Average	Potential sacrifice
Pre-invasion Status	10.0 Extreme Power	Potential economic impact
Post-invasion Events	3.5 Degree	What? Nestlé's first move, on 9 March, was stopping its products advertising on Russian TV channels...
Post-invasion Events	0.0 Speed	When? At the same time, it said it would make no further capital investments in Russia...
Post-invasion Events	4.0 Attitude	How? Nestlé said it had "suspended the vast majority of manufacturing in Russia while maintaining essential products such as infant formula and medical nutrition..."

Laggard Faint-hearted Seriously-exposed with Power **13**

Our Moral Verdict

This is a company that has been forced out against its will by consumer outrage, and direct intervention by a sovereign nation (President to CEO). Its first statements managed to get some international media to present those statements positively, but they only related to not advertising the products and a Red Herring about not making further investments. The company has been using pseudo-moral arguments to defend its attempt to remain in Russia. In response to the first argument, that food is a basic human right, we would reply that life is a more basic human right. Then, commercial pressure caused the company to cease production, with the exception of baby food and medical products. Strange how the definition of human rights can change when commercial pressure is applied. Put another way, if Nestlé really felt that all foods such as a KitKat were a human right, why did it later deny people their human right but by cutting off its KitKat production? To us, this back-peddling shows the company had no solid moral position in the first place and wins it the Confused Humanitarian award. The company's terrible rating comes from all these ingredients: 3.5 points for Degree (getting a Nibbler for continuing to support employees); 0 points for Speed (after it got Chicken, Boycott and Ukrainian criticism penalties); and an Attitude Score of 4 (from a combination of an average donation to Ukraine and a Mealy-Mouthed statement about the war absent of any admonishment of Russia). Nestlé, boycotts don't work if everyone expects to be granted an exception. Swiss neutrality should be kept out of grocery stores, or you will be making chocolates for a diminished Free World.

Less

Date of Announcement: 23 March 2022

Example of a rating at [MoralRatingAgency.org](#)

Diction vs. Reality

Evidence

Rank	Company	Diction <small>Impression from what the company said</small>	Reality <small>What's wrong with the statement</small>
1		<p>The company's 8 March statement of the "suspension of the sale" of Pepsi-Cola gives a clear impression that sales were being stopped.</p> <p>The statement that the company would only continue to offer "daily essentials" such as milk and other dairy offerings, baby formula and baby food" gives the impression that all non-essential production activities have been stopped, since the examples covered not only beverages such as milk, but also baby food.</p> <p>Announcing that further investment at the Novosibirsk snacks plant has been suspended sounds like a commitment of value.</p>	<p>'Confusing Wording' – Reuters found that production and sale of Pepsi had not been suspended in March. Also, a "daily essentials" carve-out makes no sense as a concept when the company is still producing potato crisps</p> <p>'Corporate Amnesia' – no mention of the company's two snack plants in first announcement</p> <p>'Red Herring' statement – suspending further investments in Novosibirsk crisps plant is a distraction</p> <ol style="list-style-type: none"> Confusing Wording <ol style="list-style-type: none"> The initial statement's suspension of "the sale of Pepsi-Cola" doesn't fit with continued production of the product and its continued sale in shops. Reuters' investigation of products in shops claimed that the Pepsi products for sale had production dates as late as 17 August and were still being sold thereafter. When using the word "sale", the company's initial statement didn't specify that it was only suspending deliveries of concentrates, which the company only clarified when the continuing production and sales were exposed by Reuters. Meanwhile, PepsiCo continued to produce crisps, which cannot be considered "daily essentials". This was revealed by PepsiCo's later announcement that Lay's Crisps and HrusTeam crisp breads were produced at Novosibirsk snacks plant since before the invasion. The announcement involving "daily essentials" is confusing as it is very unclear what is covered (beverages and food, or only beverages, in such latter case, why was baby food included as a carve-out?) and, in addition, the term itself is unclear and it is unclear what it applies to. In this context, the discovery of ongoing crisp production is a surprise. Corporate Amnesia <p>In its 8 March announcement, PepsiCo did not mention its crisps and snack plants in Novosibirsk or Moscow. Even when it mentioned the Novosibirsk plant in a later announcement, it failed to mention the Moscow facility.</p> Red Herring <p>We consider the announcement to suspend further investment at the snack plant a Red Herring and a distraction because no company could reasonably be planning investments in Russia in any reasonable time frame.</p>
		<p>Back-up facts: 8 March 2022: Announced the "suspension of the sale of Pepsi-Cola, and our global beverage brands in Russia, including 7Up and Mirinda", while continuing to offer other products in Russia, "including daily essentials such as milk and other dairy offerings, baby formula and baby food"</p> <p>16 March 2022: PepsiCo spokesperson told Just Food, "We will also be suspending capital investments and all advertising and promotional activities in Russia. This includes future investment in our food plant in Novosibirsk. The plant became operational at the beginning of 2022, prior to hostilities. There is some work that we must complete legally but we will not be making any investments to expand the site as planned."</p> <p>20 September 2022: Reuters said its investigation of dozens of supermarkets in Russia has revealed Pepsi cans and bottles printed with July and August production dates from Russian factories. In response to Reuters' investigation, Pepsi said "All concentrates have subsequently been exhausted in Russia and production has ended," and claimed this was "in line with the announcement we made in March."</p>	
2		<p>The company's first announcement of continuing to offer "essential foods" gave the impression that non-essential activities had stopped across the board in Russia, and the examples given for "essential", such as "baby food, cereals, and tailored nutrition and therapeutic pet foods for specialist retailers and veterinarian clinics", implied that the company would be selling a truly necessary range of items.</p> <p>Announcing that new capital investments will be halted looks like a real commitment.</p>	<p>'Corporate Amnesia' – no mention of manufacturing activities in first announcement</p> <p>'Confusing Wording' – non-essential announcement didn't apply to non-essential manufacturing inside Russia</p> <p>'Red Herring' statement – halting new capital investments</p> <ol style="list-style-type: none"> "Amnesia" <p>In its 11 March announcement, Nestlé did not mention its manufacturing activities in Russia, leaving the impression that the carve-outs in its initial announcement covered all activities.</p> 'Confusing Wording' <p>The above led to people being confused that all non-essential activities had been stopped. In fact, plenty of clearly non-essential products continued to be manufactured in Russia, including brands like KitKat and Nesquik. After this was revealed on 23 March, Nestlé agreed to extend its suspension of non-essential products from exports to manufacturing.</p> <p>We consider the commitment to halt new capital investments a Red Herring and distraction because no company could reasonably be planning investments in Russia in any reasonable time frame.</p>
		<p>Back-up facts: 11 March 2022: Announcement that it has "suspended imports of our products into Russia (one example being Nespresso) except for essential foods (including baby food, cereals, and tailored nutrition and therapeutic pet foods for specialist retailers and veterinarian clinics)"</p> <p>23 March 2022: Said it had "suspended the vast majority of manufacturing in Russia while maintaining essential products such as infant formula and medical nutrition." It also said it was "suspending renowned brands like KitKat and Nesquik, among others."</p>	
3		<p>The impression is that the company only carved out from its Russian manufacturing a truly necessary range of products through the use of the word "essential".</p> <p>Not investing any further capital into Russia looks like a significant commitment.</p>	<p>'Confusing Wording' – "essential" makes no sense after it was revealed ice-cream was part of essential foods carve-out</p> <p>'Red Herring' statement – not investing further capital</p> <p>After the 8 March announcement about continuing "everyday essential food and hygiene products", Unilever kept producing non-essential food items such as ice-creams. These are clearly outside the definition of "essential" by any reasonable standards. Products Unilever continues selling today include Cornetto and Magnum ice creams.</p> <p>Unilever admitted to The Telegraph on 28 April that the carve-out comprised "most" of its products in Russia.</p> <p>Not investing further capital is a Red Herring because no company can justify investing in Russia within any reasonable time horizon.</p>
		<p>Back-up facts: 8 March 2022: It stated it "will not invest any further capital" into Russia, but that it would continue to supply locally produced "everyday essential food and hygiene products made in Russia to people in the country."</p> <p>28 April 2022: Telegraph reports that Unilever admits still selling ice cream in Russia.</p>	
4		<p>The 8 March announcement reads like the Moscow office may be its only activity in Russia, since nothing else was mentioned.</p>	<p>'Corporate Amnesia' about three Russian activities</p> <ol style="list-style-type: none"> At the time of the 8 March announcement, EDF owned 100% of Dalkia Rus., which provided energy efficiency services in Russia. It also owns 75.5% of Framatome, which has a strategic partnership and collaborates in industrialisation projects with Russian nuclear giant Rosatom. Sharon Sinclair, a spokeswoman for Framatome, confirmed on 15 June that the agreement between Framatome and Rosatom "is still in place". In its 8 March announcement, EDF made no mention of its natural gas supply contracts in Russia.
		<p>Back-up facts: 8 March 2022: Announced "the activities of EDF's office in Moscow have been suspended." 23 May 2022: Stated it had fully divested Dalkia Rus to local management 15 June 2022: A spokeswoman for Framatome, which is 75%-owned by EDF, said that the strategic cooperation agreement signed between Framatome and EDF in December 2021 "is still in place". EDF's gas contracts in Russia as seen on its site</p>	
5		<p>The commitment to continue "essential medical products" looks like a big step. The use of these words does not give the impression J&J would cover personal care, such as non-medical lotions, oral care, etc.</p> <p>Also suspending additional investment in Russia looks like a real commitment.</p>	<p>'Confusing Wording' – Personal care products later shown to have been included in "essential medical products"</p> <p>'Red Herring' statement – suspending additional investment</p> <p>The company's second announcement on 29 March revealed that personal care products had been included in the original carve-out described as "essential medical products". If "essential medical products" includes personal care, what real medical products could not be considered essential? In fact, "essential medical products" were shown to be illogical by the company's own second announcement.</p> <p>Not making future investments is a Red Herring because no listed company can justify investing in Russia within any reasonable time horizon.</p>
		<p>Back-up facts 4 March 2022: Said it was "committed to providing access to our essential medical products in the countries where we operate, in compliance with current international sanctions." 29 March 2022: Said it had "suspended supply of personal care products in Russia and suspended "any additional investment in Russia".</p>	
6		<p>Announcements about Chevron not buying Russia oil from the Caspian Petroleum Consortium (CPC) leave the impression that it is not involved with helping Russia get oil to world markets and that CPC is acting for the good of the world.</p>	<p>'Corporate Amnesia' – 1. Initial statement cannot be found on its website; 2. Chevron is a shareholder and not just an equity-customer of CPC</p> <p>'Confusing Wording' – Illogical argument to imply CPC is helping the world when it is transporting Russian oil to world markets</p> <ol style="list-style-type: none"> Chevron's initial statement of "pausing all transactions, filling sales orders and shipping of orders" on 1 March is no longer available on its website where it was originally announced. MIRA used the Wayback Machine to retrieve a copy of the deleted internet page. CPC, in which Chevron has a 15% stake, does transport Russian oil. Statements Chevron has made about CPC focus on its purchasing relationship with CPC (buying equity crude) in which it can ask for Russian oil to be omitted, as opposed to its shareholder role in CPC which gets Russian oil to world markets. <p>Chevron also claims that CPC is helping energy security as the world copes with the Russian oil embargo, while CPC is in fact helping Russia actually circumvent the oil embargo. The percentage of Russian versus Kazakh oil transported by CPC is higher than Russia's percentage of global oil exports, so CPC is helping Russia more than helping oil security.</p>
		<p>Back-up facts 1 March 2022: Said it was "pausing all transactions, filling sales orders and shipping of orders" while it evaluated "existing government sanctions" 30 June 2022: Chevron told MarketWatch, "that it does not have any exploration or production activities in Russia" and "Chevron's involvement in Russia is solely in relation to its 15 percent stake in the Caspian Pipeline Consortium (CPC) which transports crude oil from Kazakhstan to global markets." the company said. "CPC is a key export route for crude oil production from Kazakhstan to reach international markets and many countries rely on this critical transportation system for their energy security." Also, "Chevron equity crude transported through the Caspian pipeline is produced in Kazakhstan, it enters the pipeline in Kazakhstan, and it bears a Kazakhstan certificate of origin."</p>	

Diction vs. Reality

Evidence – continued

Rank	Company	Diction <small>Impression from what the company said</small>	Reality <small>What's wrong with the statement</small>
7		<p>The word "focus" used for the carve-out of "basic health, hygiene and personal care items" implies a minority of activities will continue, because you cannot focus on most of something. The words "significantly reduce" also support this idea. The resulting impression given is that P&G is mostly out of Russia.</p> <p>Back-up facts 7 March 2022: Said it is "significantly reducing" its product portfolio to "focus on basic health, hygiene and personal care items", "suspending all media, advertising, and promotional activity", and "discontinued all new capital investments in Russia"</p>	<p>'Confusing Wording' – The word "focus" was later shown to cover the majority of activities</p> <p>We believe P&G is mostly still in Russia based on most of its global lines of business falling into "basic health, hygiene and personal care items".</p>
8		<p>Gives the impression it cut its involvement in Russia in half.</p> <p>Back-up facts 3 June 2022: Agreed to sell its majority stake in its Russian operations to Interholding LLC. Upon completion, Allianz will hold 49.9% of the combined company.</p>	<p>'Corporate Amnesia' – Omitted to point out it is getting a smaller slice of a bigger pie</p> <p>The shares Allianz sold in the transaction were used to pay for a merger with another company, Interholding LLC. Allianz will own 49.9% of the "combined company", which is twice as large in value. In effect, it will own a smaller slice of a bigger pie.</p>
9		<p>Gives the impression it totally withdrew from Russia by mentioning its imports were ceasing without disclosing it had other activities with Russia.</p> <p>Back-up facts 1 March 2022: Announced it has "suspended all product sales in Russia", as reported in Wall Street Journal & CNN 27 August 2022: Spokesperson told Reuters, "In mid-August, we closed our offices and ceased all Russian operations", and according to Russian Deputy Industry and Trade Minister, "the vast majority of Dell's R&D centre specialists and support engineers in St Petersburg and Moscow have already received job offers with competitive pay from Russian producers." Quote by VP of enterprise solutions in 2013: https://advisor.com/index.php/Company/Dell_Russia#2A_2022: Dell 27s Russian subsidiary accounts worth 778 million rubles arrested</p>	<p>'Corporate Amnesia' – Forgetting the St. Petersburg development centre</p> <p>The reality is that Dell owned the St. Petersburg development centre. This oversight was proven many months later when Dell announced it had closed the development centre. During these months, and until the second announcement, the public was not aware that this was owned and continued to operate in Russia.</p> <p>The St. Petersburg development centre has been said by Tony Parkinson, VP of enterprise solutions in EMEA region to be "very important for the company". Therefore, there is even less excuse for it not having been mentioned in the initial announcement and for months thereafter.</p>
10		<p>The impression is that they are curtailing, to some degree, four things, and therefore making lots of progress:</p> <ol style="list-style-type: none"> 1. Future investments 2. Assets ("potential divestment") 3. Coal, pellets, and biomass imports 4. Gas imports <p>Back-up facts 1. 7 March 2022: New investments Announced that it has "stopped all new investment projects" and "not providing any new financing" to its Russian subsidiaries. 2. 12 May 2022: Assets Announced a potential divestment of Fortum's Russia operations 3. 30 March 2022: Coal, pellets and biomass imports Announced it will not import such resources from Russia for Finnish power plants, and its Uniper subsidiary will not enter into new long-term supply contracts for natural gas with its counterparty in Russia 4. 12 May 2022: Gas imports Announced its subsidiary Uniper was "working to diversify its gas imports"</p>	<p>'Wiggle-room Wording' & 'Red Herring' statement</p> <p>In reality, they are only making a true commitment on:</p> <ol style="list-style-type: none"> 3. Coal, pellets, and biomass imports <p>As for future investments, we consider it a Red Herring because no company shareholders would allow a company to plan new investments in Russia at any reasonable time horizon.</p> <p>As for assets, the words "potential divestment" removes any real commitment from the statement. Indeed, the assets may be more significant than the company's imports.</p> <p>Saying it is "working to diversify" gas imports is too vague.</p> <p>In short, a long list of actions isn't worth much when studied carefully.</p>
11		<p>The use of the expression "winding down" can sound like GS is pulling out of Russia, especially when the company did not suggest any limitation to the activities being wound down.</p> <p>Back-up facts: 10 March 2022: According to the Financial Times, Goldman Sachs said it is "winding down" its business in Russia in compliance with regulatory and licensing requirements". It said, "We are focused on supporting our clients across the globe in managing or closing out pre-existing obligations in the market and ensuring the wellbeing of our people." 10 March 2022: Article exposing GS for finding loophole in sanctions and selling Russian debt to U.S. hedge funds</p>	<p>'Wiggle-room' in 10 March announcement</p> <p>The statement is very unclear about the wind-down of activities in Russia. By using the words "its business in Russia", the company suggests that the "winding down" applies to its entire business in Russia. This is not necessarily the case because the winding down can equally apply only to what is required by the regulatory and licensing obligations. Indeed, GS may be making no commitment to wind down anything beyond what it is legally required to do.</p> <p>Moreover, despite this "winding down" statement in March, GS used a loophole to deal in Russian sovereign debt in the secondary markets till this was closed on 7 June by a sanction update. Capitalising on a loophole to profit from Russian government securities is hardly in the spirit of "winding down" unless "winding down" is restricted to a very narrow definition.</p> <p>Based on a narrow definition of "winding down", and given that no deadline was given across the board, GS can continue to serve clients in Russia indefinitely under the wording "supporting our clients in managing or closing out pre-existing obligations." The use of the word "or" also gives GS the chance to keep working with clients that are not leaving Russia. Moreover, the reference to "clients" in no way excludes GS from serving Russian companies and oligarchs unless they are sanctioned. Furthermore, by saying it will be "ensuring the wellbeing of our people", in the absence of any deadline, GS leaves itself the option to retain staff indefinitely.</p> <p>In short, it is a 'non-statement' because of the absence of commitments.</p>
12		<p>Regarding Generali's investment in Ingosstrakh, resigning from the board and saying they no longer have influence sounds like a significant distancing from Russia, especially in conjunction with the statement that they are "fully compliant with all applicable sanctions."</p> <p>Back-up facts: 4 March 2022: Said it "will wind down its Europ Assistance business in Russia" and "close its representative office in Moscow." Generali also said its "three board representatives in Russian insurer Ingosstrakh, of which it owns a 38.5% stake, will resign".</p>	<p>'Red Herring' statements covering control and future investments</p> <p>It was already a minority shareholder, and it is very uncertain that they had much influence anyway, and indeed they are not selling any shares in the company. The statement that they are compliant with sanctions is a Red Herring because every company in the world must legally be in compliance with sanctions.</p>