

B4Ukraine Coalition
contact@b4ukraine.org

August 1, 2024

Dear B4Ukraine Coalition,

Thank you for reaching out to AkzoNobel with your concerns. From the start of the war, AN has consistently communicated that we have discontinued a portion of our business while continuing another part. We stopped Russian activities in Marine, Protective and Yacht Coatings, Vehicle Refinishes, Automotive Coatings and Aerospace Coatings. This is also the case for part of our Industrial Coatings (Packaging and Wood Finishes) and Powder Coatings businesses.

The operations that remain are centered around our Decorative Paints activities and have been fully localized and ringfenced. They operate on their own, with no financial support from Akzo Nobel N.V. and we do not receive any dividends from Russia. We are not involved in product development or marketing activities. In addition, we do not supply products to companies or persons who are on the sanctions list, whether located inside or outside of Russia.

AkzoNobel complies with all applicable sanctions regimes and continues to follow the situation closely as new developments occur. We continue to explore all options that would minimize our presence in Russia, while protecting our employees who continue to work in the country following the invasion of Ukraine.

AkzoNobel complies with the sanctions and has extended the EU sanctions regarding the export of certain products to its non-EU entities as well. The export of goods that were still allowed to send to Russia according to the EU-sanctions, were already being scaled down and came to a full stop earlier this year.

In contrary to what everyone was expecting to happen in 2022, the Russian economy has not shrunk. This is not specific to AkzoNobel as, while we did indeed reduce our scope in half, the Russian economy has not collapsed and, in some areas, continued to grow. As for paying taxes to the Russian government, part of protecting our people is allowing them to fulfill their local legal obligations. As we have ringfenced the business, the profit of the business comes from sales to Russian customers and from that money the taxes are paid. This way it is only a circulation of Russian funds.

To conclude, we still have activities in Russia as we feel responsible for our employees over there. However, this is something which we evaluate on an ongoing basis as we continuously assess how we can best keep our employees safe and at the same time keep the value of our business in our own hands.

On behalf of AkzoNobel and with kind regards,

Diana Abrahams
Director of Communications

Gregoire Poux-Guillaume
Chief Executive Officer
Akzo Nobel N.V.
AkzoNobel Center
Christian Neefestraat 2
1077 WW Amsterdam
The Netherlands

July 17, 2024

RE: AkzoNobel's business operations in Russia

Dear Mr. Poux-Guillaume and AkzoNobel Leadership Team,

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

We are writing to formally notify AkzoNobel on the serious and increasing risks the company faces by continuing its operations in Russia that may amount to complicity in human rights abuses committed by Russia¹ and to urge you to:

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

We are writing in light of the recent article highlighting AkzoNobel's continued business operations in Russia. The article, published in NRC, regards an investigation which shows that the company's business in Russia has grown since the start of the full-scale invasion of Ukraine.² Specifically, the article claims that the Russian subsidiary of AkzoNobel has increased its turnover by 8% in 2023 in comparison to the previous year and that its net profit amounted to more than 37 million euros.³ As

¹ Andrew Clapham and Scott Jerbi, "Categories of Corporate Complicity in Human Rights Abuses," March 21-22, 2001, <https://media.business-humanrights.org/media/documents/files/reports-and-materials/Clapham-Jerbi-paper.htm> (accessed May 4, 2023).

² Stefan Vermeulen, "Paint giant AkzoNobel paid millions of euros profit tax to the Kremlin," NRC, July 10, 2024, <https://www.nrc.nl/nieuws/2024/07/09/verfgigant-akzonobel-betaalde-miljoenen-euros-winstbelasting-aan-het-kremlin-a4859160#/krant/2024/07/10/%23106> (accessed July 12, 2024).

³ Ibid.

a result, over the past two years, AkzoNobel paid the equivalent of approximately 16 million euros in profit tax to the Kremlin,⁴ which indirectly funds Russia's war of aggression against Ukraine.

AkzoNobel's three fully owned Russian subsidiaries continue to operate, contradicting the company's official statement that a "significant part" of its activities in Russia have ceased since the invasion. Customs data reveals that AkzoNobel has kept these companies afloat by supplying large quantities of raw materials for paint and coatings from abroad. Until the end of 2023, AkzoNobel allegedly shipped almost 2 million kilos of raw materials for paint and coatings to Russia from its branches in Sweden, Vietnam, and Turkey.

Previously, AkzoNobel issued an official statement claiming that it "has discontinued a significant part of its activities in Russia," and that the remaining operations "have been fully localized and ringfenced."⁵ However, the data presented in the article shows that AkzoNobel continued to support the Russian subsidiaries. For example, the AkzoNobel branch in Sweden "sent 156 shipments to Russia between July 2022 and the end of 2023, which, according to Russian customs, contained more than 600,000 kilos of polymers, more than 960,000 kilos of synthetic resin-based glue and 100,000 kilos of synthetic resin." Furthermore, the company's Turkish branch "sent fourteen shipments with more than 110,000 kilos of powder coatings in the same period," and its Vietnam branch sent 42,000 kilos of paint hardener.⁶

AkzoNobel's Vietnam branch sent fifteen packages of raw materials to Russia. In the EU, these products have been subject to sanctions due to their potential contribution to Russia's "military, technological, and industrial" capabilities. The Insider report commenting on the shipments from AkzoNobel's subsidiaries containing products sanctioned under the EU regime, states: "Given the size of these shipments, it is unlikely that the Netherlands-based parent company is unaware of them."⁷

Additionally, a report published in February 2024 alleges that AkzoNobel coatings continue to be used by Russian aviation companies, including S7, Aeroflot, Rossiya, Zoom Air, UTair, Ural Airlines, Veltal, and DreamJet.⁸ The report adds that the Russian branches of AkzoNobel continue marketing in the country, and have even introduced new products, such as the Dulux Weathershield Extraflex paint.⁹

The report continues to highlight AkzoNobel's presence in the market. Although AkzoNobel subsidiaries do not work directly with Russian security agencies or the military sector, AkzoNobel products can still find their way to the Russian military through intermediaries and contractors. This is evidenced by recent purchases: in July 2022, a military base in Bashkortostan bought 375 cans of Dulux 3D White paint; in May 2022, Clinical Hospital No. 1 of the Russian President's Administrative Directorate purchased Dulux Bindo interior paint; in March 2023, the presidential office acquired Pinotex Ultra moisture-resistant wood stain and Pinotex Base colourless primer for the Crimea Complex; and in April 2023, the Federal Assembly Facility Management Directorate signed a contract for Dulux 3D White paint and Dulux Bindo Base primer.¹⁰

⁴ Ibid.

⁵ AkzoNobel, "Statement on the business in Russia," <https://www.akzonobel.com/en/statement-on-the-business-in-russia> (accessed July 12, 2024).

⁶ Clapham and Jerbi (n 1).

⁷ Sergey Panov, "False colors: European paint companies are still working in Russia despite claims of withdrawal," The Insider, February 5, 2024, <https://theins.ru/en/society/268902> (accessed July 12, 2024).

⁸ Panov (n 7).

⁹ Ibid.

¹⁰ Ibid.

Comments from AkzoNobel's official chat room suggest the company is aware of its products being sold in occupied Ukrainian territories. When asked about availability in Crimea, the official Dulux, Marshall, Pinotex, Hammerite, and Sikkens, the reporters were provided with three chains in the occupied territories where the paint can be purchased.¹¹

We understand that AkzoNobel emphasizes the company's compliance with all sanctions. However, we would like to remind AkzoNobel that sanctions compliance is complementary to, but distinct from, a business' responsibility to respect human rights as described under the United Nations Guiding Principles on Business and Human Rights, the OECD Guidelines, the UNDP Guide on Heightened Human Rights Due Diligence for Business in Conflict-Affected Contexts, as well as the broader business and human rights framework or responsible and ethical business conduct.

As its parent company, AkzoNobel should exercise due diligence and employ monitoring and compliance mechanisms in its supply chains, particularly in contexts involving violations of human rights. The UN Guiding Principle 13(b), notes businesses should "seek to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts." The Commentary to Guiding Principle 13 highlights that "business enterprises may be involved with adverse human rights impacts either through their own activities, or as a result of their business relationships with other parties", where "'business relationships'" also includes relationships with "entities in its value chain, and any other non-State or State entity directly linked to its business operations, products or services".

What specific monitoring and compliance mechanisms have you implemented to ensure that your supply chains are not contributing to Russian military efforts?

How does AkzoNobel comment on the allegation that indirectly supplying goods to Russia through countries such as Turkey constitutes a circumvention of sanctions??

How do these practices align with AkzoNobel's due diligence and KYC policies and mechanisms, as well as its heightened human rights due diligence policies that considers a conflict-sensitive approach related to the war against Ukraine?

Is AkzoNobel willing to provide full transparency of its supply chain?

AkzoNobel states that it has kept its operations in Russia partly due to the concerns over its approximately 600 employees in the country. We understand that the company's concern for its employees should be a priority. However, given Russian legislation (Article 9 of Federal Law No. 31-FZ) that requires all organizations, including international companies operating fully or partially in Russia, to conduct military registration of their staff if at least one employee is eligible for military service, we are concerned about how AkzoNobel is ensuring the proper care of its employees under these conditions.

Has AkzoNobel received any conscription requests for its employees, and if so, how has the company responded to them? What is AkzoNobel doing to safeguard its employees from mobilisation? Have any of your employees been mobilised and, if so, what was AkzoNobel's role in the process?

As of the time of writing this letter, AkzoNobel is continuing to recruit in Russia.¹²

AkzoNobel states that it strives to "prevent the infringement of human rights and to remediate the possible impact on human rights resulting from our activities or products. We expect our business partners to apply equivalent principles and seek to actively support them in their implementation

¹¹ Ibid.

¹² Hh.ru, "AkzoNobel,"

https://hh.ru/employers_list?query=akzo+nobel&areald=113&hhtmFrom=vacancy_search_list&hhtmFromLab el=employer_search_line&letter=%D0%90 (accessed July 12, 2024).

where needed.”¹³ The company further highlights that it is “committed to respecting internationally recognized human rights in all our operations and throughout our value chain. This commitment is in line with the United Nations Guiding Principles on Business and Human Rights (UNGPs).”¹⁴

Can AkzoNobel clarify how the aforementioned activities align with its Human Rights policies and obligations outlined in the internationally accepted framework on business and human rights?

It has been over 2 years since Russia invaded Ukraine and the devastating impacts continue to shock the global conscience and shake the global economy. Russia is violating international humanitarian law (IHL), including war crimes and crimes against humanity, through attacks on civilians and civilian infrastructure (e.g., mass executions, sexual violence, torture, forcible transfer of civilians). More than 30,000 Ukrainian civilians have been killed and injured and millions more have been forced to flee their homes, creating one of the largest humanitarian and refugee crises of modern times. In recognition of the severity of abuses, in March 2023 the International Criminal Court issued an arrest warrant for Vladimir Putin to answer war crimes charges.¹⁵

Moreover, the developing situation in Russia points to an expanding universe of financial, legal, and reputational risks facing companies still operating in the country.

In response to this unprovoked and unjustified war¹⁶ many other companies have already fully exited Russia, despite facing legal, administrative, and ethical challenges. According to the Kyiv School of Economics Institute's #LeaveRussia [company tracker](#), AkzoNobel has decided to stay, while only scaling back some of its operations in Russia.

Considering these developments and the rising number of reported human rights abuses and war crimes, has AkzoNobel considered fully exiting Russia so as not to be even indirectly or remotely associated with these crimes?

In consideration of the above points, we request an urgent dialogue with AkzoNobel’s relevant senior management and staff to discuss the company’s ongoing activities and relationships in Russia, associated risks to the people of Ukraine and the company, and potential steps to prevent/mitigate these risks. Please contact the B4Ukraine Coalition at contact@b4ukraine.org to schedule a call. We kindly ask for your response by 5:00pm CET, July 31, 2024.

Please note that this letter and any response provided by AkzoNobel will be published on B4Ukraine webpages. Any such meetings will be held under Chatham House Rules.

Sincerely,

¹³ AkzoNobel, “Human Rights,”

<https://www.akzonobel.com/en/about-us/position-statements/human-rights#:~:text=We%20strive%20to%20p,prevent%20the.in%20their%20implementation%20where%20needed> (accessed July 12, 2024).

¹⁴ Ibid.

¹⁵ International Criminal Court, “Situation in Ukraine: ICC judges issue arrest warrants against Vladimir Vladimirovich Putin and Maria Alekseyevna Lvova-Belova,” March 17, 2023,

<https://www.icc-cpi.int/news/situation-ukraine-icc-judges-issue-arrest-warrants-against-vladimir-vladimirovich-putin-and> (accessed March 22, 2023).

¹⁶ The UN General Assembly condemned Russia’s “aggression against Ukraine” and demanded that Moscow “unconditionally withdraw all of its military forces from the territory of Ukraine within its internationally recognized borders.”

The B4Ukraine Coalition

B4Ukraine 

Netherlands Helsinki Committee



Libereco (representative Christie Miedema)

