

Unilever's dealing with Russia is 'dancing with the devil'

Consumer goods company lambasted over its continued involvement in the country two and a half years after it invaded Ukraine

James Hurley, Friday 13th September 2024, The Times

Unilever has been accused of “moralwashing” and “dancing with the devil” over its dealings with Russia despite signs it is poised to sell its assets in the country.

The Moral Rating Agency, which highlights corporations' ties with Russia after its invasion of Ukraine in 2022, said Unilever should not be applauded over reports it is due to sell its Russian assets to the Arnest chemical group for up to \$500 million.

The agency said: “It is interesting that a payment of half a billion dollars might help it do the moral thing.

“While an exit would be good news, we should never forget that Unilever has been supporting the Russian economy at the rate of half a billion pounds a year, which is enough to pay for a thermobaric rocket every nine days or an Iranian drone every 17 minutes.”

The Moral Rating Agency was founded and is led by Mark Dixon, who runs a mergers and acquisitions consultancy in the City. He was a co-founder with his brother Hugo of Breakingviews.com, a financial commentary website that was acquired by Thomson Reuters in 2009.

The consumer goods giant has reportedly received Russian government approval for a sale.

Unilever has faced criticism for remaining in Russia since Moscow sent troops into Ukraine in a full-scale invasion in February 2022, though it has curtailed some spending and operations.

A wider corporate exodus from Russia has cost foreign companies at least \$107 billion in writedowns and lost revenue, according to an analysis by Reuters.

The Moral Rating Agency, which says it also plans to “cover corporate moral behaviour on other critical political issues”, said: “We have been calling for Unilever to get out of Russia since Putin invaded Ukraine. It has responded by ‘moralwashing’ its presence, dragging it deeper into a vortex of immorality with each spin. We call its immoral behaviour ‘Unilever-gate’.

“We will maintain Unilever in our ‘indelible ledger’ of companies that stayed in Russia long after the invasion. It gets no medal for dancing with the devil for two and a half years.”

Hein Schumacher, chief executive of Unilever, said in July that the conglomerate had “substantially” localised its operations in Russia over the past year and said its main objective was to minimise economic contributions to the Russian state.

In March 2022, Unilever, which owns brands including Dove soap and Domestos cleaning products, became the first big European food company to stop imports into and exports out of Russia.

A full exit from Russia would be one of the most important decisions taken by Schumacher so far, who in his first year in charge has overseen plans to spin off its ice cream business, lay off as many as 7,500 staff, and focus on 30 key brands to reverse years of underperformance.

Unilever was approached for comment.