

SCHOLARLY ARTICLE

Business and Human Rights in Russia: Emerging or Merging?

Michael Rogerson* 

Lecturer at Surrey Business School, Guildford, UK

*Corresponding author. Email: m.rogerson@surrey.ac.uk

Abstract

The increasing focus on business and human rights (BHR) in civil society and policymaking has not been matched by research on corporate actions to respect and protect human rights. The lack of research on BHR is especially acute outside of Western Europe and Anglo-centric contexts. This paper seeks to investigate how the largest Russian firms conceptualize and fulfil their human rights obligations under the UN Guiding Principles and the extent to which internationalization of those firms may have impacted these behaviours. I use a unique dataset created from a sample made of the 100 largest firms listed on the Moscow Stock Exchange. Using the theoretical construct of institutional conflict, I find that cross-listing on other stock exchanges and the extent to which firms frame their broader social responsibility issues as ‘sustainability’ or ‘sustainable development’ rather than ‘corporate social responsibility’ has a substantial impact on firm attention to human rights. While this attention is encouraging, firm disclosure of actions taken to mitigate against violations and protect human rights is extremely limited and the strength of domestic institutional pressures has resulted in very little firm action in the face of the extreme and widespread human rights violations being committed in Ukraine by Russia.

Keywords: Human rights due diligence; Institutional conflict; Non-financial reporting; Russia; Transition economy

1. Introduction

The case of an LGBT family forced to leave the country for their own safety after featuring in an advert for an organic food retailer has highlighted tensions around business and human rights (BHR) in Russia. VkusVill, the retailer, pulled the advert from its website after a campaign by a conservative group led to the family receiving death threats.¹

The human rights situation in Russia generally attracts much more attention in the media than in scholarly research. Cases regularly demonstrate Russia’s distance from international norms on human rights. The state has made widespread use of forced labour from North Korea, for example in building stadia for the 2018 FIFA World Cup.² The Civic Chamber of the Russian Federation, a citizens’ forum which advises the government on legislative matters, reported that between 2 and 3 million migrant workers are believed to

¹ Max Seddon, ‘Russia Supermarket Pulls LGBT Ad after Backlash’, *Financial Times* (5 July 2021), <https://www.ft.com/content/95c602ce-223e-4daf-b404-be2196225ab7> (accessed 5 October 2021).

² Britt CH Blom and Rosa Grandise, ‘Surveillance and Long Hours: North Korean Workers in Russia’, in Remco E Breuker and Imke BLH van Gardingen (eds.), *People for Profit: North Korean Forced Labour on a Global Scale* (Leiden: Leiden Asia Centre, 2018).

be illegally exploited every year.³ High profile cases of human rights abuses in the country include a kidnapping campaign against LGBT people (a protected group under international law, as well as the UNGPs⁴) in the southern republic of Chechnya⁵ and the case of Sergey Magnitsky, a tax lawyer tortured and killed for uncovering a US\$ 230 million tax fraud, whose name has become synonymous with transnational anti-corruption and human rights sanctions.⁶ Indigenous people face myriad challenges to ensuring the protection of their rights.⁷

Legislation has also been passed in the last decade which has come under scrutiny for its human rights implications. In 2013 a bill was signed into law criminalizing ‘gay propaganda’, banning access to information about ‘non-traditional sexual relations’.⁸ A 2017 law reduced the severity of domestic violence offences, meaning that ‘serious harm’ must occur before the police will investigate.⁹ Attempts by non-governmental organizations (NGOs) to improve the human rights situation in Russia are often met by accusations of illicit funding and stigmatization under the so-called ‘foreign agent law’.¹⁰ In late 2021, Memorial, the oldest and most prominent NGO working on human rights in Russia, which had been established by Nobel Peace Prize winner Andrei Sakharov, was closed under the legislation.¹¹

As this context of civil and legislative action counter to accepted international norms has taken shape in the twenty-first century, the Russian economy has become increasingly intertwined with that of the European Union (EU) and the wider world. Russia is an important supplier of energy to, market for products made in, and recipient of foreign direct investment from, the EU. Russian firms have grown to be global players in their industries.¹² As Russian companies have enjoyed increasing economic success and have internationalized, some have listed shares on foreign stock exchanges in addition to the Moscow exchange, bringing the largest Russian firms into contact with business and human rights norms and scrutiny which they have not faced in their own institutional environment.¹³

³ Obshchestvennaya Palata Rossiyskoy Federatsii, ‘Novye Sposoby Borby s Sovremennym Rabstvom’ (30 October 2014), <http://web.archive.org/web/20170916225438/https://www.oprf.ru/press/news/2014/newsitem/26697> (accessed 31 January 2022); Rustamjon Urinboev, *Migration and Hybrid Political Regimes* (Oakland, CA: University of California Press, 2021).

⁴ Dan Bross, Fabrice Houdart and Salil Tripathi, ‘None of their Business? How the United Nations is Calling on Global Companies to Lead the Way on Human Rights of LGBTI People’ (2018) 3 *Business and Human Rights Journal* 270.

⁵ Tanya Lokshina and Kyle Knight, ‘No End to Chechnya’s Violent Anti-Gay Campaign: Kidnapping, Interrogation Exposes Brutal Intent’, *Human Rights Watch* (31 August 2021), <https://www.hrw.org/news/2021/08/31/no-end-chechnyas-violent-anti-gay-campaign> (accessed 31 January 2022).

⁶ Nicola Newson, ‘Magnitsky Sanctions’, *House of Lords Library* (18 June 2021), <https://lordslibrary.parliament.uk/magnitsky-sanctions/> (accessed 31 January 2022).

⁷ Ekaterina Zmyvalova, ‘Human Rights of Indigenous Small-Numbered Peoples in Russia: Recent Developments’ (2020) 11 *Arctic Review on Law and Politics* 334.

⁸ Alexander Kondakov, ‘The Influence of the “Gay-Propaganda” Law on Violence against LGBTIQ People in Russia: Evidence from Criminal Court Rulings’ (2019) 18:6 *European Journal of Criminology* 940.

⁹ Antonina Vykhrest, ‘The Victims of Russia’s Ultra-Conservatism are the Russian People Themselves’, *Open Democracy* (27 January 2017), <https://www.opendemocracy.net/en/odr/victims-of-russia-s-ultra-conservatism-are-russian-people-themselves/> (accessed 31 January 2022).

¹⁰ Galina Goncharenko and Iqbal Khadaroo, ‘Disciplining Human Rights Organisations Through an Accounting Regulation: A Case of the “Foreign Agents” Law in Russia’ (2020) 72 *Critical Perspectives on Accounting*.

¹¹ Andrew Osborn and Maria Kiselyova, ‘“Erasing History”: Russia Closes Top Rights Group, Capping Year of Crackdowns’, *Reuters* (28 December 2021), <https://www.reuters.com/world/europe/russian-orders-closure-top-rights-group-2021-12-28/> (accessed 31 January 2022).

¹² Andrei Panibratov, *Russian Multinationals: From Regional Supremacy to Global Lead* (Abingdon: Routledge, 2012).

¹³ Alexander Settles, Olga Melitonyan and James Gillies, ‘CSR in Russia’ in Christine A. Mallin (ed.), *Corporate Social Responsibility: A Case Study Approach* (Cheltenham: Edward Elgar, 2009).

Against the backdrop of Russian firm growth, non-financial reporting (NFR) within company disclosures has grown steadily for decades and, since the EU NFR directive in 2014, is increasingly becoming a legal requirement.¹⁴ The institutionalizing process of various forms of NFR began in the 1970s, however, many years before the dissolution of the Soviet Union and Russia's emergence as a capitalist economy.¹⁵ Russian firms do not, therefore, have such a long history of NFR and their disclosure lacks the standardization of those more institutionalized settings.¹⁶ The status of NFR under Russian legislation is also less developed, with legislation on the subject having stalled since it was first tabled in 2017.¹⁷

Several recent international developments in NFR have coalesced around the need to disclose policies, practices, or outcomes around human rights.¹⁸ Internationalized Russian firms are therefore under pressure – or obligation – to disclose information on issues such as LGBTQIA+, labour, and environmental rights, and the due diligence necessary to understand firm impacts on human rights issues.¹⁹

While there is a case for the fact that firms operating and listed in Western European and North American jurisdictions have obligations to address human rights in their operations, no such pressure exists in Russia. President Vladimir Putin has repeatedly stated that Russia abides by human rights norms while regularly abusing human rights in society and business both judicially and extrajudicially.²⁰ Not only is there no Russian legislation obliging firms to respect human rights, business practices have been used to discipline human rights defenders.²¹

The lack of top-down pressure for firms to act on human rights is matched by a broad ambivalence to human rights as a concept generally, and the human rights of specific groups, among the Russian population.^{22,23} Broadly, the Russian public is indifferent to human rights organizations and the causes they champion.²⁴ There is, therefore a clear

¹⁴ Karin Buhmann, 'Neglecting the Proactive Aspect of Human Rights Due Diligence? A Critical Appraisal of the EU's Non-Financial Reporting Directive as a Pillar One Avenue for Promoting Pillar Two Action' (2018) 3 *Business and Human Rights Journal* 23; Michael Rogerson, Andrew Crane, Vivek Soundararajan, Johanne Grosvold and Charles Cho, 'Organisational Responses to Mandatory Modern Slavery Disclosure Legislation: A Failure of Experimentalist Governance?' (2020) 33:7 *Accounting, Auditing & Accountability Journal* 1505.

¹⁵ Carlos Larrinaga and Jan Bebbington, 'The Pre-History of Sustainability Reporting: A Constructivist Reading' (2021) 34:9 *Accounting, Auditing & Accountability Journal* 162.

¹⁶ Olga Vladimirovna Efimova, Elena Vladimirovna Nikiforova, Maria Mikhailovna Basova, Olga Vladimirovna Shnaider and Igor Gennadevich Ushanov, 'Practice of Non-Financial Reporting Disclosure by Russian Companies: Bridging the Gap Between Company Disclosures on Sustainability and Stakeholders' Needs' (2019), 11 *Proceedings of the 5th International Conference on Engineering and MIS* 1-5.

¹⁷ Ministerstvo Ekonomicheskogo Pazvitiya Rocciyskoy Federatsii, 'Publichnaya Nefinansovaya Otchetnost' (2017), https://www.economy.gov.ru/material/departments/d20/publichnaya_nefinansovaya_otchetnost/ (accessed 18 February 2022).

¹⁸ Fiona McGaughey, Hinrich Voss, Holley Cullen and Matthew C Davis, 'Corporate Responses to Tackling Modern Slavery: A Comparative Analysis of Australia, France and the United Kingdom' (2021) 7:2 *Business and Human Rights Journal*. <https://doi.org/10.1017/bhj.2021.47>

¹⁹ Olga Martin-Ortega, 'Human Rights Due Diligence for Corporations: From Voluntary Standards to Hard Law at Last?' (2013) 31:4 *Netherlands Quarterly of Human Rights* 44.

²⁰ Miodrag Soric, 'Opinion: Putin's Hypocrisy on Human Rights' (11 December 2018), <https://www.dw.com/en/opinion-putins-hypocrisy-on-human-rights/a-46690709> (accessed 13 May 2022).

²¹ Goncharenko and Khadaroo, note 10.

²² Levada Center, 'Tabu' (2 February 2018), <https://levada.ru/2016/09/09/14393/> (accessed 5 May 2021).

²³ Levada Center, 'Homophobia' (10 June 2015), <https://www.levada.ru/en/2015/06/10/homophobia/> (accessed 5 May 2021).

²⁴ Theodore P Gerber, 'Grounds for (a Little) Optimism? Russian Public Opinion on Human Rights', *Open Democracy* (18 January 2016), <https://www.opendemocracy.net/en/openglobalrights-openpage/grounds-for-little-optimism-russian-public-opinion-on-human-right/> (accessed 13 May 2022).

difference between the human rights environment in which Russian firms operate domestically and expectations on firms operating and listed on stock exchanges in Western Europe and North America.

The differences in expectations between the Russian home state context and locations in which Russian firms are listed and seek capital therefore creates a potential conflict for companies. The home country (i.e., domestic headquarters location of a firm; Russia in this study's case) institutional situation in Russia is extremely challenging for any firm wanting to fulfil its human rights responsibilities. This situation could not have been evidenced more clearly than by the near complete absence of Russian firms willing to publicly condemn the horrifying human rights abuses being perpetrated in Ukraine by Russia.

However, very little research has been conducted on the effect of host country (i.e., that being operated in by a foreign firm; outside Russia in this study's case) institutional demands around human rights in emerging market or transition economies.²⁵ Even the broader topic of corporate social responsibility (CSR) has received little attention in the academic literature in such contexts. The World Benchmarking Alliance publishes a regular Corporate Human Rights Benchmark (CHRB), but this is limited to only five industries and of the 230 firms worldwide featured in the report, only eight are Russian. CHRB shows wide variation in quality of reporting by Russian firms. While none scored higher than 11 from a possible 26 on the benchmark, it is hard to extrapolate to Russian firms generally from a few, predominantly extractives, firms.

Much of the research on corporate responsibility to date focuses on CSR. CSR – a largely voluntary set of practices concerned with ambiguous notions of corporate 'good' and accreditation and certification practices²⁶ – is an important concept for the purpose of this article not because it is synonymous with legally robust conceptions of BHR but because, in the Russian context, firms enthusiastically took up CSR practices as the economy transitioned to a Westernized free market, a fact which is developed in this article by the continued importance of CSR in Russian firms' reporting. The antecedence of CSR, centred on the idea of firms 'doing good', to developments of BHR maturity has been found elsewhere, for example in UK managers' understanding of CSR as a related area useful in framing BHR.²⁷

While some evidence exists of listing on developed nation stock exchanges improving CSR performance, we have little to guide us regarding emerging market firms. The sparsity of literature on this subject is as acute regarding Russia as it is with other emerging economies, meaning that we know little about how Russian firms view their responsibilities or of the actions they take in respecting and protecting human rights.

This article therefore poses the following research questions: (1) what human rights commitments do Russian stock exchange-listed firms disclose and how do they evidence action taken in support of their human rights commitments?; and (2) what effect does cross-listing have on the commitments to, and actions in support of, human rights taken by Russian firms?

Based on analysis of annual and sustainability reports and human rights policies of the largest 100 firms listed on Moscow's MOEX stock exchange, this article finds that conceptualization of human rights varies widely among Russian companies and that this

²⁵ Elisa Giuliani, Grazia D Santangelo and Florian Wettstein, 'Human Rights and International Business Research: A Call for Studying Emerging Market Multinationals' (2016) 12:3 *Management and Organization Review* 631.

²⁶ Andreas Rasche and Sandra Waddock, 'The UN Guiding Principles on Business and Human Rights: Implications for Corporate Social Responsibility Research' (2021) 6:2 *Business and Human Rights Journal* 227.

²⁷ Louise J Obara and Ken Peattie, 'Bridging the Great Divide? Making Sense of the Human Rights–CSR Relationship in UK Multinational Companies' (2018) 53:6 *Journal of World Business* 781.

variation is largely linked to the extent to which firms are internationalized. Firms listed only on MOEX – particularly, though not only, those companies which report only in Russian – conceive of human rights broadly as social obligations akin to what might be described elsewhere as CSR. Activities are therefore limited to the wellbeing of direct employees, charitable giving, and employee volunteering. Firms listed on foreign stock exchanges are signatories to accepted international agreements such as the UN Global Compact and the UN Principles for Responsible Investment and interpret their human rights responsibilities through frameworks such as the UN Sustainable Development Goals and UN Guiding Principles on Business and Human Rights (UNGPs). Although firms in both groups disclose little detail on their actions to identify human rights violations in their direct operations and extended supply chains, some internationalized firms do declare – apparently counter to home country (Russian) institutions – non-discrimination policies on sexuality grounds among other unexpected issues.

This study contributes to three literatures. First, I provide a baseline for, and begin a discussion on, research on BHR in Russia. In highlighting both the high-level commitments and poor disclosure on action, as well as the factors influencing BHR reporting by Russian firms, this study both initiates a conversation on business approaches to human rights and poses questions for future research on managerial decision-making on the issue, such as, how firm–state relations impact BHR performance, and how human rights are impacted by these actions. More broadly, the lack of literature on BHR disclosure enables comparative studies between this study and others to follow from different contexts.

Second, this article shows how the varying institutional pressures on Russian firms in terms of societal pressures and historical aspects of Russian industry have impacted on firm approaches to BHR, and how the internationalization of the largest Russian businesses creates contrast between the two sets of pressures. My findings underscore the idea that internationalizing emerging market multinational enterprises (EMNEs) use social responsibility issues to signal legitimacy. My evidence shows that Russian EMNEs comply with host market pressures to an extent which, on issues of non-discrimination against sexual orientation for example, they are decoupled from home market institutions. In doing so, I demonstrate that conflicting institutional pressures do not necessarily lead to the uneasy reconciliations suggested in the literature, but that superficially signalling legitimacy may trump genuine concerns. These findings develop our knowledge on factors which have thus far been under-researched such as the influence of the state and the continuation of historical patterns of behaviour in transition economies.

Finally, this study contributes to the literature on Russian business, which has received limited consideration in recent years. While Russia attracted sporadic attention from scholars during its transition from a fully planned to a mixed economy,²⁸ there is little in the business literatures on Russia as a context. My evidence shows that the largest Russian firms are integrating into the global economy and are developing in line with their Western counterparts even as historical factors continue to strongly influence firm behaviours. As Russian firms begin to emerge from Soviet practices, therefore, I show that they are merging with their wider contexts.

The remainder of the article is structured thus: First, I review the literature on Russia as a human rights and business context, Russian CSR practices, and on how institutional settings

²⁸ See, for example; Sergej Ljubownikow, Jo Crotty and Petter W Rodgers, 'The State and Civil Society in Post-Soviet Russia: The Development of a Russian-Style Civil Society' (2013) 13:2 *Progress in Development Studies* 153

Sheila M Puffer and Daniel J McCarthy, 'Two Decades of Russian Business and Management Research: An Institutional Theory Perspective' (2011) 25:2 *Academy of Management Perspectives* 21.

impact firms under conflicting pressures. I then explain the methodology of the study. Section IV contains my analysis and section V the discussion of those findings with reference to existing literature. Finally, I make concluding comments, including on the implications of the study for practice, policy and research.

II. Literature Review

The Human Rights and the Business Context of Russia

The human rights context in Russia is dominated by the continued centrality of the state in civil and business matters. While the early post-Soviet period was punctuated by the murder of human rights activists and journalists, the resurgence of the state has brought about a more centralized, systematic form of human rights violations.²⁹ During the few weeks that this article was being drafted, the Head of the Chechen Republic threatened to behead the family of a human rights activist,³⁰ parliament continued to delay the introduction of an anti-domestic violence law promised in late 2021 but yet to be tabled,³¹ a Moscow court dissolved the nation's oldest human rights organization,³² the Justice Ministry sought the dissolution of a charitable foundation supporting the country's LGBT community,³³ and Russia extradited a protester to Belarus despite the European Court of Human Rights (ECHR) having banned the extradition.³⁴

State intervention goes beyond civil society, however, and is regularly seen in commerce. State seizure of companies and spurious legal cases against individuals by state authorities are routine. Another ECHR case – perhaps the most famous involving the Russian state – is that of Mikhail Khodorkovsky, one of the wealthiest 'oligarchs', a group which profited very quickly from the liberalization of the Russian economy in the 1990s.³⁵ Khodorkovsky was targeted for his support of opposition political parties, arrested on charges of tax evasion in 2003, stripped of ownership of his company, Yukos, and jailed for nine years, in a case that was accepted even though Yukos had ceased to exist by the time the complaint came to the ECHR.³⁶ Indeed, in some cases the Russian state has declared the 'impossibility' of Russia effecting ECHR judgements.³⁷

Other incidents include that of Pavel Durov, founder of Vkontakte, Russia's most popular social networking site, who was forced out of the company he established for refusing to

²⁹ Mary McAuley, *Human Rights in Russia* (London: I.B. Tauris, 2015).

³⁰ Meduza, "We Will Pursue You Until We Cut Off Your Heads" (2 February 2022), <https://meduza.io/en/feature/2022/02/03/we-will-pursue-you-until-we-cut-off-your-heads> (accessed 9 February 2022).

³¹ Ekaterina Malysheva, 'Moy Grekh. Ya Ubila', *Novaya Gazeta* (9 February 2022), <https://novayagazeta.ru/articles/2022/02/09/moi-grekh-ia-ubila> (accessed 9 February 2022).

³² Ekho Moskvy, 'Mosgorsud Segodnya Likvidiroval Pravozaščhitniy Tsentr "Memorial", uzhe Priznanniy Vlastyam Inostrannym Agentom' (29 December 2021), <https://echo.msk.ru/news/2959676-echo.html> (accessed 9 February 2022).

³³ Meduza, 'Russia's Justice Ministry Seeks Dissolution of Charitable Foundation Behind Russian LGBT Network' (8 February 2022), <https://meduza.io/en/news/2022/02/08/russia-s-justice-ministry-seeks-dissolution-of-charitable-foundation-behind-russian-lgbt-network> (accessed 10 February 2022).

³⁴ Valeria Ratnikova, 'Rossiya Vydala Belarusi Uchastnika Protestov, Nesmotrya Ha Zapret ECPCh. Advokat Zayavila, Shto On Do Sikh Por Mozhet Hakhoditsa v SIZO v Moskve', *Dozhd* (11 January 2022), https://tvrain.ru/teleshov/vechernee_shou/rossija_vydala_bielarusi-545510/ (accessed 9 February 2022).

³⁵ Richard Sakwa, *Putin and the Oligarch: The Khodorkovsky-Yukos Affair* (London: Bloomsbury, 2014).

³⁶ Karol Karski and Bartosz Ziemblicki, 'Commercial Companies as Applicants before the European Court of Human Rights' (2021) 23:5 *International Community Law Review* 503.

³⁷ Bill Bowring, 'Russia and the European Convention (or Court) of Human Rights: The End?' (2020) *Quebec Journal of International Law* 201.

remove anti-government posts and give the government access to users' data.³⁸ One of the most extreme cases followed the discovery of tax fraud related to an investment firm, Hermitage Capital Management. When the company's tax lawyer, Sergei Magnitsky, refused to withdraw his claim that state officials had embezzled tax the firm had paid, he was arrested, tortured, and beaten to death.³⁹

The state's centrality in commercial affairs extends into the realm of CSR, a parallel literature this study leverages in the absence of a developed body of relevant BHR research. Contrary to the Western model, in which CSR is seen as business taking on tasks which were originally within the role of the state, in Russia, issues elsewhere considered within the realm of CSR are often managed by government. Because all firms in the Soviet Union were state-owned, the state was, by extension, responsible for organizations' social activities, including the provision of health and recreational services to employees and their families, childcare, and the provision of utilities to residents.⁴⁰ One result of the involvement of the state in business has been different forms of self-censorship, which have been documented in marketing,⁴¹ employment⁴² and environmental⁴³ issues. On CSR explicitly, the central role of the state can be seen through the politicization of CSR to force legitimization on firms through approved behaviours which effectively reduce CSR to 'an empty signifier'.⁴⁴ CSR has thus developed slowly in Russia as the Soviet legacy of provision of services has met international norms which demand a broader set of responsible behaviours from firms.⁴⁵

Corporate Social Responsibility in Russia

The development of CSR – and the centrality of the state in commercial affairs – can be traced back to the industrialization of the Soviet Union. Soviet industrialization left a legacy of institutionalized state control and monotowns, cities dominated by a single industry or company which provided basic public services to the population, the majority of which were employees and their families.⁴⁶ While the former is likely more influential than the latter, monotowns' concentration in industries of strategic importance means they retain a

³⁸ Ulises A Mejias and Nikolai E Vokuev, 'Disinformation and the Media: The Case of Russia and Ukraine' (2017) 39:7 *Media, Culture & Society* 1027.

³⁹ Thomas H Wilson and J Robert Sheppard II, 'In Memory of Sergei Magnitsky: A Lawyer's Role in Promoting and Protecting International Human Rights' (2019) 41 *Houston Journal of International Law* 343.

⁴⁰ Olga Kuznetsova, 'CSR in the Emerging Market of Russia: Finding the Nexus between Business Accountability, Legitimacy, Growth and Societal Reconciliation' in Satyendra Singh (ed.), *Handbook of Business Practices and Growth in Emerging Markets* (Singapore: World Scientific, 2009).

⁴¹ Timothy Frye, *Weak Strongman* (Princeton: Princeton University Press, 2021).

⁴² Pjotr Sauer, 'McKinsey Bans Moscow Staff From Attending Pro-Navalny Protest', *The Moscow Times* (23 January 2021), <https://www.themoscowtimes.com/2021/01/23/mckinsey-bans-moscow-staff-from-attending-pro-navalny-protest-a72706> (accessed 9 February 2022).

⁴³ Laura A Henry, 'Between Transnationalism and State Power: The Development of Russia's Post-Soviet Environmental Movement' (2010) 19:5 *Environmental Politics* 756.

⁴⁴ Anna Zueva and Jenny Fairbrass, 'Politicising Government Engagement with Corporate Social Responsibility: "CSR" as an Empty Signifier' (2021) 170 *Journal of Business Ethics* 635.

⁴⁵ Laura A Henry, Soili Nysten-Haarala, Svetlana Tulaeva and Maria Tysiachniouk, 'Corporate Social Responsibility and the Oil Industry in the Russian Arctic: Global Norms and Neo-Paternalism' (2016) 68:4 *Europe-Asia Studies* 1340.

⁴⁶ Simon Commander, Zlatko Nikoloski and Alexander Plekhanov, 'Employment Concentration and Resource Allocation: One-Company Towns in Russia', *Forschungsinstitut zur Zukunft der Arbeit, IZA Discussion Papers No. 6034*, Institute for the Study of Labor (IZA) (October 2011), <http://nbn-resolving.de/urn:nbn:de:101:1-201110263788> (accessed 3 November 2022).

significant legacy for the goods and materials they produce and for the fact that around 15 per cent of Russians still live in such cities today.⁴⁷

Despite the importance of Russia as a raw materials supplier and market, Russia remains an under-researched business context in general, and on CSR in particular. As the state provided many of the needs now fulfilled under the umbrella term of 'CSR' during the Soviet period, CSR is a relatively recent introduction to the Russian business landscape. Despite, or perhaps because of, this Russian firm CSR has developed in continuity with the traditional role of employers in the country.⁴⁸ Examples of the state–CSR link include tax incentives offered to Russian firms for corporate philanthropy, which have led to high levels of patronage in relation to Western nations.⁴⁹ Many firms also continue to operate as extensions of the state in, for example, the provision of housing and municipal recreational facilities.⁵⁰

The sometimes vague demands of the state, its varying departments and local interests means that research on the development of CSR in Russia often produces conflicting results.⁵¹ In part this can be traced to what is being measured, and the – often West-centric – variables being used. Cases in the literature therefore find that CSR disclosure by Russian firms is poor and that government intervention is required to improve the standard of reporting,⁵² that Russian firms outperform their Western counterparts on Global Reporting Initiative (GRI) disclosures,⁵³ and that disclosure performance is poor because much of what is reported is unverified by external experts and because there is no legal benchmark for disclosure in the country.⁵⁴

While the role of the state in CSR is prominent in some studies,⁵⁵ firms that do not have close relationships with government are left to set their own priorities, frequently by ignoring CSR.⁵⁶ That some firms are left to set their own course on such issues is one of the inconsistencies which makes synthesizing the literature difficult. Ultimately, as Crotty asserts, CSR is developing between the contradictions of its historical context and the market capitalism of the twenty-first century.⁵⁷

Despite increasingly international market forces becoming more prominent, and the gradual institutionalization of human rights disclosure, however, little is known from the literature on Russian business and human rights. Concerns that the weaker institutional settings in which emerging market firms operate⁵⁸ lend themselves to human rights violations, and specific calls for research on the human rights aspects of emerging market

⁴⁷ Ibid.

⁴⁸ Matthias S Fifka and Maryna Pobizhan, 'An Institutional Approach to Corporate Social Responsibility in Russia' (2014) 82:1 *Journal of Cleaner Production* 192.

⁴⁹ Leonid Polishchuk, 'Corporate Social Responsibility or Government Regulation: An Analysis of Institutional Choice' (2009) 52:8 *Problems of Economic Transition* 73.

⁵⁰ Fifka and Pobizhan, note 48.

⁵¹ Ibid.

⁵² Aparna Bhatia and Binny Makkar, 'Extent and Drivers of CSR Disclosure: Evidence from Russia' (2019) 11:3 *Transnational Corporations Review* 190.

⁵³ Lutz Preuss and Ralf Barkemeyer, 'CSR Priorities of Emerging Economy Firms: Is Russia a Different Shape of BRIC?' (2011) 11:4 *Corporate Governance* 371.

⁵⁴ Ataur Rahman Belal and Vasily Lubinin, 'Russia: Corporate Social Disclosures' in Samuel O Idowu and Walter Leal Filho (eds.), *Global Practices of Corporate Social Responsibility* (Heidelberg: Springer, 2009).

⁵⁵ Sergey Filippov, 'Emerging Russian Multinational Companies: Managerial and Corporate Challenges' (2012) 6:3 *European Journal of International Management* 323.

⁵⁶ Andrei Kuznetsov, Olga Kuznetsova and Richard C Warren, 'CSR and the Legitimacy of Business in Transitional Economies: The Case of Russia' (2009) 25:1 *Scandinavian Journal of Management* 37.

⁵⁷ Jo Crotty, 'Corporate Social Responsibility in the Russian Federation: A Contextualized Approach' (2014) 55:6 *Business & Society* 825.

⁵⁸ Giuliani, Santangelo and Wettstein, note 25.

multinational enterprises,⁵⁹ have yet to result in a body of scholarly work on BHR in Russia. Even as the human rights situation more generally in Russia continues to attract significant attention, evidence of how Russian businesses conceptualize their human rights responsibilities, the commitments they make, and the actions they take to support those commitments, remains scarce.

Institutional Conflict and Corporate Social Responsibility

While in Western industrialized nations the social responsibility of the corporation has developed in line with broader social considerations such as human rights, the two concepts have expanded spasmodically in Russia. There is, therefore, significant potential for institutional conflict where the firms from one of these contexts finds itself – through operations or listing on a foreign stock exchange – under the institutional pressures of a host country.

Institutions are ‘the practices and procedures defined by prevailing rationalized concepts of organizational work’.⁶⁰ As such, institutions represent the ‘rules of the game’, demarcating acceptable actions of organizations.⁶¹ Institutions are key, therefore, to questions of how organizations construct and maintain legitimacy.⁶² For several decades, however, the institutional environments studied by researchers were assumed to be static. That is, while the organizations and individuals within an institutional field may change, the institutions themselves – and the expectations and related behaviours resulting from those institutions – remained constant.⁶³ There has recently been an increasing acknowledgement of the dynamism of institutions, particularly in the international business literature, where the differences borne of the contrasting institutional environments of a firm’s home and host settings introduce added complexity for organizations.⁶⁴ Where questions of legitimacy in a home market involve firms contending with dynamic but broadly known, consistent ‘rules’, the potential for international differences in institutional landscapes to produce competing expectations is increased.

As demands on multinational enterprises (MNEs) to practise good corporate citizenship have grown worldwide, the differing institutional expectations MNEs face have stretched into the realm of CSR.⁶⁵ The institutional complexity that this brings can lead to difficult decisions for organizations as institutional prescriptions compete.⁶⁶ Rathert, for example, finds that firms adopt CSR practices strategically to signal institutional ‘fit’ in their host countries.⁶⁷

⁵⁹ Florian Wettstein, Elisa Giuliani, Grazia D Santangelo and Günter K Stahl, ‘International Business and Human Rights: A Research Agenda’ (2019) 54:1 *Journal of World Business* 54; Giuliani, Santangelo and Wettstein, *note 25*.

⁶⁰ John W Meyer and Brian Rowan, ‘Institutionalized Organizations: Formal Structure as Myth and Ceremony’ (1977) 83:2 *American Journal of Sociology* 340.

⁶¹ Denis A Arnold, ‘Corporations and Human Rights Obligation’ (2016) 1:2 *Business and Human Rights Journal* 255.

⁶² Mats Alvesson and André Spicer, ‘Neo-Institutional Theory and Organization Studies: A Mid-Life Crisis?’ (2019) 40:2 *Organization Studies* 199.

⁶³ B Guy Peters, ‘Institutional Theory: Problems and Prospects’, IHS Political Science Series: Working Paper 69 (2000), https://irih.s.ihs.ac.at/id/eprint/1273/1/pw_69.pdf (accessed 4 February 2021).

⁶⁴ Michael A Hilt, ‘International Strategy and Institutional Environments’ (2016) 23:2 *Cross Cultural and Strategy Management* 206.

⁶⁵ Tony Edwards, Gerhard Schnyder and Johann Fortwengel, ‘Mapping the Impact of Home- and Host-Country Institutions on Human Resource Management in Emerging Market Multinational Companies: A Conceptual Framework’ (2019) 61 *Thunderbird International Business Review* 531.

⁶⁶ Matthew S Kraatz and Emily S Block, ‘Institutional Pluralism Revisited’, in Royston Greenwood, Christine Oliver, Thomas B Lawrence and Renate E Meyer (eds.), *The SAGE Handbook of Organizational Institutionalism* (London: SAGE Publications Ltd., 2017).

⁶⁷ Nikolas Rathert, ‘Strategies of Legitimation: MNEs and the Adoption of CSR in Response to Host-Country Institutions’ (2016) 47 *Journal of International Business Studies*. 2016).

Much of the literature on home–host country institutional conflict assumes that MNEs are expanding from developed countries into emerging markets, however.⁶⁸ The available literature on the CSR performance of EMNEs operating in developed markets suggests that such firms tend to adopt sustainability strategies to comply with their developed market surroundings and overcome trust and legitimacy issues they encounter given the assumed lack of CSR development by stakeholders. Russian firms are, for example, among the least trusted globally.⁶⁹ EMNEs also fear decoupling from home market institutions.⁷⁰ There is evidence, however, that internationalizing EMNEs bring developed host-country practices back to the home country.⁷¹

However, those same emerging countries have their own MNEs which, operating in more developed environments, are not only subject to institutional pressures to develop and deliver CSR programmes but are also viewed with suspicion, having originated in countries which do not necessarily have developed CSR practices recognized in their host contexts. The literature on EMNE CSR practices in developed markets remains emergent. What literature there is on the CSR performance of EMNEs moving into developed economies is complicated by the various conceptualizations of CSR, by which countries are being moved into and moved from, and by what ‘moved into’ means.

Studies of EMNE CSR rarely include a human rights dimension, framing the human aspects of CSR as ‘social initiatives’⁷² and ‘community’ issues,⁷³ although Rathert specifically uses labour rights.⁷⁴

Firms from a variety of emerging markets are studied in the literature, including those from China, where the collaborative nature of the Belt and Road Initiative has been found to improve CSR performance,⁷⁵ and Eastern Europe, itself a diverse region of varying institutional configuration, from where firms do not necessarily value CSR in their host country because of the gap between home and host country expectations.⁷⁶

Studies in the literature deal with a variety of headquarters for firms, making comparison difficult. Furthermore, some firms list on foreign exchanges, some move their headquarters, and some set up subsidiaries. All these activities will likely bring into play differing levels of institutional pressure and even different pressures entirely. In emerging economy firm acquisitions of developed market firms, companies from Brazil, Russia, India, China and South Africa are found to have used CSR to overcome the disadvantages that come from

⁶⁸ Olga Voronina Hawn, ‘Strategic Role of CSR in International Expansion of Emerging Market Multinationals’ (2013) 1 *Academy of Management Proceedings* 10862.

⁶⁹ Edelman, ‘Edelman Trust Barometer 2020’ (19 January 2020), <https://www.edelman.com/trust/2020-trust-barometer> (accessed 13 February 2022).

⁷⁰ Sang-Bum Park, ‘Multinationals and Sustainable Development: Does Internationalization Develop Corporate Sustainability of Emerging Market Multinationals?’ (2018) 27:8 *Business Strategy and the Environment* 1514.

⁷¹ Ru-Shiun Liou, Alex S Rose and Alan E Ellstrand, ‘Emerging-Market Multinational Corporations as Agents of Globalization: Conflicting Institutional Demands and the Isomorphism of Global Markets’ in Laszlo Tihanyi, Timothy M Devinney and Torben Petersen (eds.), *Institutional Theory in International Business and Management* (Bingley: Emerald Group Publishing, 2012).

⁷² Qin Han, Jennifer E Jennings, Runjuan Liu and P Devereaux Jennings, ‘Going Home and Helping Out? Returnees as Propagators of CSR in an Emerging Economy’ (2019) 50 *Journal of International Business Studies* 857.

⁷³ Haina Shi, Xin Zhang and Jing Zhou, ‘Cross-Listing and CSR Performance: Evidence from AH Shares’ (2018) 12:11 *Frontiers of Business Research in China*; Tatiana Garanina and Yulia Array, ‘Enhancing CSR Disclosure Through Foreign Ownership, Foreign Board Members, and Cross-Listing: Does it Work in Russian Context?’ (2021) 46 *Emerging Markets Review* 100754.

⁷⁴ Rathert, note 67.

⁷⁵ Na Yang, Jue Wang, Xiaming Liu and Lingyun Huang, ‘Home-Country Institutions and Corporate Social Responsibility of Emerging Economy Multinational Enterprises: The Belt and Road Initiative as an Example’ (2020) 39 *Asia Pacific Journal of Management* 927–965.

⁷⁶ Rathert, note 67.

having lower expectations in their home markets.⁷⁷ Emerging market firms diversifying into developed markets are found to demonstrate enhanced levels of CSR,⁷⁸ as do emerging market firms listing on developed economy stock exchanges.⁷⁹

Beyond the limited literature on EMNEs and CSR in developed host countries, the inherently competing nature of many institutional pressures faced by organizations has been used to explain actions as diverse as sustainability in business curricula,⁸⁰ accountability in sovereign wealth funds,⁸¹ and the governance of hybrid organizations.⁸² Studies have suggested that there is limited institutional isomorphism in MNEs, that ‘ceremonial’ adoption of practices is not prevalent in multinationals.⁸³ More nuanced views suggest that EMNEs adopt practices to overcome home country institutional weaknesses.⁸⁴ While this dynamic view of institutional fields is also found in the international business literature, however,⁸⁵ the potential for differences between home and host country institutions and their impact on firm behaviour regarding business and human rights is under-theorized.⁸⁶

III. Methodology

This study seeks to answer the research questions using a qualitative approach in two parts. First, I coded the annual reports, sustainability reports and human rights policies of the largest 100 firms listed on the Moscow Stock Exchange for mentions of ‘human rights’, ‘due diligence’, and related words and phrases, and for evidence of actions taken in line with business responsibilities outlined in the UNGPs framework. I then conducted a content analysis on these data. Content analysis is a systematic method which enables replicability and has previously been used in studies of corporate reporting on human rights.⁸⁷

In this article I take a necessarily broad conceptualization of human rights, which is consistent with the UNGPs expectations that business enterprises ‘should avoid infringing on the human rights of others and should address adverse human rights impacts with which they are involved’.⁸⁸ While there is a gap between BHR disclosure and BHR performance which is hard to ascertain, the lack of a mature literature on human rights disclosure – particularly in the context of Russia – means that this study focuses largely on disclosure quality. The study is therefore an investigation of BHR disclosure – of how the largest

⁷⁷ Hawn, note 68.

⁷⁸ Ji Li, Ying Zhang, Yanghong Hu, Xiaolong Tao, Wanxing Jiang and Lei Qi, ‘Developed Market or Developing Market?: A Perspective of Institutional Theory on Multinational Enterprises’ Diversification and Sustainable Development with Environmental Protection’ (2018) 27:7 *Business Strategy and the Environment* 857–871.

⁷⁹ Shi, Zhang and Zhou, note 73.

⁸⁰ Annie Snelson-Powell and Johanne Grosvold, ‘Business School Legitimacy and the Challenge of Sustainability: A Fuzzy Set Analysis of Institutional Decoupling’ (2016) 15:4 *Academy of Management Learning & Education* 703.

⁸¹ Afshin Mehrpouya, ‘Instituting a Transnational Accountability Regime: The Case of Sovereign Wealth Funds and “GAPP”’ (2015) 44 *Accounting, Organizations and Society* 15.

⁸² Johanna Mair, Judith Mayer and Eva Lutz, ‘Navigating Institutional Plurality: Organizational Governance in Hybrid Organizations’ (2015) 36:6 *Organization Studies* 713.

⁸³ Tatiana Kostova, Kendall Roth and M Tina Dacin, ‘Institutional Theory in the Study of Multinational Corporations: A Critique and New Directions’ (2008) 33:4 *The Academy of Management Review* 994.

⁸⁴ Edwards, Schnyder and Fortwengel, note 65.

⁸⁵ Daria Panina and Leonard Bierman, ‘The Development of Legal Professionalism in Russia: An Institutional Perspective’ (2013) 9 *Critical Perspectives on International Business* 106.

⁸⁶ Wettstein, Giuliani, Santangelo and Stahl, note 59.

⁸⁷ Sepideh Parsa, Ian Roper, Michael Muller-Camen and Eva Szigetvari, ‘Have Labour Practices and Human Rights Disclosures Enhanced Corporate Accountability? The Case of the GRI Framework’ (2018) 42:1 *Accounting Forum* 47.

⁸⁸ Human Rights Council, ‘Guiding Principles on Business and Human Rights: Implementing the United Nations “Protect, Respect and Remedy” Framework’, A/HRC/17/31 (21 March 2011).

Russian firms conceive of their responsibilities on BHR and what evidence they offer in support of actions taken consistent with their disclosures. The particular focus of the study is the UNGPs because the UNGPs are an internationally recognized standard underpinning legislation and policy, including promised developments in mandatory human rights due diligence.⁸⁹ This article therefore offers insights into the maturity of Russian firms on reporting on due diligence, rather than on conducting such activities.

Disclosure in this context is an important topic in its own right, as it enables us to see how Russian firms in different contexts understand their BHR obligations and how they report on any action taken in this respect. Nonetheless, Russian firms' BHR declarations are briefly tested for commitment in the findings section of this article as I comment on action or lack thereof in the context of Russia's expanded invasion of Ukraine, which occurred in February 2022 as this project was being completed.

The UNGPs framework was selected for this study for its action orientation in assessing corporate human rights impacts, acting on the findings of those assessments, tracking preventative and mitigating measures, and communication of these processes and their results. The broad acceptance of the UNGPs internationally by states and the time since the framework was adopted by the United Nations have created a normative force broadly adopted in corporate reporting.⁹⁰

Sample and Data Collection

This article is based on a sample consisting of the annual reports, sustainability reports and human rights policies of the 100 largest firms by market capitalization listed on the MOEX Moscow Stock Exchange. The sample was chosen because the largest firms in a country are likely the most visible, have large supply networks, are most internationalized, and because stock exchanges require certain annual disclosures from firms. A list of firms in the sample can be found in Table 1.

The largest 100 firms were identified from a listing of all MOEX firms sorted by market capitalization on 15 March 2021, when this project began.⁹¹ Annual reports and the various types of sustainability reports were downloaded from the Investor Relations pages of the firms' websites in the weeks after that date. Searches for 'human rights' and 'human rights policy' were conducted on each website thereafter. Human rights policies dated after June 2021 – the end of Russian firms' reporting cycle for 2020 – were discounted for consistency between firms.

Data Analysis

Of the 100 firms in the sample, four firms published only their annual accounts without any non-financial element; eight firms published accounts and some non-financial information without any sustainability disclosure; one firm was acquired by another within the sample and therefore did not publish its own annual report; nine of the listings were of preference shares of firms within the sample whose main class of shares was already listed; seven firms were subsidiaries of other firms in the sample and did not publish their own annual report; and three firms published only basic Securities and Exchange Commission (SEC) filings which do not include social responsibility disclosure. This left 68 listed firms with reports to

⁸⁹ Ben Grama, Antoine Duval, Annika van Baar and Lucas Roorda, *Third Revised Draft Treaty on Business and Human Rights: Comments and Recommendations*, (The Haag: Asser Institute, 2021). https://dspace.library.uu.nl/bitstream/handle/1874/420010/SSRN_id3949535.pdf?sequence=1

⁹⁰ Rasche and Waddock, note 26.

⁹¹ MOEX, 'Broad Market Index', <https://www.moex.com/en/index/RUBMI/constituents/> (accessed 15 March 2021).

Table I. List of firms in the sample

| Company | Primary activity | Secondary listing | Exclusion criteria |
|----------------------------------|------------------------------|-------------------|------------------------------|
| Acron | Fertilizer production | LSE | |
| Aeroflot | Airline | | |
| Alrosa | Mining | | |
| Ashinsky Metzavod (Amet) | Metals processing | | |
| Bank St Petersburg | Financial services | | |
| Bashneft | Oil and gas production | | No sustainability disclosure |
| Beluga Group | Food and drink | | |
| Credit Bank of Moscow | Financial services | | |
| Detsky Mir | Retail | | |
| En+ | Metals processing | LSE | |
| Enel | Energy generation and supply | | |
| Etalon | Construction | LSE | |
| Far Eastern Energy | Energy generation and supply | | |
| Fesco | Logistics | | No sustainability disclosure |
| FSK EEC | Energy grid operation | LSE | |
| Gazprom | Oil and gas production | | |
| GlobalTrans | Logistics | LSE | |
| Headhunter | Professional services | NASDAQ | No sustainability disclosure |
| IDGC Centre | Energy transmission | | Subsidiary |
| IDGC Centre & Volga | Energy transmission | | Subsidiary |
| IDGC of North West | Energy transmission | | Subsidiary |
| IDGC of Urals JSC | Energy transmission | | Subsidiary |
| Inter RAO | Energy generation and supply | | |
| Irkutsk Energo | Energy generation and supply | | No sustainability disclosure |
| Kazanorgsintez | Chemicals | | |
| Kazanorgsintez preference shares | | | Preference shares |
| Lenta | Retail | LSE | |

(Continued)

Table 1. *Continued*

| Company | Primary activity | Secondary listing | Exclusion criteria |
|-------------------------------------|------------------------------|-------------------|------------------------------|
| Lenzoloto | Mining | | Acquired |
| Lenzoloto preferred shared | | | Preference shares |
| LSR Group | Construction | LSE | |
| Lukoil | Oil and gas production | LSE | |
| M Video | Retail | | |
| Magnit | Retail | | |
| Magnitogorsk | Metals processing | LSE | |
| Mail.ru Group | Communications | LSE | |
| MD Medical Group | Healthcare | LSE | |
| Mechel | Mining | NASDAQ | SEC filing |
| Mechel preferred shares | | | Preference shares |
| MMC Norilsk Nickel | Mining | LSE | |
| Moscow City Telephone Network | | | Subsidiary |
| Moscow Exchange | Financial services | | |
| Mosenergo | Energy generation and supply | | |
| Mostotrest | Construction | | No sustainability disclosure |
| MTS | Communications | | |
| Nizhnekamskneftek | Oil and gas production | | No sustainability disclosure |
| Nizhnekamskneftek preference shares | | | Preference shares |
| Novatek | Oil and gas production | LSE | |
| Novolipetsk Steel | Metals processing | LSE | |
| Novorossiysk Commercial Sea Port | Logistics | LSE | |
| Novorossiysk Grain | Agriculture | | No sustainability disclosure |
| OGK-2 | Energy generation and supply | | |
| OR PUB Joint Stk C | | | No sustainability disclosure |
| Ozon Holdings plc | Retail | NASDAQ | SEC filing |

(Continued)

Table I. Continued

| Company | Primary activity | Secondary listing | Exclusion criteria |
|--------------------------------|------------------------------|-------------------|------------------------------|
| PAO SovComFLOT | Logistics | | |
| Petropavlovsk | Mining | LSE | |
| Pharmacy Chain 36 | Retail | | No sustainability disclosure |
| Phosagro | Chemicals | LSE | |
| Pik Group | Construction | | |
| Polymetal International plc | Mining | LSE | |
| Polyus | Mining | LSE | |
| QIWI plc | Financial services | NASDAQ | SEC filing |
| Quadra Power Generation | Energy generation and supply | | |
| Raspadskaya | Mining | | |
| Ros Agro plc | Agriculture | LSE | |
| Rosneft | Oil and gas production | LSE | |
| Rosseti | Energy generation and supply | | |
| Rosseti Lenenergo | Energy generation and supply | | |
| Rosseti Moscow Reg | Energy generation and supply | | |
| Rosseti preferred shares | | | Preference shares |
| Rosseti Volga | Energy transmission | | Subsidiary |
| Rostelecom | Communications | | |
| Rostelexcomm preference shares | | | Preference shares |
| RusHydro | Energy generation and supply | LSE | |
| Russian Aquacultur | Fisheries management | | |
| Russneft | Oil and gas production | | |
| Safmar Finl Inv | Financial services | | |
| Samolet Group | Construction | | |
| Saratov Oil Refine | | | Subsidiary |
| Sberbank | Financial services | LSE | |
| Sberbank preferred shares | | | Preference shares |

(Continued)

Table 1. *Continued*

| Company | Primary activity | Secondary listing | Exclusion criteria |
|-------------------------------------|------------------------------|-------------------|-------------------------------|
| Seligdar | Mining | | |
| Severstal | Mining | LSE | |
| Sistema PJSFC | Financial services | LSE | |
| Sollers | Manufacturing | | No sustainability disclosure |
| Surgutneftegas PJS | Oil and gas production | LSE | |
| Surgutneftegas preference shares | | | Preference shares |
| Tatneft | Oil and gas production | LSE | |
| Tatneft preferred shares | | | Preference shares |
| TCS Group Holding | Financial services | LSE | |
| Territorial Generation Company No.2 | Energy generation and supply | | No sustainability information |
| TGC-I | Energy generation and supply | | |
| TMK PAO | Manufacturing | | |
| Transneft | Oil services | | |
| Unipro | Energy generation and supply | | |
| United Company Rusal plc | Mining | HKG | |
| United Wagon Company | Manufacturing | | |
| VSMPO-AVISMA Corp | Manufacturing | | No sustainability disclosure |
| VTB | Financial services | LSE | |
| X5 Retail Group NV | Retail | LSE | |
| Yandex | Communications | NASDAQ | |

analyse for human rights disclosure. Thirty-two of these firms had a secondary listing on a foreign stock exchange: 30 on the London Stock Exchange, one on NASDAQ, and one on the Hong Kong Stock Exchange. None of these exchanges mandated human rights disclosures at the time of reporting.

From the 68 firms which disclosed sustainability information in their annual reports, I found 31 firms which also published a separate sustainability report and eight firms which published a publicly available human rights policy, one of which was discounted as having been published later than the dates selected for the study's sample. I could not find a human rights policy for any of the 32 firms which did not publish NFR, so they were ultimately excluded as having no relevant disclosure to analyse.

To conduct the analysis of the 68 annual reports, 31 sustainability reports, and seven human rights policies, a coding scheme was adapted from the UNGPs' human rights due diligence (HRDD) requirements. Codes were therefore drawn from principles 16–20 and principle 22 of the UNGPs. Because communication is a key aspect of the recommendations set out in the UNGPs, I therefore sought to understand how firms are disclosing their actions under these requirements beneath the headings of UNGP 16 ('commitment to human rights'); UNGP 17 ('commitment to conduct HRDD'); UNGP 18 ('assessment of human rights impacts'); UNGP 19 ('integration of findings'); UNGP 20 ('tracking performance'); and UNGP 22 ('remedy mechanisms'). UNGPs 16–20 and UNGP 22 cover business responsibility for human rights from initial commitment to respect human rights through to the various processes to remedying instances in which human rights violations which fall within a firm's responsibilities are discovered.

IV. Findings

In this section, I analyse Russian firms' conceptualizations of their human rights responsibilities and their disclosed actions in line with the UNGPs. These analyses offer insights into how Russian firms view their human rights responsibilities, how they meet their obligations under the UNGPs as an internationally recognized framework, and the extent to which internationalization through stock exchange listing might explain variations in approaches to human rights reporting.

The findings are separated into three sections. First, I analyse how Russian firms conceptualize their human rights responsibilities. In doing so, I highlight how the firms themselves understand their commitments and how they prioritize issues. This section includes both how firms report on those issues they deem relevant to them and the internationally recognized agreements, frameworks and principles they disclose as being germane in guiding their human rights actions. Second, I analyse how Russian listed companies disclose their roles and responsibilities with regard to human rights. Third, I analyse disclosure of actions taken by Russian listed firms on human rights, focused on the extent to which firms in my sample fulfil the principles set out in the UNGPs relative to corporate responsibilities to protect human rights. Finally, I reflect on the extent to which firms in my sample have put the claims in their disclosures into action in the context of rights abuses committed during Russia's war of aggression against Ukraine.

Framing of Firm Responsibilities

CSR reporting among the largest firms listed on MOEX is conceptualized and framed very broadly. There is a wide range of conceptualizations of firm responsibilities among MOEX-listed firms, including issues as varied as non-discrimination policies, commitments against child and forced labour, pledges to provide sports facilities and opportunities for employees and their families, and assertions that salaries and benefits are always paid on time. Reporting is framed under headings – largely 'Corporate Social Responsibility', 'Sustainability' and 'Sustainable Development', but also one firm under 'Corporate Governance', one under 'Environmental, Health and Safety', one under 'Responsible Business Conduct', and two under 'ESG' (environmental, social and governance) – familiar to readers of annual and sustainability reports. Three firms – Ashinsky Metzavod, FSK EES and RusHydro – did not report under a specific heading. Most of the firms with secondary listings – 24 of the 36 firms – reported their sustainability activities under the headings Sustainability or Sustainable Development. Of those firms listed only on MOEX, around a third reported under Corporate Social Responsibility and around half under Sustainable Development.

Disclosure of human rights responsibilities and actions correlates with ‘Sustainability’ and ‘Sustainable Development’ more than in ‘Corporate Social Responsibility’ framings of firm reporting. Firms disclosing their responsibilities under the heading of ‘Sustainable Development’ had a mean average of 20.5 mentions of ‘human rights’ in their reports. For firms using the heading ‘Sustainability’ that mean is 42.3 mentions of ‘human rights’. For firms reporting under ‘Corporate Social Responsibility’ the mean average is only 4.1 mentions of ‘human rights’. The overall mean is 19.8 mentions of human rights. There was a stark difference between the mean average number of mentions of human rights between firms with a secondary listing (27.2) and those listed only on MOEX (12.5).

The averages displayed here mask substantial disparities across the two groups, however. Nineteen of the firms listed only on MOEX made no mention at all of human rights in their disclosures. For firms listed on MOEX and a secondary exchange, only eight firms do not mention human rights. A more reliable view of descriptive statistics is perhaps offered by mean average firm revenue within each of the three major framings. Firms reporting under Sustainable Development have mean revenues of around ₱1.1 tn roubles (€12.1 bn), over five times larger than those using the Corporate Social Responsibility heading (₱204 m roubles; €2.25 bn) and 50 per cent higher than those using a Sustainability framing (₱687 m roubles; €7.58 bn).⁹² Although not perfectly correlated, particularly given the difficulties of quantification, the firms in my sample with the largest revenues were more likely to be internationalized.

The number of firms listed only on MOEX which report under *the heading ‘Corporate Social Responsibility’*, meaning that their reporting is both broad in subjects covered and very narrow regarding the social groups which are the focus of reporting. Quadra Power Generation, for example, discloses information on its human resources, social and occupational safety policies under the CSR heading, with an emphasis on legal and policy compliance and support for trades union membership. Kazanorgsintez declares its CSR activities are aimed at ‘developing a healthy psychological climate and providing social support to personnel’, including guaranteeing timely payment of salaries and providing child- and healthcare and retiree and veterans programmes.⁹³ The lack of human rights in the framing of responsibilities among CSR-focused firms is common between firms listed only on MOEX and on MOEX and a secondary exchange. Lenta, Novorossiysk Commercial Sea Port and Surgutneftegas are all dual-listed firms in the CSR group in my sample and frame their responsibilities as broadly consisting of health and wellbeing issues.

Within the ‘Sustainability’ group of companies, several firms have a clear but superficial focus on human rights. Yandex, for example, mentions ‘human rights’ 80 times in its sustainability report but lists quality of life, ethics and integrity, environmental impact and investing in people under its sustainability agenda goals and metrics, none of which include human rights. Mining firms, which make up over a quarter of the ‘Sustainability’ group, are much more engaged with human rights in framing their responsibilities. Polymetal International, for example, lists human rights issues relevant to the firm’s activities and asserts the importance of ‘advancing human rights auditing practices and

⁹² All figures Bank of Russia for 1 May 2021, the middle of the period in which Russian firms published their annual reports, https://www.cbr.ru/eng/currency_base/daily/?UniDbQuery.Posted=True&UniDbQuery.To=01.05.2021 (accessed 2 March 2022).

⁹³ Kazanorgsintez, ‘Annual Report 2020’ (23 March 2021), https://kazanorgsintez.ru/upload/docs/annual-rep/annual_report_2020.pdf (accessed 3 October 2021).

preventive measures across upstream and downstream supply chain contractors' in contributing to respect for human rights.⁹⁴

Firms reporting under the 'Sustainable Development' heading were, where human rights were mentioned, more proactive in their approach to framing the issue. Inter RAO, for example, questions stakeholders following publication of the previous year's report and disclosed that 'more detailed coverage was given to human rights issues since this topic was deemed to be significant in a survey of stakeholders', listing human rights as a material topic. The company cites a UN report stating that forced labour is a problem in Russia and that it seeks continuous improvement through stakeholder dialogue.⁹⁵

The Roles and Responsibilities of Russian Listed Firms for Human Rights

The roles and responsibilities of firms in my sample for protecting human rights are an important filter in ascertaining what actions are being taken. Assessing firms in developing markets where commitments to human rights norms, principles and standards are less common by the actions they take in fulfilling such agreements is unrealistic. Commitments by firms in my sample to internationally recognized frameworks such as the United Nations Global Compact, United Nations Sustainable Development Goals, and the UNGPs enables assessment against a common standard.

The firms in my sample make commitments to a wide range of international agreements, including the United Nations Sustainable Development Goals, the United Nations Global Compact, the International Labour Organisation Declaration on Fundamental Principles and Rights at Work, the Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises, and the UNGPs. One firm, Transneft, lists ten such documents as well as 'adhering to the Constitution of the Russian Federation and federal legislation and observes the principles of the Social Charter of Russian Business'.⁹⁶

Although commitments to standards are widespread, the CSR framing is indicative of a much more restrictive view of a firm's responsibilities. Typical disclosures under CSR relate to responsibility for the social and economic wellbeing of the people 'in the regions in which we operate' (Novorossiysk Commercial Sea Port),⁹⁷ healthcare for employees and their families (Surgutneftegas), and occupational health and safety (Far Eastern Energy). Where firms mention human rights directly, those disclosures are also generally narrower. MTS, for example – the only firm disclosing under CSR mentioning human rights above the overall sample CSR mean number – reports on 'human rights in the workplace' with a specific focus on direct employees and not the firm's impact on human rights in its supply chains or the communities in which it operates.

The narrow focus on direct employees across the CSR heading (and also, to a lesser extent, elsewhere) often references 'non-discrimination' and 'equal opportunities' policies as underpinning what Petropavlovsk calls 'the fair treatment of our workforce'.⁹⁸ Almost all

⁹⁴ Polymetal International plc, 'Sustainability Report 2020' (2021), https://www.polymetalinternational.com/upload/iblock/b02/Polymetal_Sustainability_Report_2020.pdf (accessed 3 October 2021), 53.

⁹⁵ Inter RAO, 'Annual Report 2020' (25 May 2021), https://www.interrao.ru/upload/docs/InterRAO_AR2020_ENG.pdf (accessed 3 October 2021), 3.

⁹⁶ Transneft, 'Sustainable Development Report 2020' (24 May 2021), https://www.transneft.ru/u/section_file/57211/transneft_oyr-2020-en_06.08.pdf (accessed 3 October 2021), 20.

⁹⁷ Novorossiysk Commercial Sea Port, 'Annual Report 2020' (31 March 2021), http://nmtp.info/upload/iblock/936/NCSPIFRS-Cons-FS-20_e_USD_31.03.2021.pdf (accessed 3 October 2021), 38.

⁹⁸ Petropavlovsk, 'Annual Report 2020' (16 May 2021), https://petropavlovskplc.com/wp-content/uploads/2021/05/POG_Report_and_Accounts_2020-1.pdf (accessed 3 October 2021), 34.

of the firms in my sample disclosed a commitment to such principles, typical examples being those of PIK Group and Rostelecom:

PIK does not allow discrimination on the base of race, sex, age, religion, nationality, social status, physical or other individual characteristics unrelated to the professional qualities of employees. (PIK Group)⁹⁹

In accordance with the Group's policy, Rostelecom and all subsidiaries and affiliates strictly adhere to the principle of nondiscrimination in labour rights and freedoms, or benefits against employees on grounds of:

- *Gender, race, colour, ethnicity, language, origin, age, place of residence, religious views, beliefs, membership in (or failure to join) particular civic associations or social groups*
- *Material, marital, social or official status*
- *Any other circumstances unrelated to the employee's professional performance. (Rostelecom)¹⁰⁰*

While the near-universal use of such broad non-discrimination policies in my sample demonstrates a level of isomorphism, there are also outlier firms reporting non-discrimination against other protected groups. Fifteen firms – ten dual-listed and five listed only on MOEX – disclose specific non-discrimination policies banning discrimination on the grounds of sexual orientation, for example. Twenty-six of the firms in my sample – 16 dual-listed and ten MOEX-only listed – disclosed policies and partnerships on upholding indigenous rights, an important but rarely discussed business issue in Russia. While Novolipetsk Steel, for example, reported that, 'there are no indigenous populations in the regions where its companies operate',¹⁰¹ several companies made specific reference to the peoples potentially impacted by firm operations. Magnitogorsk Iron and Steel Works (MMK), a dual-listed firm, for example, discloses that:

MMK shows equal respect for all local communities. The Company ensures access to safe water and sanitation facilities in line with the right of all local communities to water.

The Chelyabinsk Region is home to the indigenous minority of Nagaybak (in accordance with the Federal Register of Indigenous Minorities of the Russian Federation). The Company's operations do not affect their lifestyle or traditions. (MMK)¹⁰²

Similarly, Seligdar, listed only on MOEX, reports that it has signed an agreement with:

The administration of Aldanskiy District in the Republic of Sakha (Yakutia), aimed at supporting the indigenous small-numbered peoples of the North. (Seligdar)¹⁰³

⁹⁹ PIK Group, 'Annual and Sustainability Report 2020' (2021), https://0.db-estate.cdn.pik-service.ru/attachment_pikru/2919000/2919319e-dade-11ea-9138-0050568dfbb1/pik_sustainability-report_2020eng_780fd58ee233f6bbd9e6de5a0267c016.pdf (accessed 3 October 2021), 45.

¹⁰⁰ Rostelecom, 'ESG Report 2020' (2021), https://www.company.rt.ru/en/social/report/Rostelecom_ESG-AR_Book_ENG-0812.pdf (accessed 3 October 2021), 83.

¹⁰¹ Novolipetsk Steel, 'Annual Report 2020' (2021), <https://nlmk.com/en/ir/results/annual-reports> (accessed 3 October 2021), 21.

¹⁰² Magnitogorsk Iron and Steel Works, 'Integrated Annual Report 2020' (23 April 2021), https://mmk.ru/upload/iblock/809/dhquv3fac4w7e6vdn3ujq6zkzjq7apz/Integrated%20Annual%20Report_ENG.pdf (accessed 3 October 2021), 93.

¹⁰³ Seligdar, Annual Report 2020 (15 June 2021), https://seligdar.ru/wp-content/uploads/2021/12/Seligdar_AR2020.pdf (accessed 3 October 2021), 88.

Russian listed firms which frame their responsibilities as ‘Sustainability’ or ‘Sustainable Development’ are therefore disclosing human rights responsibilities on issues which potentially bring them into conflict with their home country’s institutional expectations and those which receive little attention. Such disclosures come from both dual-listed and MOEX-only listed firms.

Much of the disclosure on human rights by firms in my sample speaks to the impact companies have through their immediate operations. Russian listed firms also disclose the roles and responsibilities they have with regard to human rights in their supply chains. Such disclosures include, for example, the need to prevent the use of child labour and forced labour (e.g., Detsky Mir, Enel and Gazprom – all MOEX-only listed firms). Considerations of human rights issues beyond immediate firm operations are conceptualized both specifically in terms of child and forced labour and indigenous rights, among other issues, and also in broader terms. Several firms acknowledge responsibility over human rights in supply chains, including Polymetal, GlobalTrans, Norilsk Nickel and Alrosa. In the cases of Norilsk Nickel (dual-listed) and Alrosa (MOEX-only listed), specific reference is made to human rights in supplier selection of their disclosures:

Alrosa seeks to enter into commercial relations only with the suppliers of goods, works, services able to demonstrate the necessary level of compliance with the requirement of legislation, international standards and guidelines in the field of ... human rights... (Alrosa)¹⁰⁴

The Master Agreement commits suppliers to comply with the following standards:

- *Human rights, including freedom of association and zero tolerance to discrimination and retaliation*
- *Labour relations, including requirements on working conditions and remuneration, and prevention of child and forced labour* (Norilsk Nickel)¹⁰⁵

Actions Disclosed with Respect to the Protection of Human Rights

While commitments which speak to the protection of workers and the safeguarding of specific at-risk groups are numerous, and many of the firms declare their commitment to various international standards and guidelines, details on measures being taken to defend human rights are very limited, however.

Outside of the CSR group of firms, only eight companies do not make commitments to at least one international standard. Several firms list multiple standards. Despite vociferous commitment to international standards, however, Transneft, for example, does not consider any human rights issues in its supply chains. The company makes a single issue the focus of supplier attention: ‘[Transneft] considers absolutely unacceptable any corrupt practices in the supply chain’.¹⁰⁶

Transneft is not alone in not disclosing actions taken in defence of human rights. MMK declares that ‘Suppliers must pass due diligence and comply with ethical, environmental and social responsibility standards’¹⁰⁷ while later in its annual report disclosing that human

¹⁰⁴ Alrosa, ‘Sustainability Report 2020’ (17 June 2021), https://www.alrosa.ru/wp-content/uploads/2021/ALROSA_SR_2020_ENG.pdf (accessed 27 February 2022), 51.

¹⁰⁵ MMC Norilsk Nickel, ‘Annual Report 2020’ (19 May 2021), https://www.nornickel.com/upload/iblock/305/2020_annual_report_of_nornickel.pdf (accessed 8 January 2022), 103.

¹⁰⁶ Transneft, ‘Sustainable Development Report 2020’ (24 May 2021), https://www.transneft.ru/u/section_file/57211/transneft_oyr-2020-en_06.08.pdf (accessed 3 October 2021), 21.

¹⁰⁷ Magnitogorsk Iron and Steel Works, note 102, 110.

rights are an issue beyond its 'reporting boundaries'.¹⁰⁸ Only eleven of the firms in my sample commit to conducting human rights due diligence and only one company – Alrosa – communicates that it has conducted due diligence in line with an international standard.¹⁰⁹ Two firms – M-Video (MOEX-only listed) and Tinkoff (dual-listed) – report to having taken no action at all to uncover human rights violations, the latter declaring this inaction a policy: 'At the moment, Tinkoff does not perform external audits of suppliers'.¹¹⁰

Such absence of action is not isolated. Over two-thirds of the companies in my sample reported no assessment of their human rights impact. While several firms included human rights in their risk matrices, many concluded that the issue was of low importance to stakeholders and that the firm's own ability to influence human rights was low. Norilsk Nickel was the only firm reporting that its human rights impact was highly significant.

The lack of assessment of human rights impacts by firms in my sample leads to a near total absence of firms reporting integration of the findings of assessments into practices or tracking the performance of actions taken. Despite not disclosing any assessment of its human rights risks, for example, Etalon (dual-listed) states that 'in 2020, the Company had no cases of violations of human rights'.¹¹¹ Similarly, Magnit (MOEX-only listed) confidently declares: 'The Company has all the required mechanisms in place for collecting and handling complaints and reports on alleged violations of human rights', that it 'never and under no circumstances uses any forms of child or forced labor in its operations'.¹¹²

Such 'mechanisms' include, in a minority of cases, mention of access to remedy, as prescribed by under UNGP 22. Only 19 of the firms in my sample make any reference to procedures which might enable them to identify and remedy breaches of human rights. All 19 of these firms disclosed only anonymous telephone hotlines and online reporting methods for staff and other stakeholders to inform the respective companies of potential violations. Of these, six firms stated that they had identified potential rights violations through such whistle-blower hotlines, including substantial numbers of reports by Novatek (624 cases) and Tatneft (500 cases). No firm disclosed actions taken to investigate such reports or remedy discovered breaches, however. Four firms disclosed that despite having mechanisms in place they had received no reports of potential human rights violations during the relevant year. There is therefore no evidence of non-judicial recourse for potential victims of human rights violations mentioned in any of the reports in my sample. No firm in my sample made any reference to remedying cases of human rights breaches.

Similarly, there has been very little action from Russian firms, despite their many human rights declarations, in response to their country's violations of human rights abuses in Ukraine. A few companies have made statements on the subject, some calling for peace. Bernard Zonneveld, Chairman of the Board of Directors at Rusal, one of the world's largest aluminium producers, has called for an 'objective and impartial investigation'¹¹³ into the massacre of 412 Ukrainian civilians. However, Russian firms have largely failed to address

¹⁰⁸ Ibid, 193.

¹⁰⁹ In this case, the Organisation for Economic Co-operation and Development (OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

¹¹⁰ Tinkoff, '2020 Sustainability Report' (2021), https://acdn.tinkoff.ru/static/documents/a0598f43-aecd-4e72-80c4-ed3062c81ce5.pdf?_ga=2.5844915.1603238681.1643234003-1617882491.1643234003 (accessed 3 October 2021), 57.

¹¹¹ Etalon, 'Annual Report 2020' (22 March 2021), https://www.etalongroup.com/fileadmin/user_upload/pdf/annual-reports/Annual_Report_2020.pdf (accessed 3 October 2021), 183.

¹¹² Magnit, '2020 Sustainability Report' (26 April 2021), https://www.magnit.com/upload/iblock/cd8/magnit-sr20_ENG.pdf (accessed 3 October 2021), 26.

¹¹³ Bernard Zonneveld, 'Chairman's Statement Regarding the Situation in Ukraine' (6 April 2022), <https://rusal.ru/en/press-center/press-releases/chairman-s-statement-regarding-the-situation-in-ukraine/> (accessed 14 May 2022).

the war. Despite business leaders such as Oleg Tinkov describing Russia's actions as a 'massacre',¹¹⁴ those firms that do reference Ukraine (through press releases on their websites) at all have framed their country's expanded invasion of Ukraine as a 'tragic situation',¹¹⁵ 'recent events',¹¹⁶ or 'the current situation'.¹¹⁷ Several firms have made statements on trading difficulties resulting from sanctions imposed by the European Union, United States and United Kingdom. The weak response of Russian firms – some of which appear to be indirectly involved in the invasion¹¹⁸ or hiding atrocities from Russian internet users¹¹⁹ – has led to Andrey Panov, former Deputy CEO of airline Aeroflot, declaring that:

*Our business community has been slow to recognise its own role in enabling Putin and his henchmen. This must change, before executives become accomplices in Moscow's war crimes.*¹²⁰

Little appears to have changed in Russian firms' approaches to human rights in the month since Panov's criticism, however.

V. Discussion

In this article, I analyse the state of human rights reporting by Russian listed firms in 2020, the last year for which annual and sustainability reports and human rights policies were available when the article was written. Specifically, I investigate how the largest Russian firms frame human rights issues, how they report on their roles and responsibilities regarding human rights and the actions they disclose in fulfilling their obligations under the UNGPs, and whether cross-listing can explain variation between firms on human rights. My data suggest that there are differences in approach to human rights between firms listed only on MOEX and those also listed elsewhere, but that more pronounced variation can be found between firms which frame their social obligations as CSR and those which do so as Sustainability or Sustainable Development. In part these differences can be explained by the wide range of human rights standards and norms available and from which Russian firms draw guidance.¹²¹ Overall, human rights disclosure by the largest Russian listed firms lacks detail on the issues being addressed, on policies in place to respect and protect human rights, and, in particular, on actions being taken to fulfil even those responsibilities firms themselves claim.

¹¹⁴ Michael Race, 'Russian Tycoon Lambasts Country's "Massacre"' (20 April 2022), <https://www.bbc.com/news/business-61163546> (accessed 14 May 2022).

¹¹⁵ Novatek, 'Novatek Statement of Commitment' (4 March 2022), https://www.novatek.ru/en/press/releases/index.php?id_4=4906 (accessed 14 May 2022).

¹¹⁶ MTS, 'Statement Regarding Impact on MTS of Recent Events' (2 March 2022), <https://ir.mts.ru/news-and-events/news/news-details/2022/Statement-Regarding-Impact-on-MTS-of-Recent-Events/default.aspx> (accessed 14 May 2022).

¹¹⁷ Magnitogorsk Iron and Steel Works, 'Letter from the Chairman of the Board of Directors of PJSC MMK V.F. Rashnikov to MMK Group Employees' (11 March 2022), <https://mmk.ru/ru/press-center/news/obrashchenie-predsedatelya-soveta-direktorov-pao-mmk-v-f-rashnikova/> (accessed 14 May 2022).

¹¹⁸ Sebastian Moss, 'Ukraine: Russia Reroutes Internet in Occupied Kherson through Rostelecom', *Data Centre Dynamics* (3 May 2022), <https://www.datacenterdynamics.com/en/news/ukraine-russia-reroutes-internet-in-occupied-kherson-through-rostelecom/> (accessed 14 May 2022).

¹¹⁹ Sarah Harford, 'Ex-Yandex News Boss Accuses Russian Tech Giant of 'Hiding Info' on Ukraine' (2 March 2022), <https://www.siliconrepublic.com/business/yandex-russia-ukraine-news-misinformation> (accessed 23 May 2022).

¹²⁰ Andrey Panov, 'Moscow CEOs Cannot Ignore the Costs of Putin's War' (12 April 2022), <https://www.ft.com/content/a2223583-bdaa-46c5-8c4b-97ae787555c0> (accessed 14 May 2022).

¹²¹ Tori Loven Kirkebø and Malcolm Langford, 'The Commitment Curve: Global Regulation of Business and Human Rights' (2018) 3:2 *Business and Human Rights Journal* 157.

Contributions

The lack of business literature on human rights disclosures makes situating these findings in extant research difficult. However, from the little academic research on corporate human rights disclosures, Russian firm performance – particularly among larger Russian firms which frame their reports under the headings of Sustainability or Sustainable Development – is broadly in line with the largest European Union firms.¹²²

My study makes three contributions. First, I provide a baseline for, and begin a conversation on, research on BHR in Russia. The BHR landscape in Russia is strongly affected by the historical development of CSR. While there is a clear difference between the two concepts, therefore, the influence of recent history and the continued involvement of the state mean that BHR has not developed from CSR failures as elsewhere.¹²³ Although no longer state-owned, many of Russia's largest firms remain very strongly influenced by the state and still provide some of the basic services expected elsewhere of the state. In firms reporting under a CSR heading, BHR is therefore an issue of immediate firm operations and geography, whereas for larger firms reporting under Sustainability or Sustainable Development there is an acceptance – although no apparent fulfilment – of the responsibilities firms have with wider stakeholder groups, particularly in supply chains. Russia is a country in which there is a widespread acceptance of the state's right to limit human rights in realizing its interests,¹²⁴ and where pressure on firms to maintain 'traditional values' is pervasive.¹²⁵ In this respect, Russian firms appear to follow patterns set elsewhere, leveraging existing knowledge gained in developing CSR expertise to frame the newer BHR concept.¹²⁶

Within my sample, however, there is evidence of both an awareness and a willingness to disclose on controversial issues such as non-discrimination on the basis of sexual orientation and on often ignored issues such as the rights of indigenous peoples. Overall, the largest MOEX-listed firms' disclosures on human rights are broadly in line with their European Union counterparts¹²⁷ even as their home environment is more challenging in this respect. The parity I find in my sample with the broader EU BHR landscape includes very poor disclosure on access to remedy, a key point in the UNGPs (UNGP 22), which states that firms should be active in enabling remediation for breaches of human rights they have caused. That three of the four firms specifically disclosing that their mechanisms for identifying potential human rights breaches have found zero claims of abuses are firms in the mining industry, which is a particularly high risk for human rights violations, is particularly troubling.

Of more immediate concern, in the year since Russian firms published their 2020 annual reports, is the involvement or silence of most of the firms in my sample with regard to human rights abuses being perpetrated as Russia's invasion of Ukraine has broadened. Encouraging as it may be to see firms under conflicting institutional pressures adopt

¹²² Michael Rogerson, Francesco Scarpa and Annie Snelson-Powell, 'Accounting for Human Rights: Evidence of Due Diligence in EU-Listed Firms' Reporting', paper presented at the 'Accountability, Sustainability and Governance Workshop', organized by the University of Bristol on 10–11 June 2021.

¹²³ Anita Ramasastry, 'Corporate Social Responsibility Versus Business and Human Rights: Bridging the Gap Between Responsibility and Accountability' (2015) 14:2 *Journal of Human Rights* 237.

¹²⁴ Natalia Evgniyevena Tikhonova, 'Balance of State Interests and Human Rights in Perception of Russians: Empirical Analysis' (2018) 5 *Journal of Political Studies* 134.

¹²⁵ Dima Chimenson, Rosalie L Tung, Andrei Panibratov and Tony Fang, 'The Paradox and Change of Russian Cultural Values' (2021) 31:3 *International Business Review* <https://doi.org/10.1016/j.ibusrev.2021.101944>.

¹²⁶ Louise J Obara, "'What Does This Mean?': How UK Companies Make Sense of Human Rights' (2017) 2:2 *Business and Human Rights Journal* 249.

¹²⁷ Rogerson, Scarpa and Snelson-Powell, note 122.

international standards of disclosure on human rights, where those disclosures are not supported by action, they demonstrate a lack of credibility among disclosing firms.

Second, in showing the different pressures Russian dual-listed firms are under and how those firms report on human rights issues under those pressures, this article contributes to the literature on conflicting institutions. My findings support those of some of the research which has been conducted on EMNE internationalization and CSR, which posits that firms from countries that do not have developed CSR landscapes signal legitimacy in host country contexts by adopting local practices¹²⁸ and therefore demonstrate enhanced levels of CSR compared with firms in their home country.¹²⁹ I find that, on average, dual-listed Russian firms refer to human rights more, are more likely to publish a human rights policy, and disclose more on human rights than those only listed on MOEX. In doing so, I also find that decoupling from home institutions by disclosing on issues considered controversial appears to be less of a consideration for Russian firms than the literature suggests.¹³⁰ This article therefore adds to nascent literature on, for example, labour rights issues in EMNEs¹³¹ and brings Russian business into existing conversations on BRIC firm internationalization.¹³²

Finally, this study contributes to the literature on Russian business, which has received comparatively little attention given the size and scope of some Russian firms and the regional and global importance of the Russian market. My findings suggest that Russian business is internationalizing, challenging the transition economy framing in the literature as commerce in Russia emerged from decades of Soviet, state-planned rule.¹³³ Research in this vein focuses on the problems of businesses dealing with the frailty of a market which retains significant state involvement.¹³⁴ This research deals with themes such as the reliance of Russian businesses on informal institutions¹³⁵ and how corporate governance remains 'Russified'.¹³⁶ My findings show that firm approaches to governance have matured to include human rights, an emerging issue in global business. This suggests that Russian business is moving beyond being determined by immediate institutional concerns and is internationalizing more rapidly than prior research suggests.¹³⁷

VI. Conclusions

Business everywhere continues to have a significant impact on a wide range of human rights issues. Despite institutional pressure continuing to build from civil society and policymakers, little is known of corporate reactions to such attention, particularly in countries with problematic approaches to human rights and between nations. I find that Russian companies engage more directly with human rights issues than the literature suggests they have with prior CSR pressures, and that this engagement is broadly in line with EU peers. However, human rights disclosure remains poor, particularly with respect to actions taken to protect human rights, especially beyond the realm of immediate firm operations, in supply networks where abuses may be harder to identify. Where evidence of

¹²⁸ Rathert, note 67.

¹²⁹ Li, Zhang, Hu, Tao, Jiang and Qi, note 78.

¹³⁰ Park, note 70.

¹³¹ Rathert, note 67.

¹³² Hawn, note 68.

¹³³ Settles, Melitonyan and Gillies, note 13.

¹³⁴ Andrei Kuznetsov and Olga Kuznetsova, 'Institutions, Business and the State in Russia' (2003) 55:6 *European Studies* 907.

¹³⁵ Puffer and McCarthy, note 28.

¹³⁶ Daniel McCarthy and Sheila Puffer, 'Corporate Governance in Russia: towards a European, US, or Russian Model?' (2002) 20:6 *European Management Journal* 630.

¹³⁷ Fifka and Pobizhan, note 48.

human rights abuses by Russia have become clear during the country's aggression against Ukraine, claims to international human rights agreements by firms have proven hollow.

This study has implications for Russian firms, which need to do more to protect human rights in their spheres of influence; for companies doing business in Russia and with Russian firms; and for policymakers enacting human rights legislation, particularly on human rights disclosure.

As this article was being finalized, Russia launched a large-scale expansion of its 2014 invasion of Ukraine. In the following days, foreign firms began to withdraw from Russia in large numbers. While this changes how the outside world may interact with Russian firms on BHR, considerations of human rights in business are now more important than ever in an isolated Russia whose firms may be removed from the international networks in which they previously played a part. While this article begins a conversation on BHR in Russia, therefore, there remains much to do in research on this subject.

I envisage future research taking at least two potential, related routes. First, as this study is concerned with human rights disclosure by the largest Russian firms, exploration of the actions those firms take to respect and protect human rights, and to remedy human rights violations, is an important next step in understanding the topic more holistically. Such research could also study the role of the state, at local and national levels, particularly given the centrality of the state to questions of corporate activity more generally. As we know little of the organizational behavioural aspects of Russian firms and BHR, investigating how Russian managers conceptualize their human rights responsibilities, including how intra-firm and firm–state tensions shape firm action on human rights would also benefit our field.

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