

The Russian Business Retreat – How the Ratings Measured Up One Year Later

*Reviewing the Legitimacy, Challenges, and Accuracy of Analysis Tracking The
Unprecedented, Historic Mass Business Exodus from Russia One Year Into The
Invasion – and Countering Cynical Opportunists Who Attempt to Cast Doubt Using
Fabricated Data*

Jeffrey A. Sonnenfeld

Founder & President, Yale Chief Executive Leadership Institute
Senior Associate Dean, Lester Crown Professor of Management Practice, Yale School of Management

Tymofiy Mylovanov

President, Kyiv School of Economics
Former Minister of Economic Development, Trade and Agriculture, Government of Ukraine
Associate Professor, University of Pittsburgh

Nataliia Shapoval

Vice President for Policy Research, Kyiv School of Economics
Head of KSE Institute

Steven Tian

Director of Research, Yale Chief Executive Leadership Institute
Yale University

Andrii Onoprienko

Head of the KSE Tracker of Companies Leaving Russia
Kyiv School of Economics

Georgia Hirsty

Research Fellow in Corporate Social Impact, Yale Chief Executive Leadership Institute
Yale University

Michal Wyrebkowski

Research Fellow, Yale Chief Executive Leadership Institute
Yale University

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Oleksii Gribanovskiy - Senior data analyst and IT Developer, creator of the Telegram bot
https://t.me/exit_ru_bot
Nataliia Rybalko - Data Monitoring

The Yale School of Management CELI list of companies curtailing operations in Russia can be accessed by clicking here:

<https://som.yale.edu/story/2022/over-1000-companies-have-curtailed-operations-russia-some-remain>

and

<https://www.yalerussianbusinessretreat.com/>

The Kyiv School of Economics SelfSanctions/LeaveRussia project database can be accessed by clicking here:

<https://kse.ua/selfsanctions-kse-institute/>

and

<https://leave-russia.org/companies-that-exited>

and

<https://docs.google.com/spreadsheets/d/1EFlhBQYyvRdSn4U6CY2yomeHEhTqbMKS/edit#gid=2139051396>

INTRO: Introduction

In the initial days and weeks following Russia's invasion of Ukraine in February 2022, it became widely known and celebrated that over 1,000+ global multinational companies voluntarily declared their intention to exit Russia, with widespread coverage ranging from [general media](#) to [academic studies](#) to citations from [Joe Biden](#) and [Volodymyr Zelenskyy](#). The Yale School of Management and the Kyiv School of Economics, among others, have carefully tracked and documented these corporate exits.

One year into the invasion, it is time to review whether these multinational businesses are really leaving Russia as they initially pledged to do – especially in light of recent, misleading headlines suggesting these 1,000+ companies are failing to follow through and/or turning their backs on their initial pledges. But even more importantly, it is also a pivotal moment to once again call out the western companies that inexplicably remain in Russia.

Based on our analysis, the indisputable conclusion is that virtually all of the companies who have declared their intention to exit Russia are in fact genuinely in the process of leaving Russia – and that the historic, unprecedented Russian business retreat of over 1,000+ companies is not some elaborate hoax as some fringe conspiracy theorists and Putin apologists have argued.

At the same time, it is also indisputable that there are many multinational companies that still remain in Russia today. Some have never announced any intention to exit Russia, and are largely continuing business as usual, while others have only partially curtailed operations. These are the companies that researchers, activists, policymakers, and scholars should continue to focus their attention on – as it is inexcusable for multinational companies to remain in Russia at this point, a year into the invasion, when Putin shows zero signs of stopping and when 1,000+ of their global peers have genuinely left. It is also true that many companies who have pledged to leave Russia have yet to fully complete their exits and are still in the process of fully winding down.

Thus, at the one-year mark of Putin's invasion, it is important to review some foundational building blocks of our analysis of the Russian business retreat. In this piece, we first briefly explain our own methodologies for tracking and classifying companies – both those who have exited and those who remain, drawing upon the original proprietary sourcing of both the Kyiv School of Economics as well as the Yale School of Management. We then review some common areas of contention and controversy and challenge surrounding the classification of

both companies that remain and companies that have left, with case studies of individual companies as illustrative examples. Next, we analyze how cynical opportunists attempt to cast doubt on businesses pulling out of Russia using highly questionable if not outright fabricated data, and how some other studies appear to be consciously misrepresenting data on corporate retreats. Anti-Ukraine, ideological distortions have unfortunately muddied the waters on a topic which should be centered around facts, not idle speculation. Finally, we present an analytical dashboard breaking down corporate exits data analytics, based on the pioneering research and original calculations of the KSE Institute.

I. Methodology

Since Russia's invasion of Ukraine began in February 2022, the Yale School of Management and the Kyiv School of Economics have collaboratively led parallel intensive efforts to track the responses of thousands of public and private companies from across the globe, with over 1,000+ companies publicly announcing they are voluntarily suspending business operations in Russia, with many more curtailing operations to some degree.

Both the Yale School of Management and the Kyiv School of Economics rely on ground-up sourcing in constructing and maintaining their respective lists. There are parallels across 1) data sourcing; 2) criteria for identifying companies; and 3) the rating rubric used to evaluate and grade firms.

Data Sources and Expert Evaluators

The Yale School of Management database has been, and continues to be, continually updated with new additions and new announcements by a team of two dozen volunteers at Yale with diverse backgrounds in financial analysis, economics, accounting, strategy, governance, geopolitics, and Eurasian affairs; with collective fluency in ten languages including Russian, Ukrainian, German, French, Italian, Spanish, Chinese, Hindi, Polish, and English. The dataset is compiled using not only public sources such as government regulatory filings, tax documents, company statements, financial analyst reports, earnings calls, Bloomberg, FactSet, MSCI, S&P Capital IQ, Thomson Reuters, and business media from 166 countries; but also non-public sources, including a sui generis global wiki-style network of 250+ company

insiders, whistleblowers and executive contacts.^{1 2}

Grading Rubric

In recognition that the decision to exit Russia reflects a complex calculus for companies, with varying degrees of actual curtailment of operations, the list consists of five categories corresponding with an A-F letter grade scale, schoolhouse-style, based on their level of curtailment. The grading rubric is as follows:

A: WITHDRAWAL: companies making a clean break/permanent exit from Russia or and/or leaving behind no operational footprint.

B: SUSPENSION: companies temporarily suspending all or almost all Russian operations without permanently exiting or divesting.

C: SCALING BACK: companies suspending a significant portion (but not all) of their business in Russia.

D: BUYING TIME: companies pausing new investments/minor operations in Russia but largely continuing substantive business in Russia.

F: DIGGING IN: companies defying demands for exit or reduction of activities largely doing business-as-usual.

Each potential addition is carefully reviewed by a team of experts through a collaborative process before a company is assigned a final grade through consensus and then added to the list. Crucially, the Yale team focuses on a company's public statement of exit from Russia; private assurances and non-publicly accessible material are not accepted as valid, ensuring a baseline of public accountability and transparency. Acceptable public materials include regulatory filings with the SEC, earnings call disclosures, and website statements. The Yale list looked at US, UK, and EU companies right from the beginning with such early movers as BP, a UK enterprise; PwC, a UK firm; Linklaters, a UK firm; Shell, a Dutch firm; Carlsberg, a Danish enterprise; and ABInBev, a Belgian enterprise. The list expanded over time to

¹ The dataset can be accessed at <https://som.yale.edu/story/2022/almost-1000-companies-have-curtailed-operations-russia-some-remain>

² An enhanced, detailed version of the same dataset can be accessed at <https://www.yalerussianbusinessretreat.com/>

include firms of varying sizes from across the world, particularly from Europe and Asia, as well as public and private companies of varying size and varying presence in Russia.³

Selection Criteria

In evaluating companies, the Yale team generally sought out multinational companies which met the below criteria:

1. Companies with verifiable operations in at least 1 other country other than its country of domicile and Russia/Belarus
2. Companies with verifiable current (or recent) active business presence/operations in Russia – beyond appearing as an entity on a legal registry – whether investment, selling, sourcing, manufacturing, fixed investments, etc.
3. Companies that verifiably have at least ~\$100 million in global revenue in any single year over the last ten years
4. Companies that have at least 51% shares belonging to foreign owners, excluding Russian and Belarusian owners (via direct or indirect ownership)
5. Companies that draw at least approximately 1% of global revenues from Russia

The Leave Russia Database

Data Sources and Expert Evaluators

The Kyiv School of Economics project, named SelfSanctions/Leave Russia, relies on intensive data daily news monitoring, official company statements and press releases published on the official corporate websites or official statements published on the websites of reputable news agencies (such as Reuters and Bloomberg) or international media publishers, such as FT, NYT, WP, etc. Data examination was also conducted jointly with specialists from the Ukrainian Ministry of Economy, the

³ For more details, see <https://fortune.com/2022/03/16/companies-leaving-russia-list-accountability/>

Ukrainian Ministry of Foreign Affairs, and the Ukrainian Ministry of Digital Transformation, in addition to regular synchronization with the Yale School of Management database. KSE collects daily statistics on changes in the status of foreign companies operating/operated in the Russian market and limiting/terminating their activities; KSE also created the Telegram bot for tracking/monitoring of news on priority foreign companies and does regular analysis of changes in share prices and capitalizations of parent groups of companies that have or have had business in Russia. The KSE database is generally more comprehensive with greater geographic diversity and contains detailed data on the number of staff, revenue, capital, and other financial indicators which allows for external data analysis.

Grading Rubric

The Kyiv School of Economics' SelfSanctions/Leave Russia project is also accessible via the Leave Russia project database, which is an external partner led by a team of Ukrainian volunteers. The categorizations of the SelfSanctions/Leave Russia database include the "stay" category, which includes all companies which continue Russian operations; the "wait" category, which includes all companies that have reduced current operations and hold off new investments; the "leave" category, which includes all companies that have curtailed Russian operations; and the "exited" category, which includes the companies that have completed withdrawal from Russia.⁴

While using slightly different terminology, the Yale School of Management and Kyiv School of Economics classifications correspond well and complement each other. KSE's "stay" status corresponds to the "F" grade under the Yale classification; while KSE's "wait" status corresponds to the "C" and "D" grades under the Yale system. Likewise, KSE's "leave" status corresponds to the "A" and "B" grades under the Yale system. The KSE database extends the Yale database by tracking the follow-through of corporate pledges to exit Russia, with its novel "exited" category, which includes companies which sold its business/assets in Russia and have completely, successfully left the Russian market. On tracking completed divestments, KSE has modeled pioneering research.

Both the Yale and the KSE databases are updated every single day by a dedicated

⁴ For more details, see <https://leave-russia.org/about-project>

team of staff and volunteers who publish revisions and additions in real time. The daily updates ensure that the lists are always up-to-date and reflect the most current available information at all times.

Selection Criteria

In evaluating companies, the KSE team's criteria for materiality used by its top business experts were public announcements and also additional criteria, such as:

- Top taxpayers in Russia;
- Strategic lists of companies/their products from the perspective of importance for the Russian economy and military production (which specifically explains why KSE includes some smaller and more obscure companies);
- Foreign participants of the Russian tenders;
- KSE also carefully and selectively curates the list of legal entities in Russia by selecting only companies with foreign owners except for Belarus; cutting companies with less than 51% share in capital, cutting companies with Russian final beneficiaries, and cutting companies with less than \$5 million annual revenue (and in some important cases, the threshold was \$1 million at KSE's discretion), among other culls, and only on a highly selective basis.⁵

II. Common Areas of Controversy, Contention and Challenges In Classifying Companies

As we approach the one-year mark of Putin's tragic invasion of Ukraine, the question of whether companies are actually following through on their initial pledges to exit Russia is taking on renewed importance amidst heightened scrutiny of whether companies are helping to fuel Putin's war machine. While this scrutiny is commendable and vitally important, there

⁵ There is 1 exemption for Minsk Automobile Plant (MAZ) – as the company exports goods to Russia that could also be used for military purposes, which is a violation of European Union sanctions

are at least ten common areas of contention and confusion which muddle the distinction between the genuinely intransigent companies that refuse to leave Russia from those companies which have declared an intent to leave, yet for whatever reason, may not have fully severed ties just yet. How companies navigate the trade-offs below reflect on the spectrum of differences inherent to companies exiting Russia.

- 1. How long it takes for companies to exit Russia

For many companies with fixed asset investments in Russia, it is impossible to simply burn down the buildings and leave overnight. While most companies ended up fully selling and divesting assets within no more than a few months of their initial exit announcements, some companies dragged on their exits for unfathomably long periods of time. For example, even though International Paper declared a preliminary intention to “explore strategic options” for its 50% stake in Russian [joint venture Ilim Group on March 11, 2022](#), winning it some initial goodwill, the company went silent for several months, basically refusing to answer questions on its progress in divesting Ilim. The company’s unusually long holding period put it square into the crosshairs of even the Wall Street Journal, which quoted Wall Street analysts’ [widespread confusion](#) as to how International Paper intended to proceed with its Russian joint venture. The company remained a “F”/”stay” on our lists even though it had declared an intention to exit given it made zero visible progress towards its stated goal. It was only in January, 2023 that the company [finally arranged a sale to its joint-venture partner at a rather full valuation](#), in stark contrast to many of its peers which sold at depressed valuations and took asset write-downs.

- 2. Transferring/selling equity to local management

Especially in the case of many professional service firms, the global brands separated from its Russian operations by simply transferring/selling the equity in its local operations to the local management staff, which would largely continue with the same client books with ostensibly minimal disruption. Consulting firms McKinsey, BCG, and EY were prime examples of how this worked. Despite calls from some in the activist community to downgrade these consulting firms to “F”/”stay”, the disaffiliation of the global enterprises from their local operations required at least some credit in our eyes. Much of the allure of global professional services firms is in their sterling globally-renowned brands, worldwide networks and wide reach, all of which are diluted when local ownership takes over. Most importantly, the parent organization is no longer drawing any profit or revenues from Russia with all ownership in the hands of local managers who can do whatever they please without

the direct supervision of the separated global firm.

- 3. Retaining options to repurchase assets from local buyer

When several western multinationals sold off their operations to local Russian buyers, they negotiated creative “option” contract structures which essentially provided them with the right to repurchase their Russian operations at an agreed upon price in addition to a right-of-first-refusal to repurchase their operations should another buyer come along. Many activists have pointed to these “options” as a cause to downgrade companies – or worse yet, reflective of their Freudian slip in intending to return to Russia as soon as the war is over as if nothing ever happened. We disagree.

McDonald’s represents a prime case study. When McDonald’s left Russia after heightened pressure and sold its operations to Russian franchisee Alexander Govor, who promptly rebranded the restaurant into “vkusno I tochka”, or “tasty and that’s it”, the company negotiated a [15-year option to re-purchase its restaurants](#).

For all intensive purposes, McDonald’s and companies in a comparable position have fully completed their divestments and exits from Russia, and they retain zero operational footprint in the country. We are not inclined to punish these companies for holding options to repurchase their restaurants for several reasons. First, even without an explicit contract option, these companies could presumably re-purchase their sold-off holdings at any time they wished to, reducing the practical significance of the options contracts. Second, given that these options contracts contain pricing that is largely fixed and/or benchmarked, it is unlikely that these companies will exercise their options anytime soon. With the war raging and with Putin doubling down on mobilization efforts, all at great cost to the Russian economy, it does not make financial or economic sense for companies to return to Russia anytime soon, much less the reputational damage they would be incurring. As one top financial CEO told us at one of our events, “we invest where there is the rule of law, not the law of rulers”.

- 4. Continuing to pay local employees.

Especially during the initial weeks following Putin’s invasion of Ukraine, many companies were caught so off-guard that even when they suspended business operations in Russia practically overnight, they continued to pay their local Russian employees. We initially graded these companies in the “B”/“leave” camp as they did not warrant either “A” or

“exited” status since they retained some operational footprint in the country in the form of continuing employment, even as they were doing no business and consequently making no money in Russia (and in fact were losing money, considering significant employment costs without any compensatory revenue).

But this conundrum solved itself as weeks turned to months. When it became clear that the war would drag on with no clear end in sight, most companies rapidly bowed to the financial inevitable and started severing their relationships to their local workforces. As a case in point, IBM CEO Arvind Krishna initially insisted they would continue to pay their local employees after the invasion broke out and even though IBM was one of the first companies to suspend its Russian operations. But as spring turned to summer, IBM announced in June that it would formally exit Russia and sever all ties to its workforce. As Arvind Krishna wrote in an employee note, “as the consequences of the war continue to mount and uncertainty about its long-term ramifications grows, we have now made the decision to carry out an orderly wind-down of IBM’s business in Russia. We see this move as both right and necessary, and a natural next step following our business suspension. This process will commence today and result in the separation of our local workforce. Our colleagues in Russia have, through no fault of their own, endured months of stress and uncertainty. We recognize that this news is difficult, and I want to assure them that IBM will continue to stand by them and take all reasonable steps to provide support and make their transition as orderly as possible”. As such, we moved IBM and many of its peers which were initial “B”/“leave” companies to “A”/“exited” companies.

- 5. Partial curtailment of business operations

One recurring challenge is the definition of “exit”, and what it means for a company to “withdraw” from Russia. Reductionist activists sometimes take an all-or-nothing approach – with companies either having fully withdrawn or remaining completely. While we obviously commend companies that have fully withdrawn, we also acknowledge there are shades of grey where many companies have only partially curtailed operations.

For example, Coca-Cola has largely suspended all Coca-Cola branded product sales and production within Russia despite initially feet-dragging until summer 2022. However, they continue to produce and sell several local beverage brands, including Doby, Rich, and Moya Semya, and continue to draw profit from this smaller operation in Russia, which they have renamed Multon Partners. Coca-Cola is thus given a “C”/“wait” grade.

- 6. Humanitarian exemptions

Many pharmaceutical and food companies in particular have continued to do substantial business on the basis of “humanitarian exemptions”, claiming that their products are providing life-saving services to the people of Russia and that there is no substitute for their products. We are inclined to treat these arguments from a highly skeptical lens. Many of the pharmaceutical companies operating in Russia were largely providing cosmetics and even confections; when called out, they shut those businesses down while continuing to provide businesses which are largely analgesic and antihistamines, hardly life sustaining products and which all have locally available alternatives. Many of the pharma companies claimed they had clinical trials based there due to “unique biological naivete” of Russian subjects; however, that same quality of adequate nutrition and limited medication history is also found throughout the Baltics and other places in Eastern Europe where those trials were ultimately relocated.

- 7. Companies with a lack of tangible assets

Some activists erroneously claim that it is far easier for companies without fixed assets in Russia to exit, and therefore their withdrawals should be classified differently than companies who are having to strand fixed assets and taking significant asset write-downs. But this simplistic view fails to reflect the realities of competitive pressures.

For example, United Airlines has no tangible assets in Russia; in fact, its only business relationship with Russia was its use of Russian airspace. But when United Airlines voluntarily withdrew from flying over Russian airspace, it was forced to cancel several popular routes, [including its New York – Mumbai route and San Francisco – New Delhi route, since Air India could continue to service](#) the routes utilizing Russian airspace at half the travel time and cost. Clearly, United Airlines’ withdrawal from Russia has not been costless even though it has no fixed assets in the country.

- 8. Restrictions on foreign sellers on the stock exchange and in private market transactions.

Since last year, foreigners have been restricted from selling shares on the Moscow Stock Exchange, making it difficult for western companies to liquidate their holdings, and the Russian government has to approve every transaction in private markets, which presents its own set of challenges. Furthermore, adding to the difficulties, Putin is intent on casting

confusion upon the corporate retreat from Russia by making it seem as if western companies are still reaping profits from Russia – when in fact they are not doing so.

For example, even though BP decided early on in February 2022 that BP would divest its 19.75% stake in Rosneft, had its directors stand down from Rosneft’s board immediately and withdrew its staff – on top of booking a non-revocable \$24.4 billion write-down to its 1Q 2022 results – Rosneft, at Putin’s behest, has instated on paying BP a hefty dividend nonetheless, which has led some activists to argue that BP is still taking profit from Russia. The truth is that BP has refused to receive this dividend and does not intend to accept anytime in the future, and can do little about Putin’s insistence that the payments continue to be made into an untouched escrow account.

A detailed analysis on impediments for companies seeking to sell their businesses in Russia by the KSE Institute, led by international lawyer Anna Vlasiuk, [can be found here](#).

- 9. How to define a “global multinational” company?

We are often approached by well-meaning whistleblowers asking us to list mom-and-pop stores in Russia which have no discernible “multinational” presence and reflect no evidence of foreign ownership. So where do we draw the line between what are genuine, bona fide “global, multinational” companies operating in Russia, as opposed to domestic Russian businesses? How do we establish materiality and genuine presence in Russia of the multinational corporations we list, as opposed to the neighborhood car dealer or flower shop in Moscow?

In evaluating companies, Yale generally sought out multinational companies which met the below criteria:

1. Companies with verifiable operations in at least 1 other country other than its country of domicile and Russia/Belarus
2. Companies with verifiable current (or recent) active business presence/operations in Russia – beyond appearing as an entity on a legal registry – whether investment, selling, sourcing, manufacturing, fixed investments, etc.
3. Companies that verifiably have at least ~\$100 million in global revenue in

any single year over the last ten years

4. Companies that have at least 51% shares belonging to foreign owners, excluding Russian and Belarusian owners (via direct or indirect ownership)
5. Companies that draw at least approximately 1% of global revenues from Russia

In evaluating companies, the KSE team's criteria for materiality used by its top business experts were public announcements + top taxpayers in Russia + strategic lists of companies/their products from the perspective of importance for the Russian economy and military production (which specifically explains why KSE includes some smaller and more obscure companies) + foreign participants of the Russian tenders. KSE also carefully and selectively curates the list of legal entities in Russia by selecting only companies with foreign owners except for Belarus; cutting companies with less than 51% share in capital, cutting companies with Russian final beneficiaries, and cutting companies with less than \$5 million annual revenue, among other culls, and only on a highly selective basis.

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Furthermore, we chose not to list companies which were not in Russia to begin with at the start of the invasion. Several companies wrote to us asking to be listed on the “withdrawn” list for having pulled out of Russia prior to February 2022; but we chose to keep our list focused on companies that have pulled out of Russia in response to Putin’s invasion rather than in response to pre-2022 developments. Many such companies, including Blackstone, courageously pulled out of Russia in the aftermath of the 2014 invasion of Crimea, while other companies, such as Appian, smartly never established operations in Russia to begin with.

- 10. Threats of imprisonment of employees or nationalization from the Kremlin

One of the most commonly cited reasons that companies cited in their refusal to leave Russia is the supposed wellbeing of their employees, who would be under risk of imprisonment by the Kremlin. To date, there have been no reports of any employees of foreign companies who have been imprisoned. There are no detention centers that are large enough to hold tens of millions of detained employees of global multinational companies. Their arrest and detention would only trigger mass societal unrest.

Other companies cited the risk of asset forfeiture and nationalization of property by the Kremlin in refusing to leave Russia. But given the Kremlin’s aggressive weaponization of the Russian court system to seize assets from even its own people, these assets are already de facto not in their control. And the risk of nationalization has not stopped 1,000+ of their global peers from taking asset write-downs and abandoning their Russian assets. Furthermore, our conviction is that companies whose assets are trapped in Russia should 1) write off those assets as they actually do not have control over those assets as those assets are de-facto nationalized by Russians and 2) they should go to the international courts and explicitly say that Russia violates all the norms of international law and investors’ protection.

- 11. The need to be transparent and not just engage in an under-the-table whisper campaign.

When confronted with evidence of continuing Russian operations, many companies will deploy an army of attorneys, PR agents, and low-level company spokespeople who will offer private assurances that the company is actually leaving Russia, they just have not yet publicized their intent to leave. They further try to induce us into confidentiality as if these whisper campaigns were top business secrets needing to be kept under lock and

key. These private assurances and inducements do not provide the reliability and accountability required. They can always be denied later if it is not put on the public record. It is only when companies go on the record publicly with their intent to leave that we re-consider their grade on our lists – which has been a continuing source of conflict with companies who would rather slap us with litigation threats than make a public commitment.

III. The Economic Impact of Russian Business Retreats

The impact of the Russian business retreats on Russia's economy have been significant. Paired with devastating international economic sanctions against Russia, the business pull-outs have helped undo thirty years of Russia's economic integration into the world economy in devastating fashion, as we [analyzed in July 2022](#). A dashboard of detailed statistic and analysis of the revenue and assets that companies left behind in Russia can be found in Section V of this paper.

Quantifying the precise impact of the Russian business retreats on the Russian economy one year into the invasion, however, is a difficult task for the time being. Since summer 2022, Putin has [increasingly held back economic statistics](#) and indicators which were long released to the public, making it increasingly difficult to assess the performance of the Russian economy given a lack of underlying visibility and little transparency. Furthermore, for all the effects that are immediately visible from 1,000+ global businesses leaving Russia, such as Russian consumers being unable to purchase advanced technology and manufactured products, there are many other spillover effects which will take years to fully unfold. In addition, it is difficult to pinpoint the exact impact of Russian business retreats in contributing to Russia's overall economic implosion, given the range of other contributing factors – ranging from devastating international sanctions to Putin's own [backfired energy gambits](#) to the escalating costs of his increasingly expensive invasion.

However, the impact of pulling out of Russia on the 1,000+ global companies themselves was clear from the outset. Far from suffering from the loss of stranded assets in Russia or being crippled under the weight of lost Russian revenue (which was a miniscule portion of the revenue of most multinationals to begin with), the Yale [researchers found in an earlier analysis](#) that despite the disproportionate attention given to the supposed losses incurred

from exiting Russian operations or from divestiture of Russian, financial markets actually rewarded companies for exiting Russia, across asset classes, geography, and time periods. The analysis demonstrated that total shareholder returns in the month immediately following the invasion have corresponded precisely with the level of curtailment of Russian operations, with linear regressions revealing that each increase in letter grade accounts for, on average, 1-2% of enhanced stock performance, dependent on methodology. This trend cannot be explained by variations in either regional, sector or market cap segment. Furthermore, we found that size and pre-existing exposure to Russia played no role in determining a company's response to the war.

The same study demonstrated that the total shareholder wealth created through equity gains in the month following the invasion have already far surpassed the cost of one-time impairments from asset write-downs across a representative sample of high-profile companies which have engaged in Russian divestitures and asset sales at highly discounted valuations. Furthermore, the pattern of financial markets rewarding companies for exiting from Russia was not confined to only public equity markets. Our study of credit and derivative markets, in particular longer maturity corporate debt, credit spreads, and related credit default swap pricing, reveals a slight but statistically significant increase in market-implied default probability of the companies that remain in Russia relative to those that have withdrawn.

Despite these positives, needless to say, it is too early to analyze the “impact” of Russian business retreats definitively as Putin's invasion continues. Too many western companies remain in Russia to this day, while there is still smuggling and cheating through neighboring countries, especially Turkey, [of aviation, electronics, apparel, and other goods](#). Thus, any analysis of economic impact must remain necessarily incomplete as the situation continues to evolve.

IV. How Cynical Opportunists Attempt to Cast Doubt

on The Business Retreat from Russia Using Fabricated Data

Both the Yale and KSE databases are based on a ground-up approach which analyzes a company's presence in Russia, one company at a time, with a rigorous, bespoke examination of the unique circumstances of every single company. Furthermore, both the Yale and KSE databases are updated every single day with all changes reflected in real time. While many legitimate academic scholars and partners have used the Yale and KSE databases to jumpstart their own valuable research into corporate retreats, unfortunately, there have also been a small but vocal minority of misguided voices who attempt to cast doubt on the business retreat from Russia using misrepresented if not fabricated data.

For example, for example, in January 2023, a pair of Swiss researchers released [a publication](#) claiming that only 8.5% of western companies (or 120 companies, by those researchers' count) have actually pulled out of Russia, based on a review of 1,404 supposedly western companies culled from the Orbis Database, which contains data from the Russian legal entities database (this registry is called EGRUL and is freely available at <https://egrul.nalog.ru>).

We have tried to replicate the methodology laid out by the Swiss researchers in their methodological appendices (here and here) on ORBIS directly, and have not been able to replicate the final dataset of 1,404 “western companies” that they presented. Even disregarding this, the methodology laid out by the Swiss researchers contains serious flaws. The Swiss researchers pulled a list of supposedly 1,404 western companies by filtering the “global ultimate owner” category for G7 countries – except that such an approach captures firms that are registered as foreign companies for tax reasons or have foreign minority shareholders, but are actually Russian businesses primarily owned by Russian oligarchs, primarily doing business in Russia. They are not real foreign companies by any definition.

As a result, their own database proves that the most recent Swiss “research” claiming only 8.5% of western companies had actually pulled out of Russia was actually based off a list containing mostly Russian companies, not western companies. [This becomes apparent immediately in examining the “complete” dataset of 1,404 western companies that they “analyzed”.](#)

Several red flags jump out. First, the list of 1,404 “western companies” contains hundreds of individual PEOPLE – many of whom are Russian oligarch cronies of Putin - and many Russian companies. The misrepresented data is evident the minute anyone opens the data file - most egregiously, from lines 737 to 947.

Perhaps the real headline ought to have been, "Putin's favorite oligarchs continue to do business in Russia".

In fact, their list of "1,404 western companies" includes the following Russian oligarchs who run Russian businesses: (as ten examples of many)

1. Line 871 of tab 3, Mr. Oleg Kharuk - runs one of [the largest internet businesses in Russia](#), Leomax, which includes both of the Russian subsidiaries listed as "western multinationals", Internet Technologies and Domashnii.
2. Line 883 of tab 3, Mr. Petr Fedorov, runs Stolitsa Daimond, a diamond [company based in Russia](#).
3. Line 900 of tab 3, Mr. Sergey Kukara, [an advisor to the President of Lukoil](#), runs several Russian businesses based in Russia, not western multinationals.
4. Line 914, Mr. Vsevolod Vladimirovich Arkhipov, a Belarusian oligarch close to Lukashenko, runs [Slavavto transport company in Smolensk, Russia](#).
5. Line 444, Goldovskiy Iakov, or Yakov Goldovsky as he is more commonly known, is a major Russian gas oligarch with ties to Sibur, Russia's largest petrochemical company.
6. Line 744, Mr. Alexey Gubarev, an oligarch [who was caught up in the Trump/Steel dossier controversy](#), runs [the Russian-based Edinaya Set](#).
7. Line 748, Mr. Anatoliy Paliy, runs Gaznefteservis, a purely Russian oil and gas

company.

8. Line 753, Mr. Andrey Osipov, is a [sanctioned Russian fringe politician](#) who runs Emoksifarm, a purely Russian firm.

9. Line 822, Mr. Igor Lepetukhin, runs Transchem Eurasia, based in Moscow.

10. Line 824, Mr. Igor Yushkevich is a Russian [entrepreneur who runs the Russian store Tvoe](#).

Even the genuine "companies" listed are problematic since many appear to be RUSSIAN companies, not western companies. As ten examples of many:

1. Line 1396 is Yandex, aka Russia's Google.

2. Line 1390 is X5, aka Russia's Walmart.

3. Line 657 is LSS [Varshavskaya, which is a St Petersburg-based developer](#).

4. Line 1338 is USM Investments, which is Putin's right-[hand man Alisher Usmanov's Russian holding company](#).

5. Line 1336 is Uralchem, [one of the largest Russian petrochemical giants](#).

6. Line 1325 is Rusal, the Russian aluminum [giant formed by Oleg Deripaska](#).

7. Line 346 is Evraz, the Russian metals giant owned by oligarchs Roman Abramovich and Alexander Abramov.

8. Line 1167 is Severstal, oligarch Alexey Mordashov's Russian steel conglomerate.

9. Line 1021 is Ozon Holdings, the Russian e-commerce giant.

10. Line 1120 is Ros Agro, the Russian commodities giant.

That hundreds of Russian oligarchs and Russian companies constitute a supposed dataset of "1,404 western companies" is plainly egregious misrepresentation.

The Swiss authors would note that they merely took the “global ultimate owner”, or “GUO”, of companies based in the G7 and EU. But this is an intentionally misleading methodology which excludes many bona fide western multinationals while including many native Russian companies, since many Russian companies are legally domiciled outside Russia for tax reasons, in places like the Netherlands, Malta, and Cyprus. (similar to how many US companies have legal domicile in the state of Delaware regardless of where their actual headquarters are).

Thus, if one judges companies based solely on where their legal domicile is, many Russian companies inevitably pass as Malta, Dutch, and Cyprus companies. Of course these Russian companies will not have left Russia. Thus, using “GUO” location alone is a sneaky way of increasing the number of “western companies” that have not left by counting hundreds of Russian companies as western companies. This approach defies common sense, and the authors are trying to tell us the sky should be red and the water should be brown by insisting on a rigid approach which leads to obvious misclassifications and bad judgments. How exactly are Russian companies supposed to pull out of Russia, no matter where their tax domicile is? Can Rusal really pull out of Russia? The answer, of course, is no.

Likewise, the Swiss authors justify their inclusion of hundreds of individuals by asserting that they are controlling owners based in the EU or G7 – but we note that the underlying companies linked to these individuals are largely Russian, not genuine bona fide global multinational corporations. Russian companies owned by Russian oligarchs cannot pull out of Russia.

In fact, when our researchers went through their list of 1,404 “western multinationals” and

applied the below, reasonable, unrestrictive definition, we were only able to find approximately ~500 genuine, bona fide western multinationals.

1. Companies with verifiable operations in at least 1 other country other than its country of domicile and Russia/Belarus
2. Companies with verifiable current (or recent) active business presence/operations in Russia – beyond appearing as an entity on a legal registry – whether investment, selling, sourcing, manufacturing, fixed investments, etc.
3. Companies that verifiably have at least ~\$100 million in global revenue in any single year over the last ten years
4. Companies that have at least 51% shares belonging to foreign owners, excluding Russian and Belarusian owners (via direct or indirect ownership)
5. Companies that draw at least approximately 1% of global revenues from Russia

Their list of 1,404 “western multinationals” includes hundreds of irrelevant entries and oddities in their dataset (for example, inexplicably, Lines 1096, 1097, and 172 are the names of countries, Italy, Australia, and Germany, respectively) and duplicate entries (for example, Merck appears multiple times in tab 3).

Worse yet, of the approximately 500 hundred genuine, bona fide western multinational companies on their list, far more companies from THEIR list exited Russia than the 120 they identified. For example, ABInBev, Amcor, Asics, Baker Hughes, Booking Holdings, Colliers, Comarch SA, Danfoss, Esab, Fugro, and Fujitsu are a few of the many western companies on their list that are not credited for having fully exited Russia already.

This omission is made doubly egregious when considering there are MORE major western

companies MISSING from their list than western multinationals that actually appear in their data (the ones [missing include hundreds](#) such as: Amazon, Airbus, Benneton; Boeing; Carlsberg; Chevron; Citigroup; Commerzbank; HSBC; Marriott; Raytheon; Wells Fargo, and hundreds more). The Swiss authors acknowledge that these companies are not in the highly respected ORBIS database; but rather than pointing the finger at ORBIS, the authors should have either added in missing companies to their dataset manually or presented their study as a tiny slice of a representative sample of companies in Russia rather than as a comprehensive analysis of Russian exits.

There were also tidal waves of other academics who tried to truncate the data to prove ideological preconceptions and commercial entrepreneurs who tried to hijack the data for internet traffic monetization and selling other services. One alternative approach led by a [pop-up, donating-seeking group](#) proposes to grade companies upon not just the actual status of withdrawal, but upon softer factors such as “speed” and “attitude”. But these unquantifiable, subjective softer criteria makes for some difficult-to-justify gradings. For example, even though Honeywell completely exited Russia [as of August 2022](#), it inexplicably scores the same “40%” failing score as Airbus, which stepped into Boeing’s vacated Russian titanium operations and maintains significant commerce with Russia to this day. Furthermore, how subjective judgments are made concerning factors such as “attitude” are much more ambiguous than how judgments are made about more concrete actions or lack thereof pertaining to a company’s exit from Russia.

V. Analytics of the Russian Business Retreat One Year Later – Based on KSE Institute Dashboard

The KSE Institute has done extensive data analysis evaluating trends and patterns across the companies that have withdrawn from Russia as well as the companies that remain.

As can be seen from the tables below, **as of January 29, 179** companies which had already completely exited from the Russian Federation, had at least **307,600 personnel, \$42.1 bn in**

annual revenue, **\$34.4bn in capital** and **\$37.1bn in assets**; companies, that declared a complete withdrawal from Russia had **184,300 personnel**, **\$36.4bn in revenues**, **\$15.0bn in capital** and **\$20.0bn in assets**; companies that suspended operations on the Russian market had **270,600 personnel**, annual revenue of **\$47.3bn**, **\$20.2bn in capital** and **\$34.1bn in assets**.

The following table is based on data available for ~1 400 TOP public companies operated/operating in RF⁶:

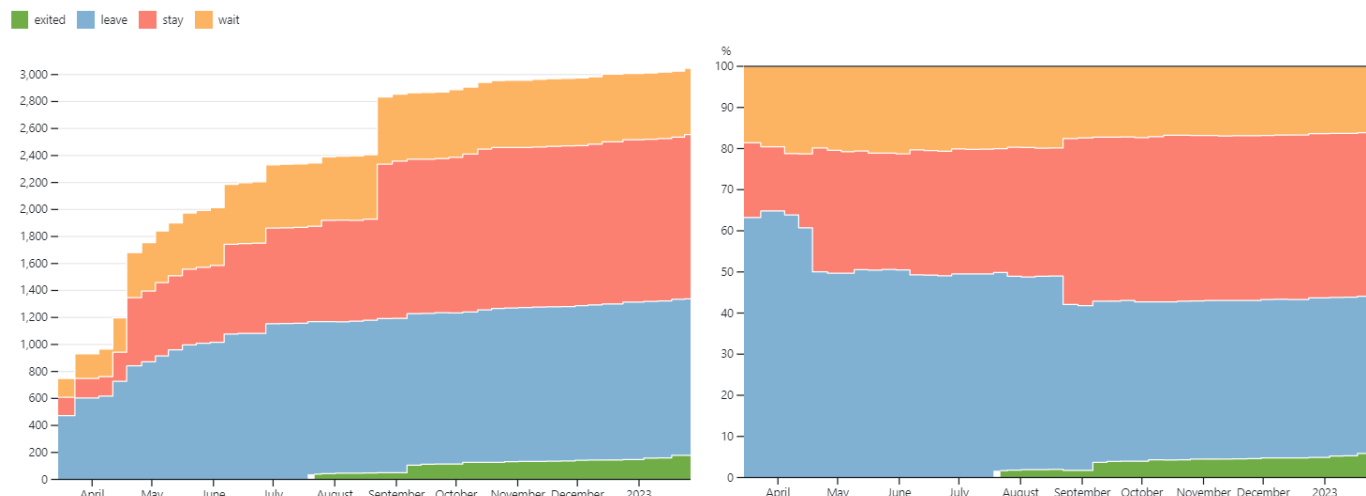
KSE Institute						
Status by KSE	# of companies with revenue in KSE database	Number of staff	Revenue, USD m	Capital, USD m	Assets, USD m	Taxes, USD m
exited	179	307 580	42 097	34 403	37 071	3 262
leave , including:	319	454 916	83 680	35 236	54 139	2 966
<i>complete withdrawal</i>	122	184 306	36 415	14 995	20 040	1 416
<i>suspended operations</i>	197	270 610	47 265	20 241	34 099	1 550
wait	224	327 492	95 479	70 234	120 253	14 124
stay	683	303 488	75 152	33 859	74 278	4 022
Total	1 405	1 393 476	296 408	173 732	285 741	24 374

According to KSE database, about 38.0% of foreign companies have already announced their withdrawal from the Russian market or suspended their activity, but another 40.0% are still remaining in the country, 16.1% are waiting and only 5.9% made a complete exit⁷. To be clear, the proportion of companies who have made a complete exit refers to execution, and many companies that are in the process of exiting will soon finish winding down operations over the next few months. Most of these companies require a few months to wind down operations in an orderly manner and cannot simply leave overnight.

179 companies that completely left the country, since employed 22.1% of the personnel employed in foreign companies, the companies owned about 13.0% of the assets, had 19.8% of capital invested by foreign companies, only last year they generated revenue of \$42.1 billion or 14.2% of total revenue and paid \$3.3 billion of taxes or 13.4% of total taxes paid by the companies observed. Data on 1,400 TOP companies is presented in the table above.

⁶ As of 19/06/2022, we updated the database with extended information on ~ + 400 new companies, and as of 28/08/2022, we have updated data for another 422 companies with data on personnel, revenue, capital and assets for 2021. Also, we started to monitor additionally whether companies really stated any actions to exit the country (currently we observe a very small number of such companies). So far we found information only about 179 companies which sold their business in Russia or were liquidated. The collected information is already available and systematized in the form of a new KSE's status "exited".

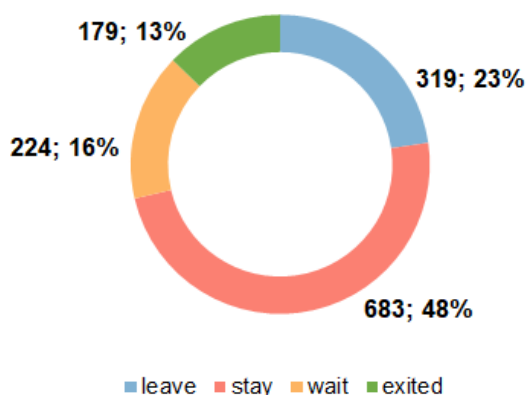
⁷ On 24 July 2022, we introduced the new status "exited", which reflects the companies' actions to finalize the exit from the Russian market. The status relies on data from the Uniform State Register of Legal Entities in Russia (USRLE or EGRUL) and complementary analysis such as companies' announcements and media publications of company activities. At the same time, companies' activities can be hard to track and can be missed in the analysis, especially for companies less covered in the media.



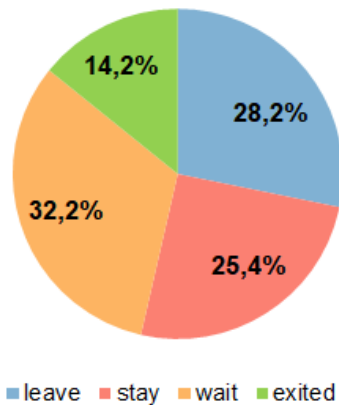
To avoid misinterpretations of figures, we would like to stress once again that the KSE Institute database contains financials on approximately 1,400 unique foreign groups of companies, which participate in approximately 1,800 local legal entities. And the total number of entries - is already about 3100. It means that the most correct way to calculate the real % of different statuses vs totals would be to take only those companies where we have financials collected in our database. For the rest of the companies we were not able yet to identify companies represented in Russia with revenue earned physically in the country. Those are mainly the foreign companies that have trading relationships with Russia or, for example, sport (81 entries) & other Associations and NGOs (14 entries), Travel and cruise companies (22 entries), Media (41 entries) or companies which never had even representative offices in the country. In our opinion, much more accurate would be to base the calculations of real exits or % of other statuses in comparison with those ~1,400 unique foreign companies where we were able to identify revenue received in Russia by local companies established. For more information - please see the next Charts with details:

KSE Institute

of foreign group of companies with revenue in RF identified



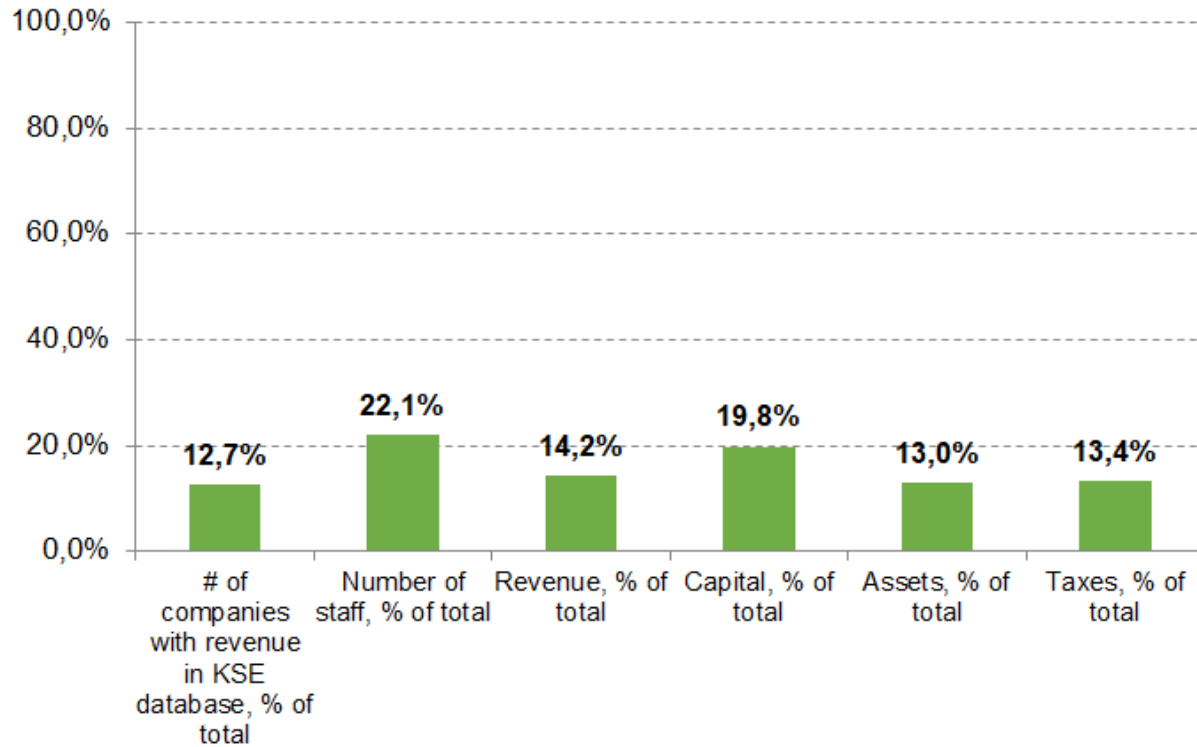
Share of revenue by KSE statuses for ~1400 companies with financials



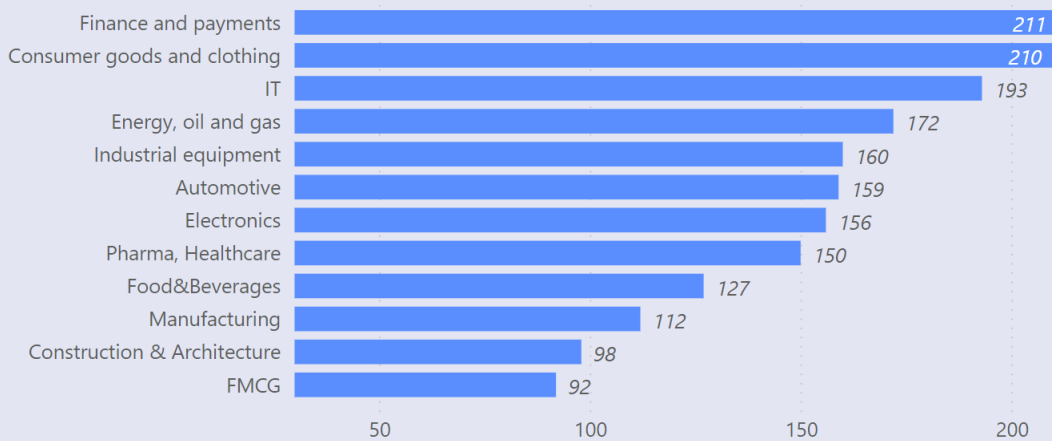
As it is visible on the charts above, roughly similar **% of exited** is obtained based on number of companies (13%) and on share of revenue withdrawn (14%). At the same time, a totally different picture is for those who are still **staying** - 48% of companies represent 25% of revenue and 16% of **waiting** companies represent 32% of revenue generated in Russia. The first conclusion could be that smaller companies with lower revenue prefer to stay and those who have higher revenue are more eager to wait, limiting their investments as an excuse (at the same time they continue to earn and reinvest their local profit).

Current progress of Exiters vs others is the following:

% of companies exited from Russia with sale or liquidation and key statistics



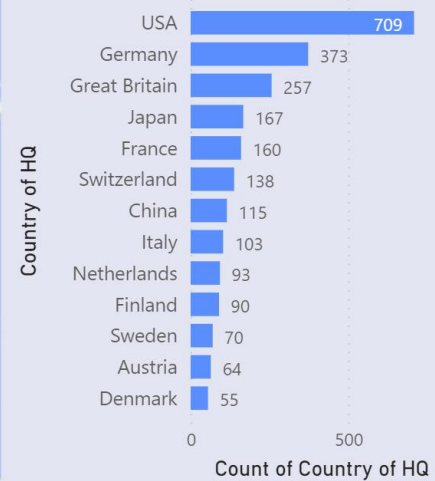
Companies by Industries



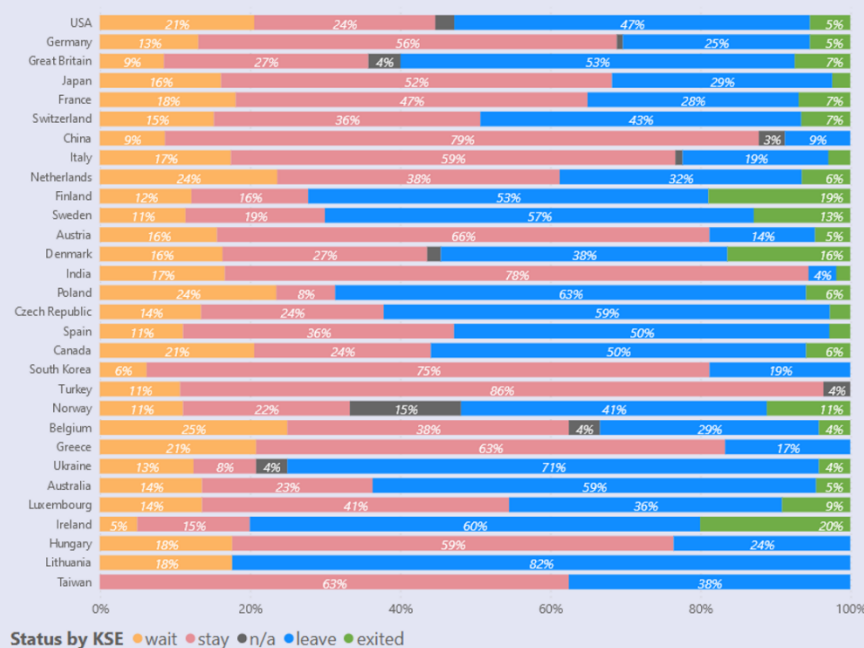
Companies of HQ countries at Map



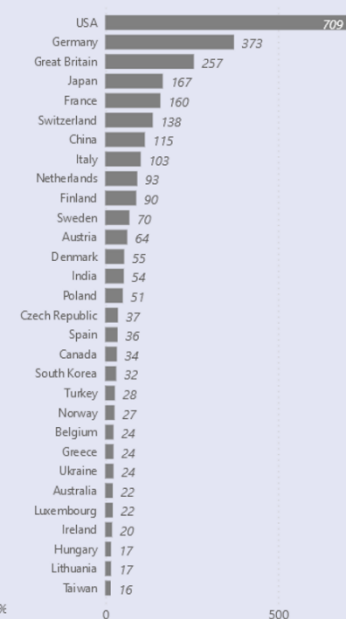
Companies by Countries



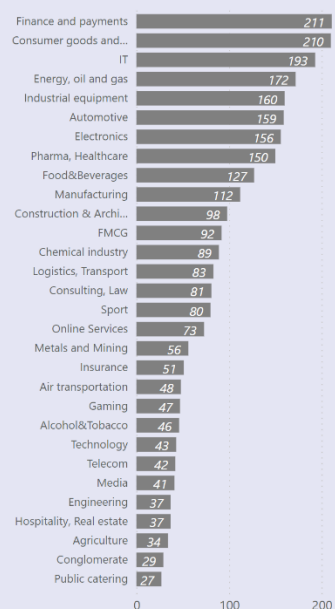
Decisions of foreign companies by countries / Рішення іноз. компаній у розрізі країн



Counts / Кількість



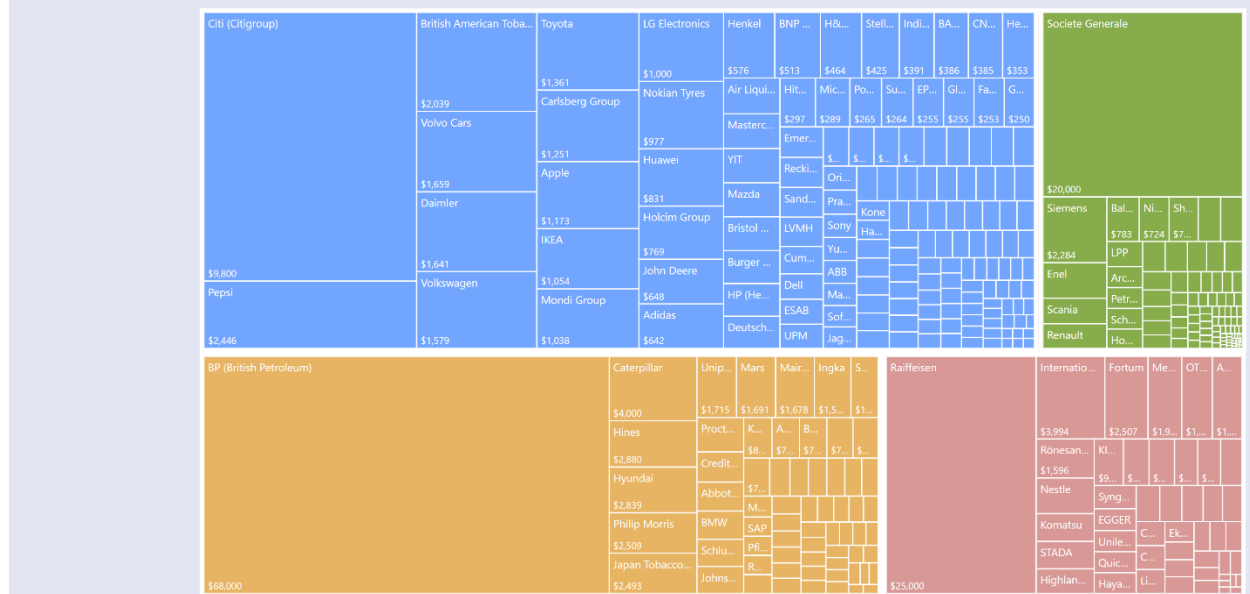
Counts / Кількість



Status by KSE ● wait ● stay ● n/a ● leave ● exited

Volkswagen	Daimler	Carlsgberg Group	Inditex	BASF ...	CNH L...	Ford ...	Gas...	Met...	Adl...	Dell	HP ...		Renault		Mc...	Wella	f...
	\$4,282	\$2,600	\$1,528	Henkel	\$931	\$931	\$880	\$620	\$767	\$749	\$742	\$738					
\$6,014	Pepsi	Volvo Cars	\$1,320	Porsche	Lou...	Hel...	De...	Su...	D...	S...	E...	D...	\$6,007		\$2,300	\$22...	\$1...
Apple			Nokian Tyres	\$721	\$507	\$497	\$451	\$446	\$3...	\$3...	\$3...	\$3...	Shell	Bunge	Scania	Niss...	Inf...
		\$2,542	\$1,274	Stellantis John...	Grun...	H...	B...	\$3...	\$...	\$...	\$...		\$1,812	\$1,500	\$1,466	\$1,371	\$1...
\$4,137	IKEA	Huawei	Mondi Group	REWE	Nokia Sand...								Baker ...	Enel LP			
\$5,196		\$1,774	\$1,126	Fast R...	Siem...								\$1,087		\$7...	\$7...	\$...
Toyota	\$3,854	LG Electronics	Juniper Netw...	Burger ...	VMWH Brist...	Lo...	JCB						Elko ...	Ball...		\$...	\$...
	British American Tobacco		\$1,116	UPM	ABB	DA...	Ma...	Go...					Arcorica	Tetr...			
		\$1,612	H&M (Henne...)	Rehaug Cum...		Ern...	Am...						Whirl...	Na...			
	Mazda		1963	Michelli...		Pu...	Dit...							MAN			
			Glencore	Rockitt ...	Danf...	ISU	Can...						Inch...				
\$5,155	\$3,558	\$1,606	\$941	DE...													
Philip Morris	Samsung	BMW	Cargill	Coca-Co...	John...	Kna...	L'O...	Sa...	Sc...	OstC Group	Metro AG	Komat...	AB L...	For...	H...	R...	
		\$3,089	\$1,762	\$1,265	\$1,078	\$1,008	\$868	\$833	\$828				\$1,606	\$11...	\$10...	\$9...	
\$7,050	\$4,860	Procter & Gam...	Hellenic ...	Coca-Cola	Car...	Ast...	BSH	Inte...	Fe...	\$3,936	Nestle	Hayal ...	Kr...	ST...			
Hyundai	Leroy Merlin	\$2,333	\$1,572	\$1,265	\$800	\$721	\$6...	\$6...	\$6...			Mitsu...	\$681	\$6...			
		Mars	\$1,456	Wintershall ...	Nov...	Ph...	To...	SAP	Cl...				W...	Z...			
			\$1,189	Uniper SE	Kim...	Mo...						\$2,955	Hayat ...				
\$6,594	\$4,822	\$2,146	\$1,450	Engie	Robert B...					\$3,801	International ...		Teva	C...	D...		
Japan Tobacco International	Credit Suisse	Alphabet	Mondelez	Bayer	Rocha	Ingka	TZ...					Liebherr					
		\$1,807	\$1,163	Roche	Viç...	Pirelli				\$2,790		Essi...					
		Google	Mitsubishi ...	Maire Te...	Phizer	Bac...				Unilever		KRKA	Buz...				
\$5,620	\$4,329	\$1,807								\$3,776	\$1,718						

TOP-100 companies by local assets in the Russian Federation (in million US dollars) and KSE status, data collected by KSE Institute:



More infographics and analytics see in the special section of our website at the link <https://leave-russia.org/bi-analytics>

VI. Conclusion

Contrary to the musings of cynical opportunists, the unprecedented and historic exodus of over 1,000+ global corporations has played a significant role in pressuring the Russian economy one year into the invasion. While the courage of the companies that have exited and which are in the process of exiting is to be commended, there are still western multinationals who continue to do business-as-usual in Russia. At this crucial juncture, the key challenges are clear and stark:

- Encouraging continued corporate exits from Russia

It is important to appreciate the success achieved so far with over 1,000+ global businesses announcing their exits from Russia and with strong follow-through with either completed exits or exits still-in-process. While we celebrate these successes, the challenges that remain

are daunting. At this point, there is no excuse for any western company to remain in Russia from either a financial, economic, political, social, or moral standpoint. Advocates should continue to direct their attention towards the companies that bewilderingly refuse to exit despite the courageous stands of 1,000+ of their global peers as well as those who show no actual progress towards divesting from Russia. Furthermore, our conviction is that companies whose assets are trapped in Russia should 1) write off those assets as they actually do not have control over those assets as those assets are de-facto nationalized by Russians and 2) they should go to the international courts and explicitly say that Russia violates all the norms of international law and investors' protection.

- Heightened scrutiny on smuggling and evasion

The impact of 1,000+ multinational corporations leaving Russia is somewhat diluted by rampant smuggling and cheating through neighboring countries, especially Turkey, [of aviation, electronics, apparel, and other goods](#). Ensuring that opportunistic middlemen do not capitalize on corporate exits from Russia to smuggle black market goods into the country remains vital in choking off the Putin's access to the goods he needs to fuel his war machine.

- Debunking Putin-inspired propaganda designed to undermine western unity in resistance to Putin's aggression against a sovereign nation and innocent civilians

Putin has a long history of weaponizing disinformation to foment divisions within his opponents, and in classic Putin fashion, he has repeatedly [questioned](#) whether western businesses are really leaving Russia. Media and analysts should be careful in distinguishing between genuine academic studies vs. fraudulent data misrepresentation and fabrication.

- Continuing to ensure voluntary private sector cooperation with public sector sanctions above and beyond the bare minimum required

That over 1,000+ global companies voluntarily curtailed operations in Russia beyond the bare minimum required by sanctions speaks to the powerful impact of the private sector. This power is often latent, but when harnessed through collective action, the impact of the private sector can work in complement to and buttress the powerful sanctions implemented by international governments in further pressuring Putin to end his invasion of Ukraine once and for all.

The Yale School of Management CELI list of companies curtailing operations in Russia can be accessed by clicking here:

<https://som.yale.edu/story/2022/over-1000-companies-have-curtailed-operations-russia-some-remain>

and

<https://www.yalerussianbusinessretreat.com/>

The Kyiv School of Economics SelfSanctions/Leave Russia project database can be accessed by clicking here:

<https://kse.ua/selfsanctions-kse-institute/>

and

<https://leave-russia.org/companies-that-exited>

and

<https://docs.google.com/spreadsheets/d/1EFlhBQYyvRdSn4U6CY2yomeHEhTqbMKS/edit#gid=2139051396>