



The Russia dilemma for beauty brands



By **Kirsty Doolan**

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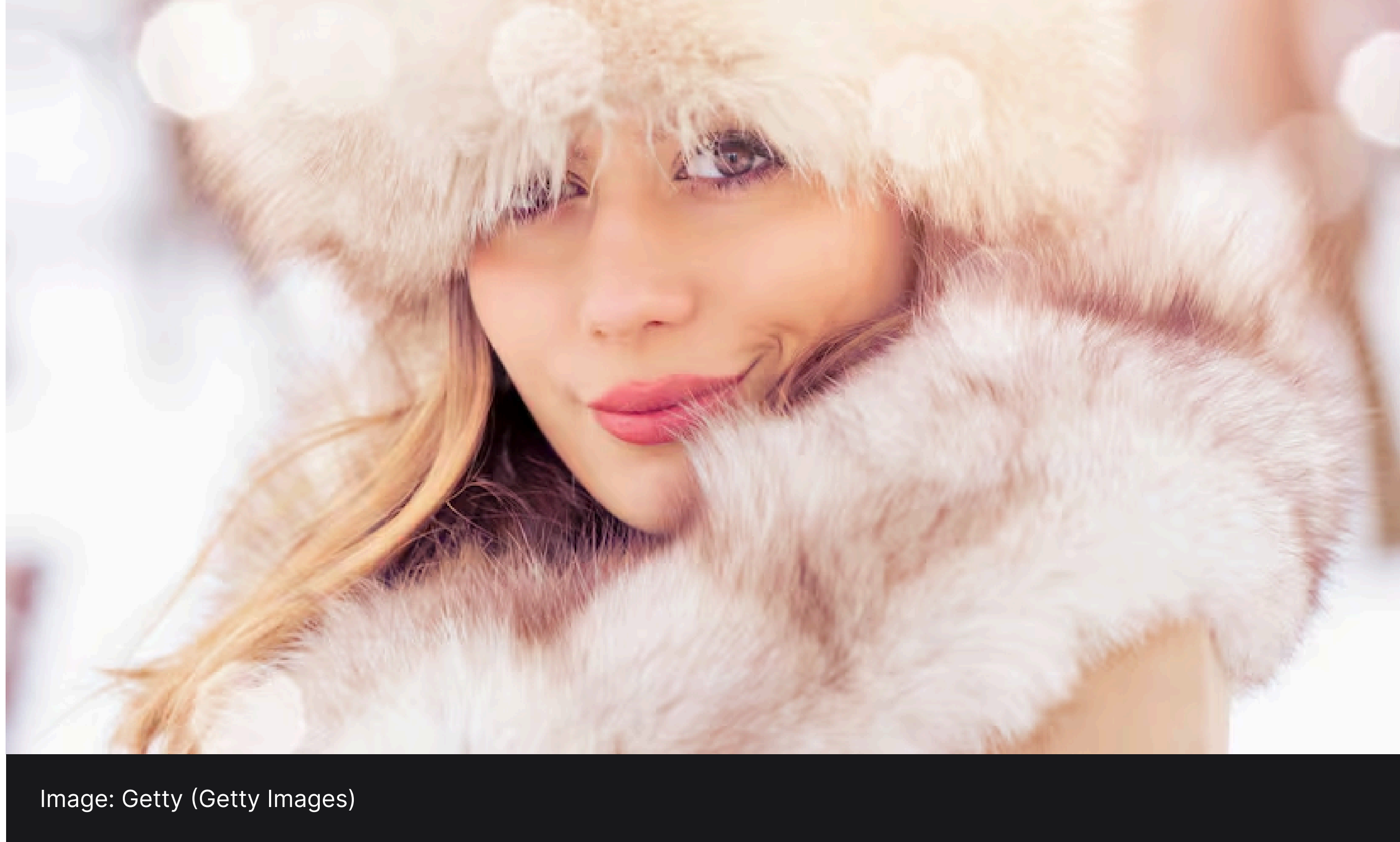


Image: Getty (Getty Images)

After years of pressure on the British multinational, Unilever has just sold its Russian assets to a local manufacturer of perfume, cosmetics, and household products. Where does this leave other cosmetics brands that are still in the market?

Unilever has officially sold its Russian subsidiary to Arnest Group, a Russian manufacturer of perfume, cosmetics, and household products.

The British FMCG business, which owns various heritage personal care brands such as Dove and Vaseline, has long been criticised for continuing to do business in the country after Russia invaded Ukraine in February 2022.

Critics claimed that the western businesses still trading in Russia were essentially supporting a war by continuing to contribute to its economy.

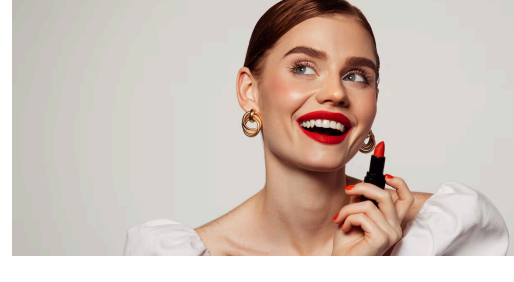
Unilever CEO Hein Schumacher made the announcement of the sale, which includes all of Unilever's business in Russia and its four factories in the country.

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"Our business in Belarus is also included in the sale," Schumacher said.

"Over the past year, we have been carefully preparing the Unilever Russia business for a potential sale. This work has been very complex, and has involved separating IT platforms and supply chains, as well as migrating brands to Cyrillic.

"The completion of the sale ends Unilever Russia's presence in the country."

Unilever's Russian assets were said to be valued at 35-40bn roubles, according to Russian Business Council (RBC).

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The Russia dilemma: some beauty brands still operate in the country

Unilever would have needed to get the approval of the Russian government before making the sale, as the country appears to be tightening its grip on western firms that are still trading in the region.

In late September, Russian authorities were said to be discussing raising the one-off contribution that foreign companies leaving the country must make to the state budget. This is currently set at 15% of the sale, but the RBC (citing four sources) has said there have been discussions about raising it to 40%.

Moscow has steadily made it harder for foreign companies to pull out of the market. It appears to demand discounts on any deal before giving approval and is said to take a portion of the sale price to top up state funds.

This highlights the dilemma that has been faced by western beauty companies such Russia invaded Ukraine two and half years ago. Does commercial interest overrule morals?

It's worth noting that being 'cancelled' in the west could also potentially lead to greater losses than withdrawing from a morally dubious market, so this potential loss of reputation, coupled with Moscow's monetary demands for pulling out, could be more damaging for a company in the long-term.

When Russia first invaded Ukraine, many [western beauty companies](#) publicly condemned the attack and either pulled out of the market or froze their operations, but some are now said to be back to 'business as usual' in the region.

Avon said it "offers critical support for women" in the market

As one business example, earlier this year, the British-American beauty company Avon was accused of "double immorality" for remaining in Russia and "moralwashing" its presence by the Moral Rating Agency – a UK-US-based organisation that describes itself as a "corporate watchdog"

The organisation heavily criticised Avon for its presence in the market, but the social-selling beauty company pointed out that it offers "critical support for women whose livelihoods depend on the business."

In response to these accusations, which were made in early 2024, an Avon press spokesperson said: "In terms of operations in Russia, Avon continues to provide its Representatives with the means to sustain their financial independence and is supplying their social selling businesses. We see this as critical support for women whose livelihoods depend on their Avon business and believe that restricting their access to selling products would have an outsize impact on women and children."

The spokesperson continued: "The plant in Naro-Fominsk services only the Russia market and does not export to other markets." And added that "for over 135 years, Avon has stood for women wherever they are in the world, regardless of ethnicity, nationality, age or religion."

To this point, the MRA has accused the global beauty company of "moralwashing" its decision to stay put in the market.

Founder of MRA, Mark Dixon, said: "By hiring new people, keeping production going, and keeping products on the shelves, Avon is supporting the economy that pays for the invasion of Ukraine."

Dixon continued: "They are hiring new reps. Avon reps knocking on doors in Russia sends a 'business as usual' signal to Russian people while the West is trying to send them the message that Putin has made Russia a pariah state."

He also said that as Avon has claimed to be the top beauty brand in Russia, this gives it "an even higher moral responsibility to exit."

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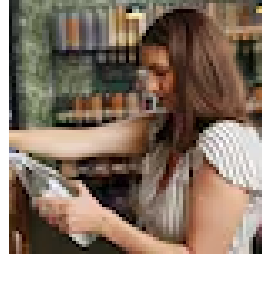
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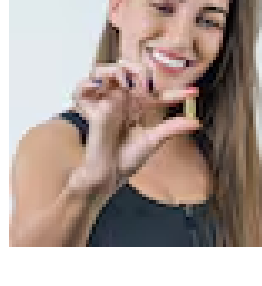
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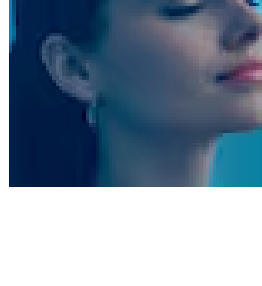
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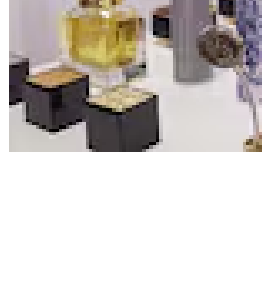
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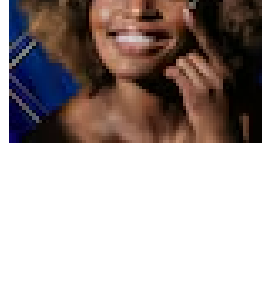
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