

Key Words

Unilever urged to exit Russia: ‘It’s making their hands bloodstained,’ says Economic Security Council of Ukraine

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On the anniversary of Russia’s devastating invasion of Ukraine, consumer goods giant Unilever is coming under pressure to exit its ‘significant’ Russian operations

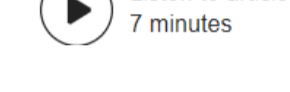


On the anniversary of Russia’s devastating invasion of Ukraine, consumer goods giant Unilever is coming under pressure to exit its ‘significant’ Russian operations. (Photo by JOHN THYS/AFP via Getty Images)



Referenced Symbols

AAPL -1.80% ▼ GOOGL -1.94% ▼ GOOG -1.89% ▼ AMZN -2.42% ▼ IBM -0.17% ▼ F -1.57% ▼ ULVR -0.05% ▼
UNA -0.38% ▼ MCD -1.16% ▼



On the anniversary of Russia’s devastating invasion of Ukraine, consumer goods giant Unilever is coming under pressure to exit its “significant” Russian operations.

Western companies such as Apple Inc. **AAPL, -1.80%**, Alphabet Inc. **GOOGL, -1.94%** **GOOG, -1.89%**, Amazon.com Inc. **AMZN, -2.42%**, International Business Machines Corp. **IBM, -0.17%**, and Ford Motor Co. **F, -1.57%** left Russia in response to Moscow’s devastating invasion of Ukraine, although Unilever **ULVR, -0.05%** **UNA, -0.38%** continues to supply food and hygiene products in the country.

“We simply cannot find the words to describe our disappointment that such companies as Unilever are not leaving the Russian market,” a representative for the Economic Security Council of Ukraine told MarketWatch. “It’s making their hands bloodstained because of what Russia is doing in Ukraine.”

The **Economic Security Council of Ukraine** was set up to develop expertise in identifying and counteracting internal and external threats to Ukraine’s economic security.

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The representative of the Economic Security Council contrasted Unilever’s Russian presence with McDonald’s Corp.’s **MCD, -1.16%** high-profile exit from the country last year. “We understand that this is a complex process,” the representative said. “But some global companies, for example, McDonald’s, global in their operation, still managed to leave the Russian market, while Unilever refuses to do so.”

A spokesperson for Unilever told MarketWatch that the company “continues to monitor and review the situation.”

The company, which counts Hellmann’s mayonnaise, Domestos and Dove soap among its brands, says it has reduced its Russian presence. “We continue to condemn the war in Ukraine as a brutal and senseless act by the Russian state,” it said, in a **statement** released earlier this month, adding that it understands why there are calls for it to leave Russia. “We also want to be clear that we are not trying to protect or manage our business in Russia. However, for companies like Unilever, which have a significant physical presence in the country, exiting is not straightforward,” it added.

Since March 2022, the company has ceased all imports and exports of its products into and out of Russia, as well as all media and advertising spend. “We have also ceased all capital flows into and out of the country,” the company said, in its statement. “We continue to supply our everyday food and hygiene products made in Russia to people in the country.”

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Unilever says it has three options in Russia. The first would be to try to close down its business, which currently employs around 3,000 people spread across four factories and a head office. But if the company abandons its business and brands in Russia they would be appropriated — and then operated — by the Russian state, according to Unilever. “In addition, we do not think it is right to abandon our people in Russia,” the company said, in its statement.

The second option is to sell the business. “But to date we have not been able to find a solution which avoids the Russian state potentially gaining further benefit, and which safeguards our people,” Unilever added.

The third option is continuing to operate within “the strict constraints” put in place in March 2022, according to Unilever. “To be clear, none of these options are desirable,” it said. “Nevertheless,

we believe the third remains the best option, both to avoid the risk of our business ending up in the hands of the Russian state, either directly or indirectly, and to help protect our people.”

But the representative of the Economic Security Council of Ukraine says Unilever is prioritizing financial considerations. “We’re fully convinced that, should Unilever leave the Russian market, it would greatly benefit it in terms of international reputation,” the representative added.

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

In Unilever’s **recent annual results** Russia contributed 1.4% of turnover and 2% of net profit. Unilever’s 2022 turnover was €60.1 billion (\$63.5 billion), an increase of 14.5% on the prior year. The company’s 2022 net profit was €8.3 billion (\$8.8 billion), 24.9% more than in 2021. At the end of 2022, Unilever had assets of around €900 million (\$951 million) in Russia. However, Unilever experienced a 15% decline in the volume of its Russian business. The company’s turnover was also boosted by price inflation and the strength of the ruble.

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**, also slammed Unilever. “The Moral Rating Agency calls on Unilever to do the moral thing and side with democracy and civilization itself,” said the Agency’s founder Mark Dixon, in a statement. His organization **estimates** that Unilever’s economic support for the Russian economy is \$712,393,584 annually, which equates to approximately \$2,000,000 a day or \$80,000 per hour. The Moral Rating Agency based its calculation on the turnover and net profit figures for Russia in Unilever’s annual report and the agency’s estimates of Unilever internal costs and plant and equipment depreciation.




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Unilever’s Russian presence was thrust into the spotlight last year when The Telegraph **reported** that the company was selling ice cream in the country. The company’s spend in Russia is the equivalent of 46 bullets per second being fired 24 hours a day, 365 days a year, according to the Moral Rating Agency. “We are measuring doing business in Russia in soldiers, bullets and missiles because they are the ultimate consequence of supporting Putin economically,” said Dixon. “Unilever must stop hiding behind its balance sheet and excuses to face the reality that selling an ice cream can allow Putin to pay for a bullet.”

In **new research** released Friday the Moral Rating Agency said that only 17 of the top 122 global companies involved with Russia at the time of the Ukraine invasion have exited their activities in the country. Some 59 companies, including Unilever, are “stuck in the middle,” according to the Moral Rating Agency, which says they are making only a partial or incomplete withdrawal.



About the Author

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