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Shell accused of Russian ‘compliance-washing’

- Moral Rating Agency calls out Shell for excusing its continuing Russian liquefied natural gas trading activities with a statement about being in compliance with regulations.
- It also called Shell’s LNG trading hypocritical.

For Immediate Release, 3 July 2023: In response to yesterday’s justification by Shell for continuing to trade in Russian liquified natural gas, the Moral Rating Agency issued a statement.

Context

On 2 July 2023, the BBC reported that Shell excused its trading of Russian liquid natural gas by saying, “this is in full compliance with sanctions, applicable laws and regulations of the countries in which we operate,” and that it was the result of “long-term contractual commitments”.

In response, MRA founder Mark Dixon said:

“The sanctions compliance argument is a moral red herring. We call it ‘compliance-washing’. Complying with sanctions has nothing to do with complying with ethics. Hundreds of companies have stopped supporting the Russian economy on a voluntary basis when doing so isn’t a criminal offence.

In addition to compliance-washing, Shell is also acting hypocritically. When it was exposed in March 2022 for trading in Russian crude oil, it apologised and promised to use the profits to help Ukraine, but today the company continues to trade in Russian liquid natural gas.

When Shell argues that it has pre-invasion “long-term contractual commitments’ for LNG, we remind it that it could use moral force majeure* to stop this activity. In fact, Putin took unilateral action in September last year against Shell to expropriate its 27.5% stake in Sakhalin II. Shell’s LNG profits are clearly too attractive to resist.

As for the billions of dollars of blood money accumulated by Shell in its balance sheet from its Russian activities, they should be paid into a dedicated fund to repair Putin’s damage to Ukraine that is financed by the economy that is being propped up by Shell.

We accuse Shell of compliance-washing to cover up its support for the Russian economy while it profits financially. This is not just a company doing business with Russia – it is acting hypocritically and also moralwashing its dealing.”

The MRA notes that on 8 March last year, after Russia’s invasion of Ukraine, Shell announced “its intent to withdraw from its involvement in all Russian hydrocarbons, including crude oil, petroleum products, gas and liquefied natural gas (LNG) in a phased manner”. The announcement failed to mention that Shell would continue to buy LNG from Novotek under a contract for 900,000 tonnes per annum from the Yamal LNG plant in Siberia that runs through 2035.

** According to MRA policy, companies should break contracts with Russia on the basis that no one should be obliged to support an autocratic regime. We call this overriding moral authority 'moral force majeure'. Companies have a moral responsibility to exercise it and should take any commercial risk of doing so.*

The Moral Rating Agency, the corporate watchdog, was set up to get Russia out of Ukraine and use this momentum to help pro-democracy Russians get Putin and his regime out of Russia. The MRA rates global companies on how effectively they are pulling out of Russia on its site moralratingagency.org.

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](#).