Australian firm rejects claim of Russia link as 'bemusing'

Gus McCubbing *Reporter*

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A Sydney firm that has won work from NASA [https://www.listcorp.com/asx/fln/freelancer-limited/news/1q22-business-update-2700905.html] and claims to be the world's largest freelancing and crowdsourcing marketplace has rejected Yale University's claim it is still operating in Russia as "bemusing".

Freelancer [https://www.afr.com/markets/equity-markets/airtasker-looks-to-escape-ghost-of-freelancer-20210209-p570to], an ASX-listed company, is described as "still operating in Russia" by an engagement tracker [https://som.yale.edu/story/2022/over-1000-companies-have-curtailed-operations-russia-some-remain] run by the Chief Executive Leadership Institute at Yale's school of management.

Freelancer chief executive Matt Barrie says he finds it "bemusing" his firm remains on a list made by Yale University of companies still operating in Russia.

"Since the invasion of Ukraine began, we have been tracking the responses of well over 1200 companies, and counting," said the institute's chief executive, Jeffrey

Sonnenfeld.

“Over 1000 companies have publicly announced they are voluntarily curtailing operations in Russia to some degree beyond the bare minimum legally required by international sanctions – but some companies have continued to operate in Russia undeterred.”

The Yale list says Freelancer is “buying time”, while six other Australian firms Atlassian [https://www.afr.com/rear-window/atlassian-takes-the-long-road-out-of-russia-20220315-p5a4wp], Viva Energy, Canva [https://www.afr.com/technology/canva-investor-slashes-value-of-stake-by-58-5pc-20220601-p5aqc7], Herbert Smith Freehills, Qantas and Rio Tinto are listed as either having suspended operations or withdrawn from Russia.
The institute defines “buying time” as “companies pausing new investments/minor operations in Russia but largely continuing substantive business in Russia”.

“Quite bemusing to be on that list. Yale has never reached out to us in any way,” Freelancer chief executive Matt Barrie [https://www.afr.com/technology/ceos-advance-pay-alter-payment-systems-for-staff-in-ukraine-20220228-p5a098] said in a response to a question from *The Australian Financial Review*.

“We have never had physical operations in Russia and the payment systems to Russian users were disabled weeks ago.”

The company, in a March 7 post titled “In relation to recent events in Eastern Europe”, said transactions using the Russian rouble and Russian-issued cards were no longer allowed due to limitations placed by its payment processing partners.

“We are devastated with the ongoing strife in Eastern Europe and our thoughts and prayers are with all who are standing in the midst of this difficult time. We hope for peace and everyone’s safety,” it said.

“We are closely monitoring the situation 24/7 and will provide utmost help and support possible to the impacted users on our platform.”

Sydney-based software executive Uri Levitsky, part of a “rag-tag group” of Ukrainian expats monitoring Australian companies in Russia following the invasion, said more than 14,000 Russian-based freelancers were available for work on the Freelancer website.

“Unfortunately, Freelancer.com’s leadership so far hasn’t been receptive to our pleas to cease their Russian operations, stubbornly continuing to dig in their heels and indirectly fund the war through taxes paid in Russia,” Mr Levitsky told the *Financial Review*.

“Other than selective compliance with sanctions, and whatever restrictions imposed by Freelancer’s third-party payment providers, it is effectively still conducting business-as-usual in Russia to the maximum extent permitted by the sanctions regime.”

Mr Levitsky, who grew up in Kyiv, said Freelancer could have benefited from the fact its competitors, like Upwork, had exited the Russian market.

“Maybe they saw an opportunity,” Mr Levitsky said.

Mr Barrie said while the company had not delisted the 14,000 Russian-based freelancers, they could not get paid out.

“There is de minimus activity happening from them,” he told the *Financial Review*.

Companies that exited Russia following the invasion improved their stock performance by 1 to 2 per cent, according to paper published in May by Yale researchers, including Professor Sonnenfeld, titled *It Pays for Companies to Leave Russia*.

“Despite the disproportionate attention given to the supposed losses incurred from exiting Russian operations ... financial markets are clearly discounting outsized gains from exiting Russia, across asset classes, geography and time periods,” the paper said.

“Given the outperformance of stocks of companies that have withdrawn from Russia, the shareholder wealth created through equity gains have already far surpassed the cost of one-time impairments from asset write-downs across a representative sample of high-profile companies which have engaged in Russian divestitures and asset sales at highly discounted valuations.

“Clearly, global capital flows across financial markets demonstrate the importance investors attribute to the decision to withdraw from Russia.”

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