

MarketWatch First Take

Moral Rating Agency slams Western companies, including Microsoft and Nestlé, over alleged supply of products to Russia

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Almost a year after Vladimir Putin launched the devastating invasion of Ukraine, Western companies' alleged links to Russia are still under the microscope



The Moral Rating Agency, an organization set up after the invasion of Ukraine to examine whether companies were carrying out their promises of exiting Russia, has released new research on consumer giants that it claims are still selling products into the country. (AP Photo/Alexander Zemlianichenko)

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Referenced Symbols

[JNJ](#) 0.63% ▲ [NSRGY](#) 0.98% ▲ [UL](#) 0.92% ▲ [PEP](#) 2.20% ▲ [PG](#) 2.39% ▲ [MSFT](#) 0.30% ▲

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Almost a year after Vladimir Putin launched the devastating invasion of Ukraine, Western companies' alleged links to Russia are still under the microscope.

The [Moral Rating Agency](#), an organization set up after the invasion of Ukraine to examine whether companies were carrying out their promises of [exiting Russia](#), has released [new research](#) on consumer giants that it claims are still selling products into the country. The agency rates companies according to five criteria: degree and speed of exit from Russia, how courageously they spoke out, as well as the impact they had on the Russian economy and the sacrifice to the company itself. Western companies Johnson & Johnson [JNJ, 0.66%](#), Nestlé S.A. ADR [NSRGY, 1.00%](#), Unilever Plc ADR [UL, 0.87%](#), PepsiCo Inc. [PEP, 2.22%](#), Procter & Gamble Co. [PG, 2.43%](#), and Microsoft Corp. [MSFT, 0.36%](#) are all on the Moral Rating Agency's 'Hall of Shame' of companies still allegedly involved in Russia, ranked according to the Agency's "moral rating."

"They are expert at making excuses about their continued involvement in Russia," said the Moral Rating Agency, in a statement. "Using slightly different wording, they have all said they will supply products that are 'essential' to Russia." But the Moral Rating Agency says this can be used as a "loophole" to get other products into Russia.

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Last year consumer goods giant Unilever was criticized following [reports](#) that its ice creams were being sold in Russia. "Lives of innocent Ukrainians rank higher than satisfying the taste buds of Russians that lead to tax revenues that are destroying lives in Ukraine," said Moral Rating Agency founder Mark Dixon, in the statement.

On March 8, Unilever [announced](#) the suspension of imports and exports of the company's products into and out of Russia. The maker of Hellmann's mayonnaise also stopped all media and advertising spend in Russia. "We will not invest any further capital into the country nor will we profit from our presence in Russia," wrote Unilever CEO Alan Jope, in the statement. "We will continue to supply our everyday essential food and hygiene products made in Russia to people in the country. We will keep this under close review."

MarketWatch has reached out to Unilever with a request for comment on this story.

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In a statement provided to MarketWatch last week, Swiss food giant Nestlé said that, since the outbreak of war, the company has "drastically reduced" its portfolio in Russia. "Our remaining activities are focused on bringing essential food to the local people," the company said. "This aligns with our purpose of ensuring the basic right to food."

"We have suspended production of the large majority of products of renowned Nestlé brands to focus on providing essential foods, such as infant food and medical nutrition," Nestlé added. The company has also halted nonessential imports and exports into and out of Russia, stopped all advertising, and suspended capital investment in Russia. "We fully comply with all applicable international sanctions on Russia; and any profit made this year will be donated to humanitarian causes," the company said.

Johnson & Johnson directed MarketWatch to a [March 29 statement](#) announcing its decision to suspend the supply of personal-care products to Russia. This followed the company's earlier

move to suspend all advertising, enrollment in clinical trials and any additional investment in the country. The company has also focused its attention on essential products. "At Johnson & Johnson, we believe we are responsible to the communities in which we live and work and to the world community as well," Johnson & Johnson said, in an earlier [statement](#) on March 4. "We will continue to support those most directly impacted and are committed to providing access to our essential medical products in the countries where we operate, in compliance with current international sanctions."

Also read: [Despite plenty of talk, many U.S. companies have still not fully exited Russia: Moral Rating Agency](#)

MarketWatch has reached out to Microsoft, PepsiCo and Procter & Gamble with a request for comment on this story.

In March, shortly after Russia launched its invasion of Ukraine, Microsoft [announced](#) the suspension of all new sales of products and services. In June the software giant said it is significantly scaling down its operations in Russia, but would fulfill its existing contractual obligations to customers in the country, according to [Reuters](#). On March 8 PepsiCo [published](#) a letter sent by CEO Ramon Laguarta to employees via email. In the letter he announced the suspension of "the sale of Pepsi-Cola, and our global beverage brands in Russia, including 7UP and Mirinda."

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In September Reuters [reported](#) that PepsiCo had ended Pepsi and 7UP production in Russia, months after the initial announcement.

Reuters reported that it had visited dozens of supermarkets, retailers and gyms in Moscow and other areas and found Pepsi cans and bottles printed with July and August production dates from factories in Russia.

Last year a spokesperson for PepsiCo directed MarketWatch to a September statement from the company. "In line with the announcement we made in March 2022, we ceased the manufacture of relevant concentrates for Pepsi-Cola, Mirinda, 7UP and Mountain Dew in the Russian market and suspended capital investments, advertising and promotional activities in Russia," the company said. "All concentrates have subsequently been exhausted in Russia and production has ended."

In a [letter](#) sent to Procter & Gamble employees on March 7, the company's CEO Jon Moeller said the company is discontinuing all new capital investments in Russia and suspending all media, advertising, and promotional activity. "We are significantly reducing our product portfolio to focus on basic health, hygiene and personal care items needed by the many Russian families who depend on them in their daily lives," he said. "As we proceed with the reduced scale of our Russian operations, we will continue to adjust as necessary."



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