

Who is still in Russia?

One year after the invasion of Ukraine

- Many companies are still working with Russia; very few have left completely; most are still partly in.
- Moral Rating Agency data shows why.

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A year after the invasion, a Moral Rating Agency report shows that there are plenty of corporations still in Russia and that little has changed since the weeks after the invasion of Ukraine when most of the corporate boycotting happened. Many companies have started to make their moves but have got stuck on their journey out of Russia or made paltry efforts so they can say they took some action. Others made no move whatsoever.

The MRA was set up as a rating agency and corporate watchdog to get companies out of Russia.

As of now, only 17 companies from the top 122 global companies involved with Russia at the time of Ukraine's invasion had exited from all of their activities.

The largest group (59) is comprised of those that are 'stuck in the

Companies fail to leave Russia

Breakdown of the 122 largest companies in Russia at time of invasion



middle’, making a partial or incomplete withdrawal. These include companies on a journey as well as those with no intention to move an inch.

Meanwhile, no exit at all was seen for 46 companies. These 'hard core' companies may be beyond embarrassment, feeling they have already suffered the full consequence of not having left, where the story of their failure is now old and their reputations have already been damaged. Thus, they may no longer have any incentive to make the sacrifice that is morally required.

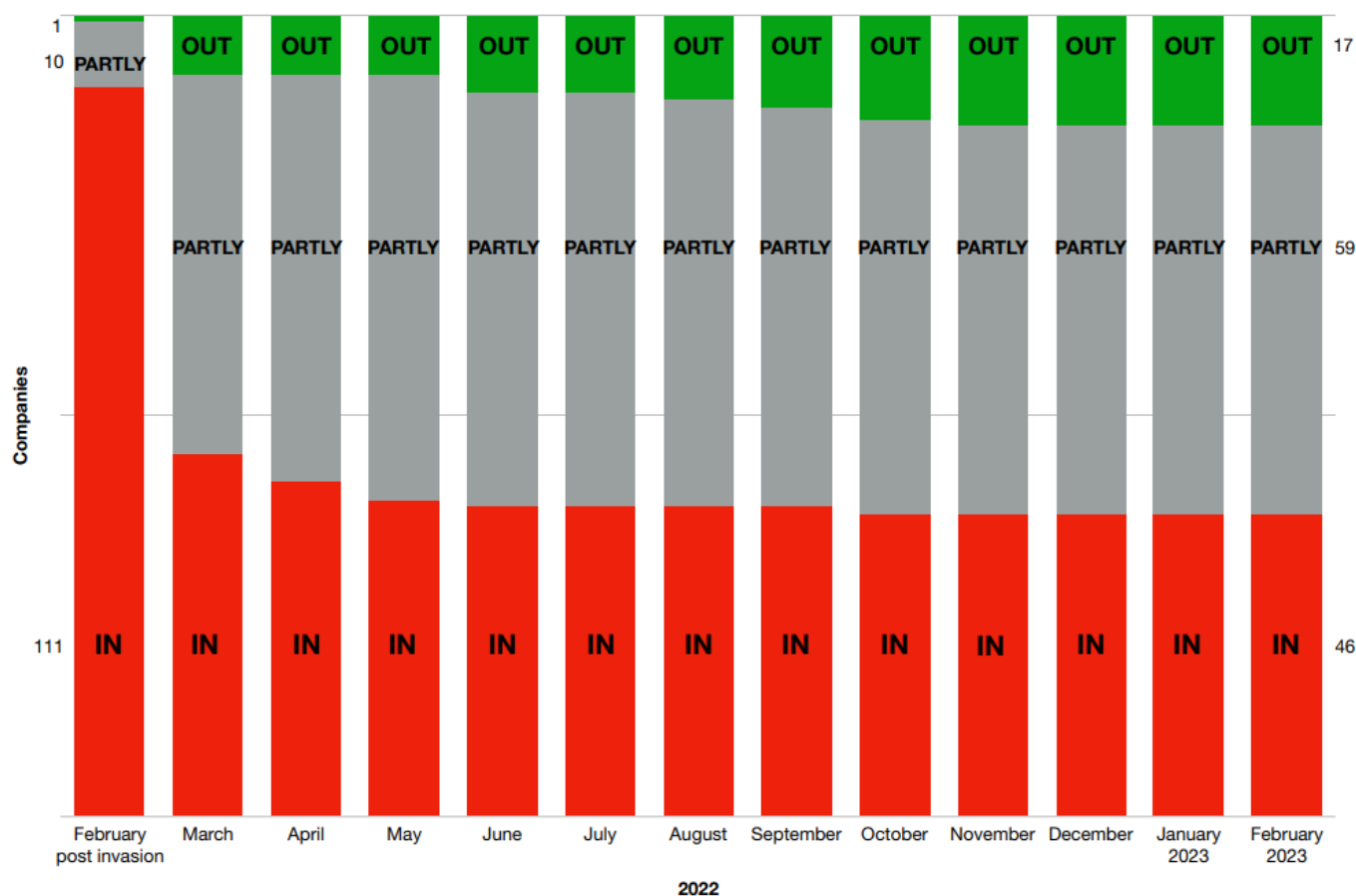
The MRA's strategy is to revive the lost momentum by exposing both those that have done nothing and those that have done a bit but think it's enough, and to issue ratings about the extent of their involvement.

The MRA's end goal is to get Russia out of Ukraine and to use this momentum to help pro-democracy Russians get Putin and his regime out of Russia.

Mark Dixon, the MRA's founder, explained, “We try to make life so unbearable for the half-hearted companies that they are forced to make full and complete exits according to our ‘out means out’ rule. Until then, we shall spotlight and publicly admonish them because their failures facilitate Russia’s invasion of Ukraine. The stakes are so high that these companies deserve no mercy.”

IN, OUT OR DITHERING? An evolving picture

The 122 'Fortune 200' companies that were working with Russia at the time of the invasion of Ukraine



Note: Date of exit from Russia is calculated according to MRA [Rating Methodology](#) and corresponds to companies' first significant exit announcement as used for the ratings.

Source: MoralRatingAgency.org

In this report, the MRA investigated the exit timing evolution of the 122 top companies involved with Russia at the time of Ukraine's invasion and focuses on companies' date of exit according to MRA [Rating Methodology](#).

Exiting Russia is like pulling teeth

Since the initial reaction to the invasion in February 2022, the number of companies totally out of Russia has not increased much. There was early progress in March when many corporations exited some activities but not others. After May 2022, not much changed. The 'hard core' of companies showing no action has hardly diminished in size. There has been a gradual yet disappointing improvement between the categories of 'partly out' and 'totally out' during the eight months since May 2022. In short, almost all companies have been stuck in their initial Spring 2022 positions.

Getting credit for paltry actions

Unfortunately, companies taking partial action often get full credit.

Mark Dixon said, **“Often companies say they will get out but the devil is in the detail. They often get credit before they have left – they are devils in angels’ clothing.”**

Their exit deficiencies span over a wide range of shortcomings, from those that have put a toe outside Russia to those that keep a foot in the door.

Activities measured include exports, imports, wholly-owned factories and assets, offices and partly-owned investments, meaning that large corporations usually need to take many actions to get a clean rating under the Moral Rating Agency's strict 'out means out' rule.

The MRA found that companies use four loopholes or excuses to avoid a proper exit:

- A Russian activity is not mentioned in the statement, allowing the corporation to keep operating something that is often economically more significant than the announced closure without people knowing.
- The corporation makes an exit with a 'carve-out', such as for essential goods. The MRA calls them 'confused humanitarians'.
- A factory or operation is mothballed but employees are retained so the lights can be switched on at a moment's notice.
- A sale of a Russian company or asset is promised but without any timeframe for the actual sale, which may never materialise. The MRA calls these companies 'asset sloths'. They may be spinning wheels on purpose or may be sincere. In either case, the more the sale is delayed, the harder it becomes to find a buyer.

Mr. Dixon explained, **"Companies are hiding in shades of red: doing little but looking like they are doing a lot. When people hear that a company is out of Russia, they don't have time to check which ongoing activity was conveniently not mentioned, or whether the pull-out promise was actually implemented."**

"Some company announcements are not worth the paper they are written on. You read the statement and it sounds like the company is doing something real – but often it is just a promise that the company will be able to tear up. If it manages to delay a sale until Russia becomes less of a pariah, it will avoid doing anything at all." he adds.

Moralwashing

Companies often don't just fail to exit properly, but also exaggerate or spin up their paltry efforts.

Mr. Dixon said, "Russia is such a hot potato that companies are 'moralwashing' to hide their inaction or incomplete action."

The MRA has found that companies are involved in many different types of moralwashing or confusing statements that make a lack of action regarding Russia less blatant.

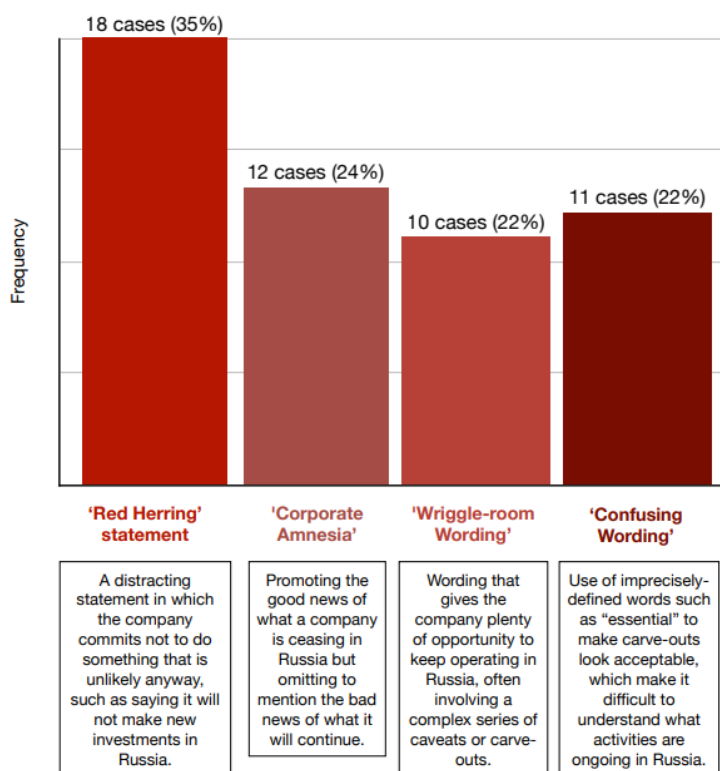
The most prevalent type of bad communication is the 'red herring' statement: for example, corporations often make a 'big splash' of promising they will not make further investments in Russia. 18 cases were found amongst the top 200 companies, representing 35% of the 'communications failures'. The MRA 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 also 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, so the confusion doesn't look accidental at all."

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

The result of the moralwashing is that companies are becoming false heroes.

The Moral Rating Agency's founder added, **“Moralwashing must be called out. Companies are acting immorally but are getting credit for being moral. Moralwashing also negates the motivation to take action, so in practice moralwashing and helping Putin amount to the same thing.”**

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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](#).