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11 July 2023

Dear B4Ukraine Coalition,

Thank you for your letter dated 4 July 2023 and for contacting us about Unilever's operations in Russia. We appreciate the opportunity to address the issues you have raised. We were also concerned to learn that you wrote to us in May 2023, and we are investigating why this letter was never received.

We would like to reiterate that Unilever absolutely condemns the war in Ukraine as a brutal, senseless act by the Russian state and we continue to join the international community in calling for stability and peace in the region. In addressing the questions in your letter, we've provided as full a response as possible below, and we would be happy to have a meeting with you to discuss our approach further and follow up on some of the points raised.

I hope you don't mind me starting my response by addressing your last question first, because in many respects this sets out how we have considered our position on this matter, and also guides our approach to some of the other questions you asked.

That last question was whether Unilever has considered fully exiting Russia. We have sought to be transparent in our thinking on this matter, because for companies such as Unilever which have a physical presence in the country, exiting is not straightforward. In assessing the future of our business in Russia we have looked at three primary options.

The first option would be to try to close down the business, which currently employs around 3,000 people across four manufacturing sites and a head office. However, it is clear that were we to abandon our business and brands in the country, they would be appropriated – and then operated – by the Russian state. In addition, we do not think it is right to abandon our people in Russia.

The second option would be to sell the business, but to date we have not been able to find a solution which avoids the Russian state potentially gaining further benefit, and which

safeguards our people. The third option is to allow the business to run with those strict constraints that we put in place last March.

To be clear, none of these options are desirable. Nevertheless, we believe the third remains the best option, both to avoid the risk of our business ending up in the hands of the Russian state, either directly or indirectly, and to help protect our people. We will of course continue to keep this position under close review.

Returning to the first question in your letter, you ask about reports of an increase in advertising spending in Russia – figures which I believe were cited in an article by Follow the Money in May this year. To clarify, in March last year, we announced that we would stop all media and advertising spend in Russia and I would like to reassure you that Unilever has adhered to this commitment. The advertising referred to in the article was carried out by retailers, and it was contractually committed to before the war broke out.

Your second question relates to the amount of tax Unilever Russia paid last year. Since the war started, we have put strict constraints around our business, including ceasing all capital flows into and out of the country and stopping imports and exports of our products. The actions we have taken resulted in a decline in our sales volumes last year of around 15%. Despite this, our sales turnover was higher on the back of inflation and the strength of the rouble, which rose 18% in 2022. Regarding taxes paid in Russia, RUB 3.8bn of taxes was paid in 2022, which is in line with the total tax amount borne in 2021.

Your third question relates to “everyday essential food and hygiene products” and specifically our sale of ice cream in Russia. While the majority of our business in Russia is made up of personal care and hygiene products, it is correct that we continue to supply ice cream. The Russian government has made it clear that the employees of companies in Russia which abandon or run down their business could face criminal prosecution. The closure of our ice cream business could be considered such a breach.

In your fourth question, you ask whether Unilever directly supplies its products to the Russian military and whether we have systems in place to prevent a supply of goods to the army. We would like to reassure you that Unilever Russia does not supply products directly to the Russian military.

In question five, you ask about the obligations we have towards our Russian employees and how we minimise the risk and impact to those who work for Unilever Russia. As you’ve seen in our statement, maintaining our position in Russia is closely connected to the responsibility we have to our 3,000 employees. We continue to run our business in Russia in alignment with our global principles including the safety and wellbeing of our employees. For example, we offer an Employee Assistance Program for all employees. As for our security approach, this is regularly reviewed and where we see risks develop, security mitigations will be taken.

Question six in your letter asks for further details on conscription to the Russian army. We are aware of the law requiring any company operating in Russia to permit the conscription of employees should they be called. We always comply with all the laws of the countries we operate in.

I hope these answers have helped to address your questions.

Lastly, I would like to reiterate that we remain fully committed to our business in Ukraine, which this year celebrates its 30th anniversary.

Earlier this year, we announced a significant investment in a new production facility in the Kyiv region, which will open next year and will manufacture personal care products including shampoos and shower gels for brands such as Dove, Axe, TRESemmé and Clear. The hub will predominantly supply the local Ukrainian market but has future potential to export to European markets, and will employ around 100 people.

Do let us know if you would be interested in further discussing the details of this letter in a meeting.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Reginaldo Ecclissato', with a large, sweeping underline that extends across the width of the signature.

Reginaldo Ecclissato

Chief Business Operations and Supply Chain Officer, Unilever

Hein Schumacher
Chief Executive Officer
Unilever PLC
Unilever House
100 Victoria Embankment
London EC4Y 0DY
United Kingdom

July 4, 2023

RE: Unilever's business operations in Russia

Dear Mr. Schumacher,

We are writing to follow up on our previous correspondence with Unilever dated May 15th, 2023, regarding potential inconsistencies between Unilever's obligations, as articulated in the UN Guiding Principles on Business and Human Rights (UNGPs), and the company's ongoing business operations and relationships in Russia that may contribute to, or be linked with, human rights harms. We have not received a response to our letter.

We are writing once again to formally notify Unilever on the serious and increasing risks the company faces by continuing its operations in Russia that may amount to complicity in human rights abuses committed by Russia and to urge you to:

- Immediately cease all operations and presence in Russia and completely exit the Russian market.
- Refrain from any future business, trade, or investment in Russia until Russia ends its war in Ukraine, territorial integrity of Ukraine is restored, and accountability imposed for war crimes and the destruction of Ukrainian infrastructure and property.
- Establish and implement comprehensive human rights due diligence measures for any responsible exit from or re-engagement with Russia.

It has been over one year since Russia invaded Ukraine and the devastating impacts continue to shock the global conscience and shake the global economy. Russia is violating international humanitarian law (IHL), including war crimes and crimes against humanity, through attacks on civilians and civilian infrastructure (e.g., mass executions, sexual violence, torture, forcible transfer of civilians). More than 24,000 Ukrainian civilians have been killed and injured and millions more have been forced to flee their homes, creating one of the largest humanitarian and refugee crises of modern times. In recognition of the severity of abuses, in March 2023 the International Criminal Court issued an arrest warrant for Vladimir Putin to answer war crimes charges for an alleged scheme to deport Ukrainian children to Russia.¹

Moreover, as outlined below, recent developments in Russia point to an expanding universe of

¹ International Criminal Court, "Situation in Ukraine: ICC judges issue arrest warrants against Vladimir Vladimirovich Putin and Maria Alekseyevna Lvova-Belova," March 17, 2023, <https://www.icc-cpi.int/news/situation-ukraine-icc-judges-issue-arrest-warrants-against-vladimir-vladimirovich-putin-and> (accessed March 22, 2023).

financial, legal, and reputational risks facing remaining companies.

On September 21, President Vladimir Putin escalated the war by announcing a “partial mobilisation” of the Russian population. The accompanying legislation ([Article 9 of Federal Law No. 31-FZ](#)) mandates all organisations, including the more than 1,500 international companies that are currently operating on a full or limited scale in Russia, to conduct military registration of the staff if at least one of the employees is eligible for military service.² They must also assist with delivering the military summons to their employees, ensure the delivery of equipment to assembly points or military units, and provide information, buildings, communications, land plots, transport, and other material means of support to the war effort.

A new decree issued by President Putin on March 3, 2023, enables the Russian government to suspend shareholders' rights and implement external management in companies that don't fulfil state defence contracts under conditions of martial law.³ By specifying the process of appointing Russian government representatives to manage businesses that fail to meet state orders, the latest Decree effectively creates a scenario of "partial nationalization."

With new legislation introducing partial mobilisation, nationalisation, and potentially martial law in Russia, it is highly likely that corporations will be unable to prevent or mitigate negative human rights impacts; an obligation imposed on companies by the United Nations Guiding Principles on Business and Human Rights. As such, continuing to conduct business in Russia entails significant legal risks for companies, including potential civil and criminal liability under comprehensive sanctions regimes and recent international jurisprudence holding corporations and their officers responsible for human rights abuses abroad.⁴ By remaining in Russia, companies face the rising risk of criminal liability for complicity in international crimes, which can be prosecuted by domestic courts outside

² Federal Law No. 31-FZ of February 26, 1997 "On mobilization training and mobilization in the Russian Federation" (as amended), <https://base.garant.ru/136945/> (accessed November 14, 2022).

³ Decree of the President of the Russian Federation No. 139 dated March 3, 2023 "On Certain Issues of Carrying Out the Activities of Business Companies Participating in the Fulfilment of the State Defense Order", <http://publication.pravo.gov.ru/Document/View/0001202303030004> (accessed March 22, 2023).

⁴ International companies remaining in Russia are now at a greater risk of violating sanctions regimes as implementation of the legislation will likely involve transacting with sanctioned individuals or entities. Furthermore, new domestic civil and criminal cases against companies involved in violations of international law demonstrate the risk of significant liability for facilitating state-sponsored human rights abuses abroad (e.g., Lafarge case, Lundin case, Castel Group indictment, Nevsun holding, and Dassault Aviation, Thales, and MBDA France criminal complaint.) Victoria Riello and Larissa Furtwengler, “Corporate Criminal Liability for International Crimes: France and Sweden Are Poised To Take Historic Steps Forward,” *Just Security*, September 6, 2021, <https://www.justsecurity.org/78097/corporate-criminal-liability-for-human-rights-violations-france-and-sweden-are-poised-to-take-historic-steps-forward/> (accessed November 14, 2022); The Sentry, “Breaking: France Opens War Crimes Inquiry Focused on Iconic Food and Beverage Conglomerate,” July 1, 2022, <https://thesentry.org/2022/07/01/7216/breaking-france-opens-war-crimes-inquiry-focused-iconic-food-beverage-conglomerate/> (accessed November 14, 2022); Rfi, “French technology firm charged over Libya cyber-spying,” July 2, 2022, <https://www.rfi.fr/en/business-and-tech/20210701-french-tech-firm-charged-over-libya-cyber-spying> (accessed November 14, 2022); Preston Lim, “Canadian Supreme Court Allows Corporate Liability for International Law Violations,” *Lawfare*, March 12, 2022, <https://www.lawfareblog.com/canadian-supreme-court-allows-corporate-liability-international-law-violations> (accessed November 14, 2022); Sherpa, “Aiding and abetting war crimes in Yemen: Criminal complaint submitted against French arms companies,” June 2, 2022, <https://www.asso-sherpa.org/aiding-and-abetting-war-crimes-in-yemen-criminal-complaint-submitted-against-french-arms-companies> (accessed November 14, 2022).

Russia under the doctrine of "universal jurisdiction."⁵ Companies may also be exposed to financially material risks through operational restrictions, such as limitations of future government contracts.⁶

Firms which continue to trade with Russia also face high levels of risk attached to financial transactions. On 24 February 2023, the Financial Action Task Force (FATF) suspended Russia's membership as a result of the war, calling on all actors in the international financial system to exercise extreme caution in all dealings with Russia.⁷ In practice, the decision means that all international banks will scrutinise all Russian payments, making financial transactions more expensive, lengthy, with no guarantee that the transaction will occur at all.⁸ Although FATF has not yet blacklisted Russia, it highlighted the consensus among its 36 member countries that "the Russian federation's actions represent a gross violation of the commitment to international cooperation upon which FATF Members have agreed to implement and support the FATF Standards."⁹ Previous practice shows that noncooperative behaviour is one of the reasons for FATF blacklisting. As a result, companies should examine and mitigate the high levels of risk attached to financial transactions with Russia and based on that risk, companies should reconsider all ongoing business operations related to Russia.

A recent report shows that Russia poses a "real threat to global financial integrity, as well as to national security more broadly."¹⁰ Additionally, the revelation by the Russian president confirming that the internationally recognized transnational criminal organization known as the "Wagner Group" is funded by the Russian government has brought to light a range of alarming risks related to money laundering, terrorist financing, and other financial crimes for businesses involved in or working with Russia.¹¹ It is now a distinct possibility that businesses continuing their operations and paying taxes in Russia may be providing financial support to the Wagner Group, a notorious paramilitary organization.

Additionally, the Ukrainian government's [National Agency on Corruption Prevention](#) (NACP) has created a list of "foreign companies that, despite the international recognition of Russia as the

⁵ For example, ongoing proceedings in the US and France against the French multinational Lafarge for complicity in human rights violations in Syria. The Paris Court of Appeal, "La Cour d'appel de Paris confirme la mise en état de la multinationale française Lafarge pour complicité de crimes contre l'humanité commis par l'Etat islamique," May 18, 2022, <https://www.doughtystreet.co.uk/sites/default/files/media/document/Press%20release%20french%20version.pdf> (accessed March 22, 2023); United States Attorney's Office, Eastern District of New York, "Lafarge Pleads Guilty to Conspiring to Provide Material Support to Foreign Terrorist Organizations," October 18, 2022, <https://www.justice.gov/usao-edny/pr/lafarge-pleads-guilty-conspiring-provide-material-support-foreign-terroris> (accessed March 22, 2023).

⁶ Venable LLP, "Do You Contract with State Governments? If So, Beware of Emerging State Sanctions' Obligations Related to Russia and Belarus," *JD Supra*, June 3, 2022, <https://www.jdsupra.com/legalnews/do-you-contract-with-state-governments-6537229/> (accessed January 2, 2022).

⁷ FATF, "FATF Statement on the Russian Federation," February 24, 2023, <https://www.fatf-gafi.org/en/publications/Fatfgeneral/fatf-statement-russian-federation.html> (accessed March 14, 2023).

⁸ Liudmyla Sliptsova, "Russia's membership in the FATF suspended. What does this mean and how ruinous is this for the aggressor's economy?," *Mind*, February 27, 2023, <https://mind.ua/en/publications/20253993-russias-membership-in-the-fatf-suspended-what-does-this-mean-and-how-ruinous-is-this-for-the-aggre> (accessed March 14, 2023).

⁹ FATF (n 7).

¹⁰ Themis, "Russia; Country Risk Report," June 2023, <https://themisservices.co.uk/country-risk-report-russia> (accessed June 26, 2023).

¹¹ Telegram, "Встреча Путина с военными и его заявления по поводу ЧВК "Вагнер," June 27, 2023, https://t.me/rian_ru/207202 (accessed July 3, 2023).

aggressor state and the introduced sanctions restrictions, continue to cooperate with it.”¹² These companies are recognised as “international sponsors of war” by the Ukrainian state. The listed entities will be included into the World-Check database to protect the global financial sector from Russian sponsors of war. Since banks and insurance companies use World-check to assess risks, companies on the list will be limited in freely accessing personal and corporate finances. So far there are 30 companies on the list, with NACP noting that it includes “international companies that provide the public and private sector with goods and services of critical purpose, as well as [those that] contribute to the Russian budget.”¹³ As you are aware, Unilever, as well as eight members of the company’s senior leadership, are included in the list as sponsors of war.¹⁴

In response to this unprovoked and unjustified war¹⁵ many companies have already left Russia. According to the Kyiv School of Economics Institute's #LeaveRussia [company tracker](#), Unilever has decided to stay and continue its operations in Russia.

Prior to the war, Unilever had significant operations in Russia which included 8 large Russian enterprises, including a margarine factory in Moscow, a sauce factory, a tea-packing factory and a perfume and cosmetics factory in St. Petersburg, a food and an ice cream factory in Tula, as well as ice cream factories in Novosibirsk and Omsk.¹⁶

In March 2022, Unilever announced that it has “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.”¹⁷

Unilever faced criticism over its continued operations in Russia, particularly regarding its sale of ice cream, despite pledging to limit its business to only delivering essential goods and the company’s condemnation of the war. This has led some to conclude that Unilever “keeps on coming up with different excuses for not leaving Russia,” and that the real reason the company is still in the country is because it “cares only about profits and keeping its market share.”¹⁸ Reports indicate that Unilever made £500 million by selling ice cream in Russia since the start of the war in Ukraine (as of February 3, 2023), while some claim that the company’s operations provide the Russian government with

¹² NACP, “International Sponsors of War,” <https://sanctions.nazk.gov.ua/en/boycott/> (accessed February 6, 2023).

¹³ NACP, “Companies from the NACP list of “International Sponsors of War” are now in the World-check database, used worldwide for reviewing counterparties,” September 7, 2022, <https://nazk.gov.ua/en/news/companies-from-the-nacp-list-of-international-sponsors-of-war-are-now-in-the-world-check-database-used-worldwide-for-reviewing-counterparties/?hilite=sponsor+of+war> (accessed February 6, 2023).

¹⁴ NACP, “Sponsors of War – Unilever,” <https://sanctions.nazk.gov.ua/en/boycott/1008/> (accessed July 3, 2023).

¹⁵ The UN General Assembly condemned Russia’s “aggression against Ukraine” and demanded that Moscow “unconditionally withdraw all of its military forces from the territory of Ukraine within its internationally recognized borders.”

¹⁶ Leave Russia, “Unilever,” <https://leave-russia.org/unilever> (accessed April 28, 2023).

¹⁷ Unilever, “Updated Unilever statement on the war in Ukraine,” March 8, 2022, <https://www.unilever.com/news/news-search/2022/updated-unilever-statement-on-the-war-in-ukraine/> (accessed April 28, 2023).

¹⁸ John Paul-Ford Rojas, “Just one more excuse: Unilever boss tries to justify continuing to sell Cornettos in Russia,” *Daily Mail*, January 17, 2023, <https://www.dailymail.co.uk/news/article-11646011/Just-one-excuse-Unilever-boss-tries-justify-continuing-sell-Cornettos-Russia.html> (accessed April 28, 2023).

enough funds for 17,000 soldiers.¹⁹ In December 2022, a report by the Moral Rating Agency placed Unilever on its “Dirty Dozen” list of companies who have failed to leave and are still conducting operations in Russia, calling the company one of the most “egregious offenders.”²⁰

We appreciate Unilever's clear stance against the war and its transparency in discussing the challenges it has encountered in leaving the Russian market, as published in your February 13, 2023, statement.²¹ While we understand the legal and administrative complexities involved in leaving Russia, we believe that after a year of conflict, over 80,000 documented war crimes committed by Russia, and the ICC's recent indictment of Russia's head of state on charges of war crimes for trafficking children, there can be no more ambiguity.

We understand that Unilever's concerns stem from two main sources: the wellbeing of the company's Russian employees and the appropriation of its assets by the Russian state. While the points raised in Unilever's February statement are valid, we disagree that the best course of action for the company is to continue operating in the country. Moreover, the newest data shows that Unilever has reneged on its promises made in March 2022 to stop all media and advertising spending and profiting from its presence in Russia. A report by *Follow the Money* shows that Unilever Rus has “doubled its net profit, as can be seen in the Russian annual report for 2022: from 4.8 billion rubles (56 million euros) to more than 9.2 billion rubles (108 million euros).”²²

Considering these developments, B4Ukraine would like to pose the following questions to Unilever:

1. Unilever stated that it will suspend all media and advertising spending. However, in 2022, Unilever spent 21.7 billion rubles (259 million euros) on advertising costs, which is an increase of more than ten percent compared to 2021.²³ **In light of the war against Ukraine, how does the disparity between Unilever's March 2022 statement and its subsequent actions of increasing advertising spending align with the company's human rights policies and its commitment to heightened human rights due diligence?**
2. According to the report, Unilever has also contributed more to the Russian treasury. The Kyiv School of Economics calculated that in 2021 Unilever Rus paid a total of 331 million dollars (302 million euros) in taxes to the Russian treasury, and considering the company's ongoing operations, the figure should be the same or higher in 2022.²⁴ The amount of tax paid to Russia roughly translates to 331 Kalibr missiles which are used against Ukraine. **How**

¹⁹ Archie Mitchell. “Oh-so woke firm has made £500 MILLION selling ice cream in Russia since the Ukraine war began: Campaigners claim Unilever provides Vladimir Putin with enough funds for 17,000 soldiers as MPs brand firm 'disgusting' for continuing to trade in warring state,” *Daily Mail*, February 3, 2023, <https://www.dailymail.co.uk/news/article-11711847/Oh-woke-firm-Unilever-500-MILLION-selling-ice-cream-Russia-Ukraine-war-began.html> (accessed April 28, 2023).

²⁰ Louis Goss, “BP, Unilever, and HSBC have failed to properly exit Russia after Ukraine war, new report warns,” *City A.M.*, January 2, 2023, <https://www.cityam.com/bp-unilever-hsbc-have-failed-to-properly-exit-russia-new-report-warns/> (accessed April 28, 2023).

²¹ Unilever, “Unilever statement on the war in Ukraine,” February 13, 2023, <https://www.unilever.com/news/press-and-media/press-releases/2023/unilever-statement-on-the-war-in-ukraine/#:~:text=We%20continue%20to%20condemn%20the,act%20by%20the%20Russian%20state> (accessed April 28, 2023).

²² Rosanne Kropman and Henk Willem Smits, “Unilever breaks pledge: profits in Russia doubled, advertising spending increased,” *Follow the Money*, May 12, 2023, <https://www.ftm.eu/articles/unilever-doubles-profits-russia?share=hufjbbFU36Mezwo3271vz%2B%2BKMW%2BVe%2BDUQwR8qbYVZbGQK%2BIOU5kdn9ZDXkk49c%3D> (accessed May 15, 2023).

²³ Ibid.

²⁴ Ibid.

does Unilever address the contradiction between expressing condemnation towards the war and its active role in supporting the economy of an aggressor state, thereby indirectly contributing to its war efforts?

3. Unilever stated that it will continue providing “everyday essential food and hygiene products.”²⁵ While we do not deny that some goods and foodstuffs are essential in preventing food shortage and undernutrition of the local population, products like Magnum and Cornetto ice cream are not, and cannot be considered essential. In determining which products are essential, businesses should consider the nutritional needs of the affected population, focusing on nutrient dense foods, such as foods rich in proteins, vitamins, and minerals, including a mix of cereals (such as maize, wheat, rice, or millet), pulses (such as lentils, beans, chickpeas, or peas), oil, and fresh or processed fruits and vegetables.²⁶

Can Unilever provide its definition and list of goods it considers essential in light of the particular circumstances of this conflict?

Can Unilever provide a list of goods that it stopped producing since the outbreak of the war because they are not considered essential?

Has Unilever considered whether its goods can be replaced with local substitutes?

Which stakeholders has Unilever engaged with in determining its policies and the decision to stay in the market?

4. While both companies deny the accusations, Bonduelle and Auchan have recently faced backlash because their goods were sent to Russian troops in Ukraine, some with notes wishing “a speedy victory.”²⁷ **How has Unilever practised due diligence in preventing the direct supply of its products to the Russian military? Does Unilever have policies, mechanisms, and tools in place to carry out enhanced due diligence of supply chains, intermediaries, customers, and end-users to prevent the supply of goods to the Russian army? If so, how were they utilised for defining business connections that involve the Russian government, its agencies, and state-controlled or sanctioned organisations?**

5. We understand and agree that Unilever has obligations towards its employees. These are laid out under the United Nations Guiding Principles on Business and Human Rights and in the wider international human rights legal and regulatory framework. **Can Unilever clarify how it has used this framework to minimise the risks and impacts to its employees? How has the company applied heightened human rights due diligence to its operations in Russia?**

²⁵ Unilever (n 14).

²⁶ While a unified list of all essential foods does not exist in the international regulatory framework, there are sources which could be applied through analogy in determining which foodstuffs are considered essential (in conjunction with other international business and human rights legislative and regulatory documents): Sphere, “The Sphere Handbook: Humanitarian Charter and Minimum Standards in Humanitarian Response,” 2018, <https://spherestandards.org/handbook-2018/> (accessed May 4, 2023); WHO, “Technical note Supplementary foods for the management of moderate acute malnutrition in infants and children 6–59 months of age,” 2012, <https://apps.who.int/iris/handle/10665/75836> (accessed May 4, 2023).

²⁷ Euromaidan Press, “Bonduelle accused of gifting 10,000 food kits to Russian troops; French office denies,” January 3, 2023, <https://euromaidanpress.com/2023/01/03/french-bonduelle-gifts-10000-food-kits-to-russian-troops-wishes-them-victory/> (accessed May 4, 2023); Business and Human Rights Resource Centre, “New evidence reveals Auchan was fully aware of destination of its goods supplied to Russian army,” March 3, 2023, <https://www.business-humanrights.org/en/latest-news/russia-auchan-allegedly-supports-soldiers-fighting-in-ukraine-despite-french-management-denials-recent-investigation-reveals-more-proofs/> (accessed May 4, 2023).

6. Further considering the safety and wellbeing of its employees, Unilever is surely aware that Russian law now requires any company operating in the country to help conscript employees to the Russian army and provide resources where required. **We would like to ask Unilever whether it has received any such requests, and if so, how has the company responded to them? What is Unilever doing to safeguard its employees from mobilisation? Have any of your employees been mobilised and, if so, what was Unilever's role in the process?**
7. Other companies have faced these challenges and still committed to, and exited, Russia. While Unilever made an initial pledge to leave the Russian market, it has doubled down and increased its profits in the country, even after over one year since the start of the war, over 80,000 reported war crimes later, over 23,000 Ukrainian civilians killed or injured, and with the head of the Russian state indicted by the ICC for alleged war crimes. **Considering these developments and the rising number of reported human rights abuses and war crimes, has Unilever considered fully exiting Russia so as not to be even indirectly or remotely associated with these crimes?**

In consideration of the above points and B4Ukraine's [Declaration](#), we request an urgent dialogue with Unilever's relevant senior management and staff to discuss the company's ongoing activities and relationships in Russia, associated risks to the people of Ukraine and the company, and potential steps to prevent/mitigate these risks. Please contact the B4Ukraine Coalition at contact@b4ukraine.org to schedule a call. We kindly ask for your response by 5:00pm CET July 11th, 2023.

Sincerely,

The B4Ukraine Coalition

Alan Jope
Chief Executive Officer
Unilever PLC
Unilever House
100 Victoria Embankment
London EC4Y 0DY
United Kingdom

May 15, 2023

RE: Unilever's business operations in Russia

Dear Mr. Jope,

We write to you as [B4Ukraine](#), a coalition of Ukrainian and international civil society organizations working to curtail the financial resources enabling the Russian invasion of Ukraine. In the spirit of respect for the fundamental rights of all people, the rules-based international order, and a prosperous global economy, we expect companies to demonstrate public support for the people, democracy, and territorial integrity of Ukraine, opposition to Russia's war of aggression, and alignment with the UN Guiding Principles on Business and Human Rights (UNGPs).

We request an urgent dialogue regarding potential inconsistencies between Unilever's obligations under international humanitarian and human rights law and the company's ongoing business operations and relationships in Russia that may contribute to, or be linked with, human rights harms.

It has been over one year since Russia invaded Ukraine and the devastating impacts continue to shock the global conscience and shake the global economy. Russia is violating international humanitarian law (IHL), including war crimes and crimes against humanity, through attacks on civilians and civilian infrastructure (e.g., mass executions, sexual violence, torture, forcible transfer of civilians). More than 23,000 Ukrainian civilians have been killed and injured and millions more have been forced to flee their homes, creating one of the largest humanitarian and refugee crises of modern times. In recognition of the severity of abuses, in March 2023 the International Criminal Court issued an arrest warrant for Vladimir Putin to answer war crimes charges for an alleged scheme to deport Ukrainian children to Russia.¹

Moreover, as outlined below, recent developments in Russia point to an expanding universe of financial, legal, and reputational risks facing remaining companies.

On September 21, President Vladimir Putin escalated the war by announcing a "partial mobilisation" of the Russian population. The accompanying legislation ([Article 9 of Federal Law No. 31-FZ](#)) mandates all organisations, including the more than 1,500 international companies that are currently

¹ International Criminal Court, "Situation in Ukraine: ICC judges issue arrest warrants against Vladimir Vladimirovich Putin and Maria Alekseyevna Lvova-Belova," March 17, 2023, <https://www.icc-cpi.int/news/situation-ukraine-icc-judges-issue-arrest-warrants-against-vladimir-vladimirovich-putin-and> (accessed March 22, 2023).

operating on a full or limited scale in Russia, to conduct military registration of the staff if at least one of the employees is eligible for military service.² They must also assist with delivering the military summons to their employees, ensure the delivery of equipment to assembly points or military units, and provide information, buildings, communications, land plots, transport, and other material means of support to the war effort.

A new decree issued by President Putin on March 3, 2023, enables the Russian government to suspend shareholders' rights and implement external management in companies that don't fulfil state defence contracts under conditions of martial law.³ By specifying the process of appointing Russian government representatives to manage businesses that fail to meet state orders, the latest Decree effectively creates a scenario of "partial nationalization."

With new legislation introducing partial mobilisation, nationalisation, and potentially martial law in Russia, it is highly likely that corporations will be unable to prevent or mitigate negative human rights impacts; an obligation imposed on companies by the United Nations Guiding Principles on Business and Human Rights. As such, continuing to conduct business in Russia entails significant legal risks for companies, including potential civil and criminal liability under comprehensive sanctions regimes and recent international jurisprudence holding corporations and their officers responsible for human rights abuses abroad.⁴ By remaining in Russia, companies face the rising risk of criminal liability for complicity in international crimes, which can be prosecuted by domestic courts outside Russia under

² Federal Law No. 31-FZ of February 26, 1997 "On mobilization training and mobilization in the Russian Federation" (as amended), <https://base.garant.ru/136945/> (accessed November 14, 2022).

³ Decree of the President of the Russian Federation No. 139 dated March 3, 2023 "On Certain Issues of Carrying Out the Activities of Business Companies Participating in the Fulfilment of the State Defense Order", <http://publication.pravo.gov.ru/Document/View/0001202303030004> (accessed March 22, 2023).

⁴ International companies remaining in Russia are now at a greater risk of violating sanctions regimes as implementation of the legislation will likely involve transacting with sanctioned individuals or entities. Furthermore, new domestic civil and criminal cases against companies involved in violations of international law demonstrate the risk of significant liability for facilitating state-sponsored human rights abuses abroad (e.g., Lafarge case, Lundin case, Castel Group indictment, Nevsun holding, and Dassault Aviation, Thales, and MBDA France criminal complaint.) Victoria Riello and Larissa Furtwengler, "Corporate Criminal Liability for International Crimes: France and Sweden Are Poised To Take Historic Steps Forward," *Just Security*, September 6, 2021, <https://www.justsecurity.org/78097/corporate-criminal-liability-for-human-rights-violations-france-and-sweden-are-poised-to-take-historic-steps-forward/> (accessed November 14, 2022); The Sentry, "Breaking: France Opens War Crimes Inquiry Focused on Iconic Food and Beverage Conglomerate," July 1, 2022, <https://thesentry.org/2022/07/01/7216/breaking-france-opens-war-crimes-inquiry-focused-iconic-food-beverage-conglomerate/> (accessed November 14, 2022); *Rfi*, "French technology firm charged over Libya cyber-spying," July 2, 2022, <https://www.rfi.fr/en/business-and-tech/20210701-french-tech-firm-charged-over-libya-cyber-spying> (accessed November 14, 2022); Preston Lim, "Canadian Supreme Court Allows Corporate Liability for International Law Violations," *Lawfare*, March 12, 2022, <https://www.lawfareblog.com/canadian-supreme-court-allows-corporate-liability-international-law-violations> (accessed November 14, 2022); Sherpa, "Aiding and abetting war crimes in Yemen: Criminal complaint submitted against French arms companies," June 2, 2022, <https://www.asso-sherpa.org/aiding-and-abetting-war-crimes-in-yemen-criminal-complaint-submitted-against-french-arms-companies> (accessed November 14, 2022).

the doctrine of "universal jurisdiction."⁵ Companies may also be exposed to financially material risks through operational restrictions, such as limitations of future government contracts.⁶

Firms which continue to trade with Russia also face high levels of risk attached to financial transactions. On 24 February 2023, the Financial Action Task Force (FATF) suspended Russia's membership as a result of the war, calling on all actors in the international financial system to exercise extreme caution in all dealings with Russia.⁷ In practice, the decision means that all international banks will scrutinise all Russian payments, making financial transactions more expensive, lengthy, with no guarantee that the transaction will occur at all.⁸ Although FATF has not yet blacklisted Russia, it highlighted the consensus among its 36 member countries that "the Russian federation's actions represent a gross violation of the commitment to international cooperation upon which FATF Members have agreed to implement and support the FATF Standards."⁹ Previous practice shows that noncooperative behaviour is one of the reasons for FATF blacklisting. As a result, companies should examine and mitigate the high levels of risk attached to financial transactions with Russia and based on that risk, companies should reconsider all ongoing business operations related to Russia.

Additionally, the Ukrainian government's [National Agency on Corruption Prevention](#) (NACP) has created a list of "foreign companies that, despite the international recognition of Russia as the aggressor state and the introduced sanctions restrictions, continue to cooperate with it."¹⁰ These companies are recognised as "international sponsors of war" by the Ukrainian state. The listed entities will be included into the World-Check database to protect the global financial sector from Russian sponsors of war. Since banks and insurance companies use World-check to assess risks, companies on the list will be limited in freely accessing personal and corporate finances. So far there are 24 companies on the list, but the NACP notes that it will be expanded with "international companies that provide the public and private sector with goods and services of critical purpose, as well as [those that] contribute to the Russian budget."¹¹

⁵ For example, ongoing proceedings in the US and France against the French multinational Lafarge for complicity in human rights violations in Syria. The Paris Court of Appeal, "La Cour d'appel de Paris confirme la mise en état de la multinationale française Lafarge pour complicité de crimes contre l'humanité commis par l'Etat islamique," May 18, 2022, <https://www.doughtystreet.co.uk/sites/default/files/media/document/Press%20release%20french%20version.pdf> (accessed March 22, 2023); United States Attorney's Office, Eastern District of New York, "Lafarge Pleads Guilty to Conspiring to Provide Material Support to Foreign Terrorist Organizations," October 18, 2022, <https://www.justice.gov/usao-edny/pr/lafarge-pleads-guilty-conspiring-provide-material-support-foreign-terroris> (accessed March 22, 2023).

⁶ Venable LLP, "Do You Contract with State Governments? If So, Beware of Emerging State Sanctions' Obligations Related to Russia and Belarus," *JD Supra*, June 3, 2022, <https://www.jdsupra.com/legalnews/do-you-contract-with-state-governments-6537229/> (accessed January 2, 2022).

⁷ FATF, "FATF Statement on the Russian Federation," February 24, 2023, <https://www.fatf-gafi.org/en/publications/Fatfgeneral/fatf-statement-russian-federation.html> (accessed March 14, 2023).

⁸ Liudmyla Sliptsova, "Russia's membership in the FATF suspended. What does this mean and how ruinous is this for the aggressor's economy?," *Mind*, February 27, 2023, <https://mind.ua/en/publications/20253993-russias-membership-in-the-fatf-suspended-what-does-this-mean-and-how-ruinous-is-this-for-the-aggre> (accessed March 14, 2023).

⁹ FATF (n 7).

¹⁰ NACP, "International Sponsors of War," <https://sanctions.nazk.gov.ua/en/boycott/> (accessed February 6, 2023).

¹¹ NACP, "Companies from the NACP list of "International Sponsors of War" are now in the World-check database, used worldwide for reviewing counterparties," September 7, 2022, <https://nazk.gov.ua/en/news/companies-from-the-nacp-list-of-international-sponsors-of-war-are-now-in-the-w>

In response to this unprovoked and unjustified war¹² many companies have already left Russia. According to the Kyiv School of Economics Institute's #LeaveRussia [company tracker](#), Unilever has decided to stay and continue its operations in Russia.

Prior to the war, Unilever had significant operations in Russia which included 8 large Russian enterprises, including a margarine factory in Moscow, a sauce factory, a tea-packing factory and a perfume and cosmetics factory in St. Petersburg, a food and an ice cream factory in Tula, as well as ice cream factories in Novosibirsk and Omsk.¹³

In March 2022, Unilever announced that it has “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.”¹⁴

Unilever faced criticism over its continued operations in Russia, particularly regarding its sale of ice cream, despite pledging to limit its business to only delivering essential goods and the company’s condemnation of the war. This has led some to conclude that Unilever “keeps on coming up with different excuses for not leaving Russia,” and that the real reason the company is still in the country is because it “cares only about profits and keeping its market share.”¹⁵ Reports indicate that Unilever made £500 million by selling ice cream in Russia since the start of the war in Ukraine (as of February 3, 2023), while some claim that the company’s operations provide the Russian government with enough funds for 17,000 soldiers.¹⁶ In December 2022, a report by the Moral Rating Agency placed Unilever on its “Dirty Dozen” list of companies who have failed to leave and are still conducting operations in Russia, calling the company one of the most “egregious offenders.”¹⁷

We appreciate Unilever's clear stance against the war and its transparency in discussing the challenges it has encountered in leaving the Russian market, as published in your February 13, 2023,

[orld-check-database-used-worldwide-for-reviewing-counterparties/?hilit=sponsor+of+war](#) (accessed February 6, 2023).

¹² The UN General Assembly condemned Russia’s “aggression against Ukraine” and demanded that Moscow “unconditionally withdraw all of its military forces from the territory of Ukraine within its internationally recognized borders.”

¹³ Leave Russia, “Unilever,” <https://leave-russia.org/unilever> (accessed April 28, 2023).

¹⁴ Unilever, “Updated Unilever statement on the war in Ukraine,” March 8, 2022, <https://www.unilever.com/news/news-search/2022/updated-unilever-statement-on-the-war-in-ukraine/> (accessed April 28, 2023).

¹⁵ John Paul-Ford Rojas, “Just one more excuse: Unilever boss tries to justify continuing to sell Cornettos in Russia,” *Daily Mail*, January 17, 2023, <https://www.dailymail.co.uk/news/article-11646011/Just-one-excuse-Unilever-boss-tries-justify-continuing-sell-Cornettos-Russia.html> (accessed April 28, 2023).

¹⁶ Archie Mitchell. “Oh-so woke firm has made £500 MILLION selling ice cream in Russia since the Ukraine war began: Campaigners claim Unilever provides Vladimir Putin with enough funds for 17,000 soldiers as MPs brand firm 'disgusting' for continuing to trade in warring state,” *Daily Mail*, February 3, 2023, <https://www.dailymail.co.uk/news/article-11711847/Oh-woke-firm-Unilever-500-MILLION-selling-ice-cream-Russia-Ukraine-war-began.html> (accessed April 28, 2023).

¹⁷ Louis Goss, “BP, Unilever, and HSBC have failed to properly exit Russia after Ukraine war, new report warns,” *City A.M.*, January 2, 2023, <https://www.cityam.com/bp-unilever-hsbc-have-failed-to-properly-exit-russia-new-report-warns/> (accessed April 28, 2023).

statement.¹⁸ While we understand the legal and administrative complexities involved in leaving Russia, we believe that after a year of conflict, over 80,000 documented war crimes committed by Russia, and the ICC's recent indictment of Russia's head of state on charges of war crimes for trafficking children, there can be no more ambiguity.

We understand that Unilever's concerns stem from two main sources: the wellbeing of the company's Russian employees and the appropriation of its assets by the Russian state. While the points raised in Unilever's February statement are valid, we disagree that the best course of action for the company is to continue operating in the country. Moreover, the newest data shows that Unilever has reneged on its promises made in March 2022 to stop all media and advertising spending and profiting from its presence in Russia. A report by *Follow the Money* shows that Unilever Rus has "doubled its net profit, as can be seen in the Russian annual report for 2022: from 4.8 billion rubles (56 million euros) to more than 9.2 billion rubles (108 million euros)."¹⁹

Considering these developments, B4Ukraine would like to pose the following questions to Unilever:

1. Unilever stated that it will suspend all media and advertising spending. However, in 2022, Unilever spent 21.7 billion rubles (259 million euros) on advertising costs, which is an increase of more than ten percent compared to 2021.²⁰ **In light of the war against Ukraine, how does the disparity between Unilever's March 2022 statement and its subsequent actions of increasing advertising spending align with the company's human rights policies and its commitment to heightened human rights due diligence?**
2. According to the report, Unilever has also contributed more to the Russian treasury. The Kyiv School of Economics calculated that in 2021 Unilever Rus paid a total of 331 million dollars (302 million euros) in taxes to the Russian treasury, and considering the company's ongoing operations, the figure should be the same or higher in 2022.²¹ The amount of tax paid to Russia roughly translates to 331 Kalibr missiles which are used against Ukraine. **How does Unilever address the contradiction between expressing condemnation towards the war and its active role in supporting the economy of an aggressor state, thereby indirectly contributing to its war efforts?**
3. Unilever stated that it will continue providing "everyday essential food and hygiene products."²² While we do not deny that some goods and foodstuffs are essential in preventing food shortage and undernutrition of the local population, products like Magnum and Cornetto ice cream are not, and cannot be considered essential. In determining which products are essential, businesses should consider the nutritional needs of the affected population, focusing on nutrient dense foods, such as foods rich in proteins, vitamins, and minerals, including a mix of cereals (such as maize, wheat, rice, or millet), pulses (such as lentils, beans, chickpeas, or peas), oil, and fresh or processed fruits and vegetables.²³

¹⁸ Unilever, "Unilever statement on the war in Ukraine," February 13, 2023, <https://www.unilever.com/news/press-and-media/press-releases/2023/unilever-statement-on-the-war-in-ukraine/#:~:text=We%20continue%20to%20condemn%20the,act%20by%20the%20Russian%20state>. (accessed April 28, 2023).

¹⁹ Rosanne Kropman and Henk Willem Smits, "Unilever breaks pledge: profits in Russia doubled, advertising spending increased," *Follow the Money*, May 12, 2023, <https://www.ftm.eu/articles/unilever-doubles-profits-russia?share=hufjbbFU36Mezwo3271vz%2B%2BKMW%2BVe%2BDUQwR8qbBYVZbGQK%2BIOU5kdn9ZDXkk49c%3D> (accessed May 15, 2023).

²⁰ Ibid.

²¹ Ibid.

²² Unilever (n 14).

²³ While a unified list of all essential foods does not exist in the international regulatory framework, there are sources which could be applied through analogy in determining which foodstuffs are considered essential (in conjunction with other international business and human rights legislative and regulatory documents): Sphere,

Can Unilever provide its definition and list of goods it considers essential in light of the particular circumstances of this conflict?

Can Unilever provide a list of goods that it stopped producing since the outbreak of the war because they are not considered essential?

Has Unilever considered whether its goods can be replaced with local substitutes?

Which stakeholders has Unilever engaged with in determining its policies and the decision to stay in the market?

4. While both companies deny the accusations, Bonduelle and Auchan have recently faced backlash because their goods were sent to Russian troops in Ukraine, some with notes wishing "a speedy victory."²⁴ **How has Unilever practised due diligence in preventing the direct supply of its products to the Russian military? Does Unilever have policies, mechanisms, and tools in place to carry out enhanced due diligence of supply chains, intermediaries, customers, and end-users to prevent the supply of goods to the Russian army? If so, how were they utilised for defining business connections that involve the Russian government, its agencies, and state-controlled or sanctioned organisations?**
5. We understand and agree that Unilever has obligations towards its employees. These are laid out under the United Nations Guiding Principles on Business and Human Rights and in the wider international human rights legal and regulatory framework. **Can Unilever clarify how it has used this framework to minimise the risks and impacts to its employees? How has the company applied heightened human rights due diligence to its operations in Russia?**
6. Further considering the safety and wellbeing of its employees, Unilever is surely aware that Russian law now requires any company operating in the country to help conscript employees to the Russian army and provide resources where required. **We would like to ask Unilever whether it has received any such requests, and if so, how has the company responded to them? What is Unilever doing to safeguard its employees from mobilisation? Have any of your employees been mobilised and, if so, what was Unilever's role in the process?**
7. Other companies have faced these challenges and still committed to, and exited, Russia. While Unilever made an initial pledge to leave the Russian market, it has doubled down and increased its profits in the country, even after over one year since the start of the war, over 80,000 reported war crimes later, over 23,000 Ukrainian civilians killed or injured, and with the head of the Russian state indicted by the ICC for alleged war crimes. **Considering these developments and the rising number of reported human rights abuses and war crimes, has Unilever considered fully exiting Russia so as not to be even indirectly or remotely associated with these crimes?**

These activities in Russia risk enabling and financing Russia's violations of IHL and human rights law during the ongoing invasion and occupation of Ukraine.

We seek to understand the status of Unilever's exposure to Russia and how Unilever has conducted and continues to conduct heightened human rights due diligence, and how the findings of such a

"The Sphere Handbook: Humanitarian Charter and Minimum Standards in Humanitarian Response," 2018, <https://spherestandards.org/handbook-2018/> (accessed May 4, 2023); WHO, "Technical note Supplementary foods for the management of moderate acute malnutrition in infants and children 6–59 months of age," 2012, <https://apps.who.int/iris/handle/10665/75836> (accessed May 4, 2023).

²⁴ Euromaidan Press, "Bonduelle accused of gifting 10,000 food kits to Russian troops; French office denies," January 3, 2023, <https://euromaidanpress.com/2023/01/03/french-bonduelle-gifts-10000-food-kits-to-russian-troops-wishes-them-victory/> (accessed May 4, 2023); Business and Human Rights Resource Centre, "New evidence reveals Auchan was fully aware of destination of its goods supplied to Russian army," March 3, 2023, <https://www.business-humanrights.org/en/latest-news/russia-auchan-allegedly-supports-soldiers-fighting-in-ukraine-despite-french-management-denials-recent-investigation-reveals-more-proofs/> (accessed May 4, 2023).

process have resulted in these continued business activities and relationships. As noted by the UNGPs:

...the more severe the abuse, the more quickly the enterprise will need to see change before it takes a decision on whether it should end the relationship. In any case, for as long as the abuse continues and the enterprise remains in the relationship, it should be able to demonstrate its own ongoing efforts to mitigate the impact and be prepared to accept any consequences – reputational, financial or legal – of the continuing connection.

In consideration of the above points and B4Ukraine's [Declaration](#), we request an urgent dialogue with Unilever's relevant senior management and staff to discuss the company's ongoing activities and relationships in Russia, associated risks to the people of Ukraine and the company, and potential steps to prevent/mitigate these risks. Please contact the B4Ukraine Coalition at contact@b4ukraine.org to schedule a call. We kindly ask for your response by 5:00pm CET May 29th, 2023.

Sincerely,

The B4Ukraine Coalition