



Last June we revealed that LPF and SPF had £448m invested in firms which were still doing business in Russia, despite calls for businesses to pull out.

Critics of the investments said Scottish local authority pension funds should “not be bankrolling” activities that may help Russia and “strengthen Putin and his war machine”.

LPF told The Ferret it is complying with all UK and “relevant international” sanctions. SPF said it was monitoring developments and that the companies were not breaking sanctions.

The companies said they condemned Putin’s invasion of Ukraine and were in the process of winding down their operations in Russia.

In the months after Russia’s attack nearly 1,000 firms pulled out of Russia including McDonalds, Starbucks and Uber.

Those still operating there have been accused of undermining sanctions placed on Putin’s regime by international governments — which were designed to put economic pressure on Russia in the hope of ending the war.

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Some company announcements are not worth  
the paper they are written on.

Mark Dixon, Moral Rating Agency

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Last March the Scottish Government urged businesses in Scotland to “withdraw from trading with Russia”. The UK government has imposed a

range of sanctions, including trade and financial measures, and said “UK businesses are responsible for the decision on whether to trade with Russia”.

Our research found that Lothian Pension Fund invests in Glencore, BAT, Unilever, HSBC, Diageo, Reckitt, and AON. The collective value of those investments, according to latest figures available, amount to around £170m. SPF invests in Unilever, Diageo and Reckitt, to the tune of around £60m in total.

The Ferret’s latest analysis of Scottish council pension funds’ links to Russia came as a new report revealed several major businesses and banks were still conducting business in Russia.

Moral Rating Agency (MRA), a London-based organisation, has been tracking Western companies still trading in Russia, and rated them by assessing activities which may include importing and exporting, owning factories or having other investments.

MRA named HSBC Holdings and Unilever as members of a “dirty dozen” of high-profile multinationals still heavily involved in Russia.

Mark Dixon, who founded the MRA, accused the firms of failing to properly exit Russia and claimed companies that pledged to pull out in the wake of the invasion have instead continued to work in the country by various means.

“Some company announcements are not worth the paper they are written on,” Dixon said. “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.”



In the months after Russia's invasion of Ukraine, nearly 1,000 firms pulled out of the country, including McDonalds, Starbucks and Uber. Image credit: Meghan Hessler

Sarah Boyack MSP, of Scottish Labour, said sanctions on Russia are “critical” and need to be followed” by both companies and investors. “I welcome the work done by The Ferret to expose and bring to our attention the fact that companies and pension funds are still invested in the Russian economy,” she added.

Scottish Greens MSP Ross Greer said that unless there is an “exceptionally compelling reason not to”, European companies should have ceased operating in Russia months ago and that “serious questions” should be asked of any firm still doing so.

“Public sector pension funds certainly should not be bankrolling these activities or acting in a way which strengthens Putin and his war machine,” Greer added.

“There is a responsibility for all levels of government in the UK to ensure that they are not directly or indirectly funding human rights abuses or regimes like the one in Russia.”

In reply, a spokesperson for LPF said it does not comment directly on stock holdings or trades, but is aware that some multinational companies continue to have operations in Russia. “In the event the fund owns shares in any of these companies, LPF uses its shareholder rights to vote and engage to ensure compliance with the law and to make change,” the spokesperson said.

A Glasgow City Council spokeswoman provided a comment for SPF and said the fund will continue to review investments and press companies on any necessary action.

“The fund and investment managers it works with have been keeping a close eye on developments. The four companies highlighted are multinational companies operating across the globe,” the spokeswoman added.

“These companies have already significantly wound down any Russian operations, but may be left with legacy issues which are hard to resolve. Some may continue to sell essential food and hygiene products. It seems clear they are not breaking sanctions.”

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Glencore referred The Ferret to a statement it released in March 2022 shortly after Russia's invasion which "condemned the actions taken by the Russian government" against the people of Ukraine. The company said then it would not enter into any "new trading business in respect of Russian origin commodities unless directed by the relevant government authorities".

Glencore also said it would continue to honour its legal obligations under pre-existing contracts, "subject to meeting all applicable sanctions in accordance with our sanctions policy and where it is feasible and safe to perform these contracts".

A BAT spokesperson said it is in the process of transferring its Russian business in full compliance with international and local laws and that "upon completion BAT will no longer have a presence in Russia".

Diageo declined to comment. Its Russia business was largely a sales operation based on imports, with a small amount of local third-party beer production. Last March, the company stopped all imports and local beer production and The Ferret understands it is winding down the business in terms of making staff redundant and commercial contracts.

Alan Jope, Unilever chief executive officer, condemned the war in Ukraine as a "brutal and senseless act by the Russian state". He said: "We have suspended all imports and exports of our products into and out of Russia, and we will stop all media and advertising spend.

"We will not invest any further capital into the country nor will we profit from our presence in Russia. 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. We join calls for an end to this war and hope that peace, human rights, and the international rule of law will prevail.”

A spokesperson for Aon said it was “continuing the process of suspending our operations in Russia and are not conducting new business in the country.”

A spokesperson for Reckitt said it was “appalled by the ongoing war and the devastating harm being inflicted on the Ukrainian people” and that it hoped for peace. The firm added it is working as quickly as possible to transfer ownership of its Russia business and had “frozen capital investments, advertising, sponsorships and promotions in Russia”.

“Reckitt has begun a process aimed at transferring ownership of its Russian business, which may include a transfer to a third party or to our local employees,” a statement said. “We will work closely with our colleagues in Russia on the details of the various options available to ensure an orderly process. We will do our utmost to ensure those colleagues’ ongoing employment in any new structure and we commit to paying their monthly salaries and benefits until the end of 2022.”

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Alan Jope, Unilever

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HSBC said it signed an agreement last July to sell its business in Russia to Expobank JSC, which is subject to various regulatory approvals within Russia. Once concluded, HSBC Group will exit its operations in Russia.

The Ferret revealed last February that the Scottish Parliament's pension fund had holdings worth nearly £300,000 in Sberbank, a Russian bank facing sanctions.

Baillie Gifford — the investment firm which manages the Scottish Parliamentary Pension Scheme — subsequently divested the stakes following an outcry from MSPs.

Edinburgh University also had shares worth over £1m in Sberbank, as well as £6.5m invested in a Dutch firm which has links to Putin. The university announced a review of its assets in the wake of pressure from students after the story broke.

A Scottish Government spokesperson said: “Scottish Ministers have been clear since the beginning of Russia’s illegal invasion of Ukraine that the business community has a moral responsibility to take action by reviewing operations for links and connections to Russia – and severing them where it is possible to do so.

“The Scottish Government has no involvement in local authorities’ pension funds. This is a matter for councils and their pensions committees.”

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