B4Ukraine

DEFUND
DISARM
ISOLATE

THE ONLY WAY to END RUSSIA'S WAR

www.b4ukraine.org

2026

INTRODUCTION

Four years after the full-scale invasion of Ukraine — and twelve years since the initial incursion — Russia continues to cause immense human suffering, massive material destruction, and severe environmental devastation. The largest war of the 21st century continues not because peace is impossible, but because Western businesses and policymakers have not cut off the economic lifelines sustaining Russia's war.

Yes, sanctions and corporate exits from Russia have drained hundreds of billions from Moscow's war chest. Yet, as Ukrainians continue to defend their country bravely, multinational corporations, energy-trade loopholes, and critical technology exports continue to fuel the aggression.

The key lesson of the past decade remains unlearned: Russia will not stop until the West cuts off its ability to fund and arm its war machine.

As Russia's aggressive activities rise across Europe, from cyberattacks to physical sabotage, every day of delay and every dollar, euro, or pound flowing to Russia is an open invitation for the war to reach our own doorsteps.

Defunding and disarming Russia — fully and decisively — is the only path to a just and lasting peace for Ukraine and Europe, the only way to halt the rapid collapse of the international order.

The B4Ukraine Coalition — a global network of more than 100 civil society organisations — demands decisive action from policymakers: shut down policy loopholes, enforce sanctions in full, and hold corporate enablers of Russia's war accountable for their role in sustaining the aggression. These actions could be taken today and would save countless innocent lives.

UNSANCTIONED COMPANIES: CORPORATE EXITS REMAIN ESSENTIAL TO CRIPPLING RUSSIA'S WAR MACHINE

Where do we stand four years into the war?

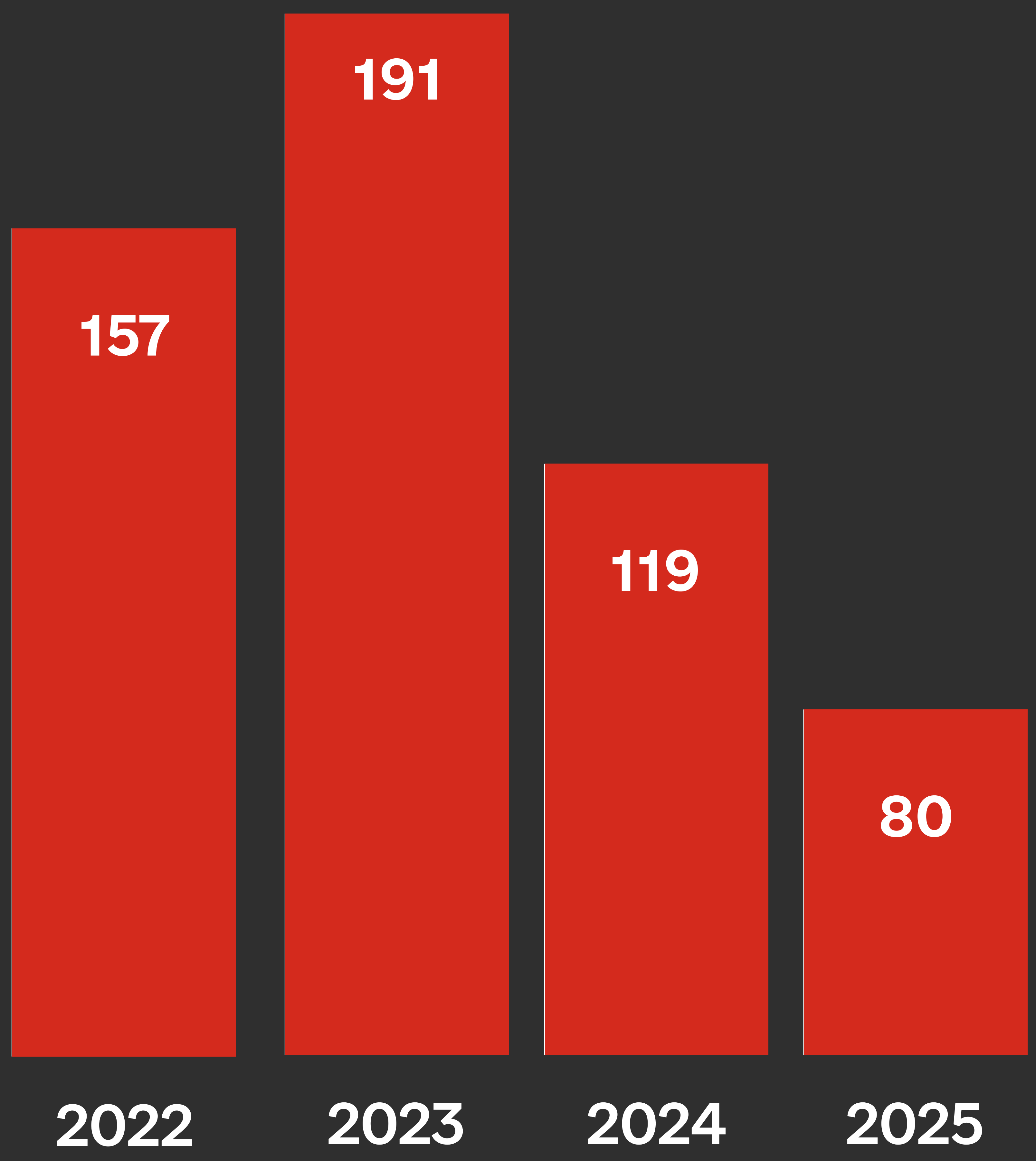
As of January 2026, 547 (only 13%) global companies have fully exited Russia through sales or liquidations, while 2,348 (55%) multinational corporations continue to operate there in some form. At the same time, 1,369 companies (32%) are in the process of exiting or significantly downsizing their operations in Russia.

The exit of foreign companies from Russia is still ongoing, albeit legal roadblocks put in place by the Kremlin have significantly slowed divestment. In 2025, at least 80 international groups finalized their departure from the country.

A year has passed since US President Donald Trump described Russia as a "great place to do business," sparking speculation about a potential return to business as usual with Russia. However, during this time, not a single international company that genuinely exited Russia and sold its assets has returned.

Companies are not rushing back due to a significant increase in risks. With each passing year, the Russian authorities have made the rules for foreign businesses more restrictive, introducing additional conditions, taxes, and informal approval requirements.

Number of Foreign Companies Exiting Russia by Year



Source: KSE Institute

The forced takeover of foreign businesses in Russia is on the rise. A clear illustration of this is the case of the Danish insulation giant Rockwool, whose business in Russia was ultimately seized at the beginning of 2026, despite the company's reluctance to leave the market. Such cases are not isolated and underscore the very real risk of asset seizure — regardless of a company's industry, size, or willingness to exit the Russian market.

At the same time, the departures have had a significant impact on Russia's economy. The country now faces major structural challenges, according to some of its business leaders and top officials. The exit of international companies has weakened key sectors — particularly technology and machinery — reducing manufacturing capacity and complicating banking and financial transactions. The degree of domestic market monopolization has increased, and productivity is stagnating.

What is the problem?

Businesses that remain in Russia provide a critical economic lifeline, paying corporate taxes and supplying the goods, services, and technology that sustain the Kremlin's war effort.

International firms still operating in Russia paid at least $20 billion in taxes there in 2024 alone, bringing the total since the full-scale invasion to more than $60 billion.

Austria's Raiffeisen Bank International (RBI) is the most notorious example: RBI continues to provide payment and banking services in Russia, and handles about half of all international payments between Russia and the rest of the world — effectively a "window to the world" for sanctioned Russia. BankTrack and B4Ukraine have also highlighted that RBI's Russia-linked profits and activities have remained under scrutiny amid allegations of continued service provision in ways that undermine sanctions pressure.

Top 20 Companies by Profit Tax Paid in Russia in 2024

$ million

Rank	Company	$ million
01	Raiffeisen Bank	402
02	Chery Automobile	222
03	Philip Morris	220
04	Japan Tobacco International	182
05	Leroy Merlin	128
06	Pepsi	122
07	UniCredit Bank	125
08	Uniper SE	107
09	Mars	99
10	OTP Bank	89
11	ICBC	78
12	Citigroup	66
13	Mondelez	62
14	Knauf Gips	56
15	Intesa Sanpaolo	53
16	Coca-Cola HBC	49
17	L'Oreal	44
18	AstraZeneca	43
19	Haval Motor	42
20	Anheuser-Busch	42

Source: KSE Institute

Alongside fiscal flows, foreign businesses play a role in sustaining Russia's technological base. A number of industrial suppliers, as well as IT and engineering firms, continue to provide goods and services that can be repurposed for military use. Their products, ranging from microelectronics to software, support the modernisation of Russian military systems, including communications, navigation, and surveillance technologies.

Additionally, the continued presence of Western companies in Russia has undermined Ukraine's ability to access frozen Russian assets. By threatening to nationalize foreign companies, Moscow encourages companies to lobby their governments against confiscating Russian sovereign assets or redirecting them for Ukraine's benefit. In doing so, these companies end up serving the Kremlin's interests rather than those of their own countries. By remaining in Russia, such firms are effectively holding both Ukraine and Western governments hostage to their private business interests. This leaves governments to bear the financial burden of defending Ukraine, while the same companies continue to profit in Russia and indirectly bankroll the war.

Despite all this, Western policymakers have shown little appetite for decisive action, and there remains a lack of political will to compel domestic companies to responsibly exit the Russian market.

What do we want decision-makers to do?

- Set clear standards for corporate conduct, emphasizing both human rights and economic security compliance.
- Encourage and reward swift, responsible exits from Russia while promoting ethical reinvestment in Ukraine and other secure markets.
- Strengthen tools to mitigate economic and technological leakage into hostile or authoritarian states.

Key tools to do this include:

- Introduce new and strengthen existing sanctions by explicitly targeting sectors that significantly feed into the Russian government's activities and directly support the state's militarised budget. Collaborate with relevant regulators and other stakeholders to identify loopholes and close gaps.
- Develop a clear, shared definition of what constitutes 'essential goods and services' in the context of Russia as an aggressor state.
- Issue business advisories and risk guidance to companies, as the US did in 2024, outlining key risks and expectations for mitigation.
- Introduce deterrent measures such as financial penalties, restrictions on access to contracts and exclusion from public procurement opportunities across G7 and/or EU countries.
- Establish national reporting standards that compel companies to detail all taxes, fees, and other financial contributions to Russia so stakeholders can hold companies accountable for their financial support of state actions that constitute gross violations of internationally recognised human rights.
- Develop incentive programs that support companies that have made the choice of leaving the Russian market and are instead choosing to reinvest in Ukraine.

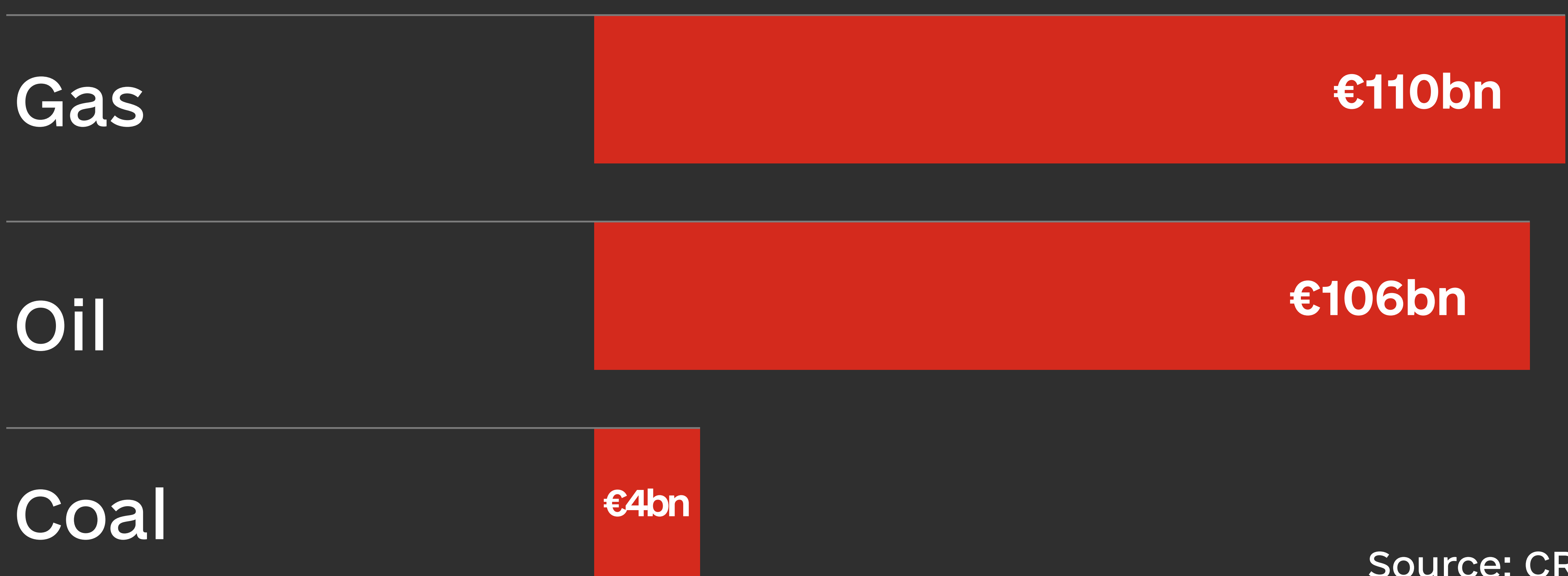
RUSSIA'S FOSSIL FUEL TRADE: LOOPHOLES REMAIN WIDE OPEN

Where do we stand four years into the war?

Despite international sanctions, Russia's fossil fuel export revenues have exceeded €1 trillion since the beginning of its full-scale invasion of Ukraine. Countries of the European Union accounted for nearly €220 billion of that total. In the fourth year of the all-out war alone, Russia earned €193 billion from fossil fuel exports — a 19% year-on-year decline and 27% below pre-invasion levels. During that same period, the EU paid €14.5 billion to Russia for energy, a massive 36% year-on-year reduction.

EU Payments To Russia For Fossil Fuels Since 24 February 2022

€220 billion



Source: CREA

China dominates purchases of Russian coal and crude oil, Turkey leads imports of oil products, and the European Union remains the largest buyer of liquified natural gas (LNG) and pipeline gas — highlighting Moscow's reliance on a small group of key customers.

What Can Russia Buy With EU's Oil & Gas Payments?

The EU's oil & gas payments to Russia in the fourth year of the full-scale war alone could buy an estimated

240,000 Shahed kamikaze drones

350 Su-34 fighter jets

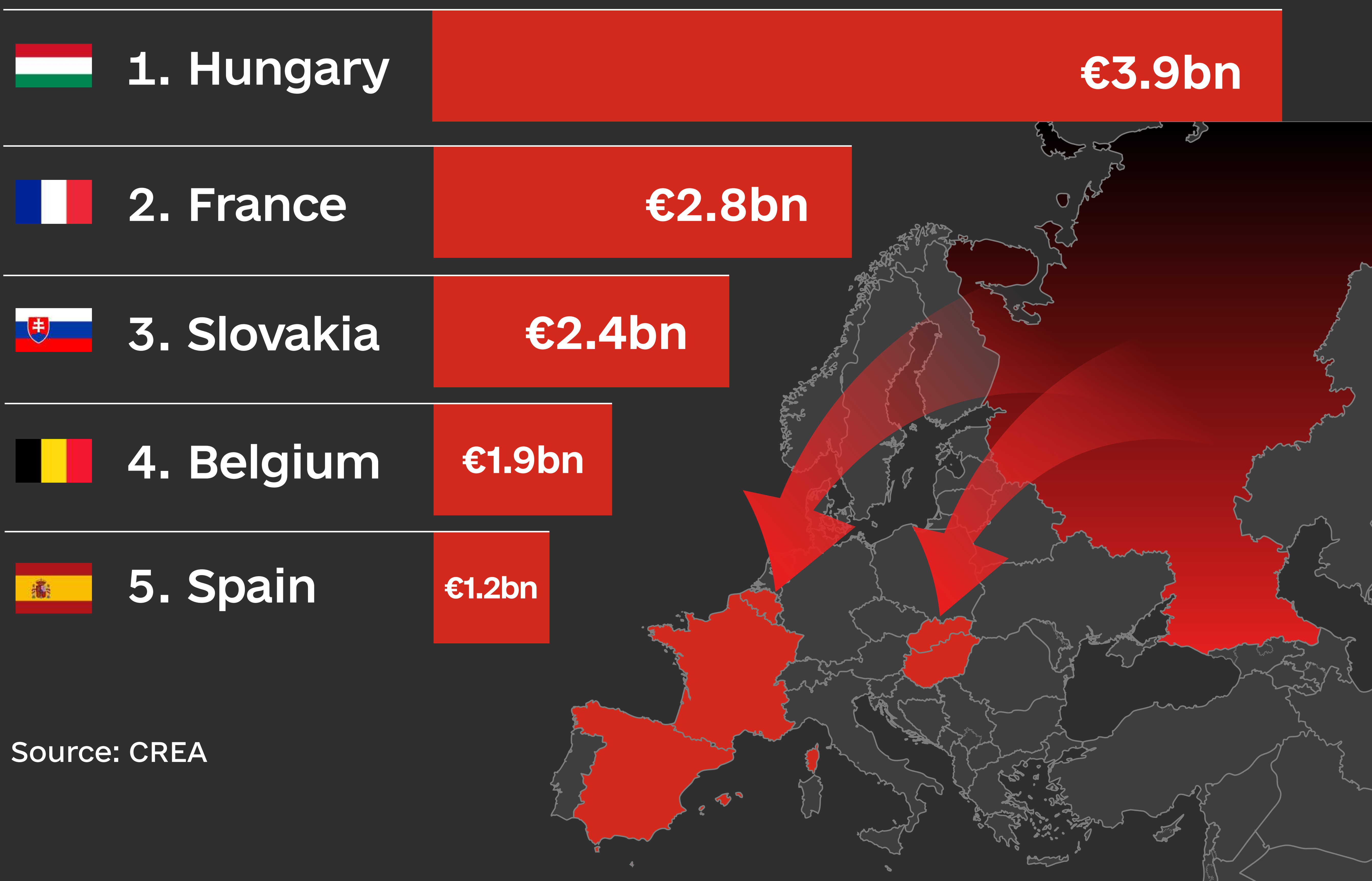
10,000 Iskander ballistic missiles

Source: CREA

According to CREA, in the fourth year of Russia's full-scale invasion, LNG made up more than half of all Russian gas imports into the EU, while pipeline gas accounted for just 47% — down sharply from the 75% share at the start of the invasion. France remained the largest importer of Russian LNG, followed by Belgium, Spain, and the Netherlands. Smaller volumes were delivered to Portugal and Italy.

Hungary and Slovakia increased their combined imports of Russian crude oil by 11% in the first ten months of 2025 compared to the same period in 2024 — a direct violation of the EU sanctions exemption.

EU imports of Russian Fossil Fuels in the Fourth Year of the Full-Scale Invasion



Source: CREA

Over the past year, Western governments have introduced a series of significant restrictive measures aimed at reducing Moscow's oil and gas export earnings.

Crude oil exports, still Moscow's main source of revenue, have come under pressure from EU and UK bans on imports of fuels refined from Russian crude. Investment and technology restrictions have targeted Russian LNG projects under construction, including major developments such as Arctic LNG 2 and Murmansk LNG, limiting both new investment and access to critical equipment and supplies.

Sanctions on the so-called "shadow fleet" of tankers have also intensified. In 2025, the EU sanctioned 503 shadow tankers, the UK 426, and the US 161, according to the Kyiv School of Economics. As a result, alignment between EU and UK designations rose to 476 vessels, while 172 vessels are listed by all three jurisdictions. CREA analysis shows that OFAC sanctions led to a 73% drop in oil transported by designated vessels (compared to the previous 12 months), while tankers sanctioned only by the EU, UK, Australia or Canada saw a 22% decline. However, non-sanctioned vessels increased shipments by 27% — effectively offsetting the impact and allowing Russia to maintain stable overall export volumes. As Russia has been able to maintain stable crude oil export volumes, it is essential that coastal states disrupt the Russian oil trade by detaining flagless vessels that violate international maritime law.

The US and UK's October sanctions against Russian oil majors Rosneft and Lukoil contributed to major disruptions in the Russian oil industry amid an oversupplied global oil market.

In late January 2026, the EU adopted legislation to phase out all imports of Russian natural gas by 2027, applying the ban gradually to both pipeline and LNG.

The European Commission's proposal to ban any activity facilitating Russia's seaborne crude oil exports, if implemented, would go even further, significantly exceeding earlier sanctions and putting additional pressure on Moscow.

With an EU ban looming on Russian LNG, there are still no clear measures addressing Arc7 tankers. Eleven of the 15 vessels in this fleet are European-owned, yet the ships themselves and services provided to them (port access, bunkering, maintenance, insurance) are not affected by sanctions, and it remains unclear whether upcoming sanctions packages will prevent them from transporting Russian gas in 2027.

Without closing loopholes, strengthening enforcement, and limiting exemptions, the EU's plan to phase out Russian energy risks being undermined, allowing Russian energy to continue reaching Europe.

Research shows that there are no economic or technical barriers to diversification: alternative supply routes and refining capacity already exist, meaning all central and southeastern EU countries could fully replace Russian gas and oil.

Imports to Hungary and Slovakia are now the last remaining Russian oil flows that REPowerEU would affect, with formal measures on pipeline oil imports expected to be adopted in 2026.

Entity-based sanctions and the oil price cap have not imposed a sustained constraint on Russian crude exports and has been widely circumvented, particularly via the rapid growth of the so-called "shadow fleet," which now carries the majority of crude exports.

In January 2026, only 24% of Russian crude oil exports were transported by G7+ tankers, while 68% were carried by sanctioned 'shadow' vessels, according to CREA. While Russia has developed alternative export capacities to circumvent the oil price cap, G7+ service providers continue to play a role in its seaborne oil exports.

For oil product exports, Russia remains heavily dependent on G7+ tankers, which transported 76% of oil product volumes in January, further highlighting the ineffectiveness of the price cap. Through widespread use of intermediaries and special-purpose vehicles that legally separate sanctioned producers like Rosneft and Lukoil from exports, Russia can continue shipping crude and oil products while formally complying with sanctions.

What do we want decision-makers to do?

UK:

- Scrap the price cap policy and fully implement the recently announced full ban on maritime services for Russian oil and extend the proposed EU ban to include a services ban on oil product shipments too.
- Close the refining loophole. Prohibit the importation of oil products from refineries and oil re-export terminals that received a shipment of Russian oil in the past 6-months; this simple ban would prohibit the re-export of Russian oil products and prevent attestation fraud from refineries that obfuscate the origin of the crude oil feedstock.
- Implement the promised maritime services ban for Russian LNG and impose sanctions that will prevent the sale of Arc-7 LNG tankers and force disruption to Russian LNG export logistics. Swift action is essential to ensure they do not fall into Russia's hands through sale and subsequently continue to transport LNG from the Arctic as part of the expanded shadow fleet.
- Impose and enforce a ban on maritime insurance for any vessels carrying Russian hydrocarbons, including coal shipments (by which the UK insured 60% of Russian coal exports in 2025).
- Continue to expand sanctions against the Russian shadow fleet, including buyers and ports, and strengthen enforcement by conducting inspections and seizing vessels. Take action against enablers of shadow fleet and the associated offshore networks, including ship brokers, traders, offshore intermediaries, trust and company service providers and other financial secrecy enablers.
- Decline to renew or end all TotalEnergies public sector gas contracts in 2026, and to make a public announcement that the contracts will not be renewed due to their business connections in Russia.

- Keep pressure on to derail Russia's strategic projects in the Arctic and stop the expansion of the Northern Sea Route. Prohibit the sale of specialised LNG carriers to stop these essential vessels from being sold to Russian enablers in non-sanctioning countries.

- Maritime authorities should detain shadow tankers operating under false flags, as ships transiting their waters without a genuine flag state breach Article 94 of UNCLOS, which requires vessels to be under the effective jurisdiction and control of a responsible state.

EU:

- Scrap the price cap policy and impose a full EU ban on maritime services for Russian oil and LNG shipments.

- Fully decouple from Russian fossil fuels: ensure swift introduction and passage of promised legislation to end Russian pipeline oil imports in 2026.

- Continue to expand sanctions against the Russian shadow fleet, including buyers and ports, and strengthen enforcement by conducting inspections and seizing vessels. Take action against enablers of the shadow fleet and the associated offshore networks, including ship brokers, traders, offshore intermediaries, trust and company service providers and other financial secrecy enablers.

- Strengthen the ban on refined Russian oil imports: impose a ban on imports of oil products from refineries or re-export terminals in third countries that received a shipment of Russian crude oil or oil products in the previous 6 months.

- Impose sanctions on Russian oil companies, including those that have replaced Rosneft and Lukoil after they were sanctioned.

- Impose sanctions that will prevent the sale of Arc-7 LNG tankers and force disruption to Russian LNG export logistics. Swift action is essential to ensure they do not fall into Russia's hands through sale and subsequently continue to transport LNG from the Arctic as part of the shadow fleet.

- Keep pressure on to derail Russia's strategic projects in the Arctic and stop the expansion of the Northern Sea Route.

- Increase the frequency of listings between major sanctions packages.

- Spearhead a coordinated international effort to reform and modernize global maritime law — particularly frameworks under the International Maritime Organization and the United Nations Convention on the Law of the Sea — to ensure it is fit for purpose in addressing the growing threats posed by shadow fleets. This should include recalibrating the presumption of safe or innocent passage where credible risks to security, sanctions compliance, or environmental protection are present, enabling coastal and port states to apply enhanced scrutiny, conditional access, or denial of passage to high-risk vessels. Reforms should also strengthen transparency requirements for vessel ownership, flagging, and insurance; expand inspection and enforcement authorities; and improve international cooperation to mitigate risks to national defence, maritime security, and the marine environment.

US:

- Impose and strongly enforce sanctions against shadow fleet vessels already designated by Ukraine, the EU and UK. Work to align these sanctions with all relevant governments, and the G7.

- Impose sanctions on Russian oil companies, including those that have replaced Rosneft and Lukoil after they were sanctioned.

- Impose a ban on imports of oil products from refineries in third countries that process Russian crude oil.

- End US business ties with Russian energy and terminate OFAC licences that enable them. Companies like SLB (Schlumberger) have expanded operations in Russia, undermining sanctions.

- Expand secondary sanctions: target buyers of Russian oil, as well as shipping companies selling tankers or providing logistical support to Russia's shadow fleet.

- Keep pressure on to derail Russia's strategic projects in the Arctic and stop the expansion of the Northern Sea Route.

- Sanction large Russian banks that handle oil and gas payments.

Canada:

- Take a leadership role in Arctic security and work together with EU, Denmark and Norway to derail Russia's strategic projects in the Arctic and stop the expansion of the Northern Sea Route.

Australia:

- As the world's largest buyer of oil products made from Russian crude, Australia must ban the importation of oil products from refineries or re-export terminals that received a shipment of Russian crude or refined fuels in the previous 6 months.

WESTERN TECHNOLOGY IN RUSSIA’S WEAPONS: FAILURES OF THE EXPORT CONTROLS REGIME AND THE RISE OF SANCTIONS EVASION

Where do we stand four years into the war?

Despite sanctions and export controls on sensitive technologies, Western-made electronics and critical components are still flowing into Russia’s military-industrial complex, allowing it to build its most lethal weapons. Russia is using paper companies and 3rd countries routing in order to import necessary goods for the military industrial complex.

Microelectronics

Hong Kong, Thailand, Turkey, Serbia, the United Arab Emirates (UAE), Kazakhstan, Kyrgyzstan, Tajikistan, and India are major players through which the sanctioned microelectronics and CNC-machines are flowing. At the same time, China is continuing to be a major supplier of high-tech products. As of mid-2025, Chinese components make up approximately 60–65% of the electronic parts in Russian-manufactured Shahed-136/Geran-2 drones, making China the primary supplier of foreign technology, according to the Defence Intelligence of Ukraine.

Other critical materials and components

At the same time, Russia is focused on securing explosive precursors and materials needed for propellant production. Cotton pulp is being sourced from Central Asia, while China supplies the chemical precursors required to produce nitrocellulose.

Ball and roller bearings used in the manufacture of armored vehicles are also being actively smuggled into Russia. Meanwhile, lubricant additives needed for engine maintenance, rare earth minerals, and manganese ore used to produce hardened steel for armored vehicles and artillery shells are being imported from China, along with high-performance aluminum alloys essential for long-range drones and aircraft, as well as titanium required for advanced weapons systems such as Kh-101 and Iskander-M missiles.

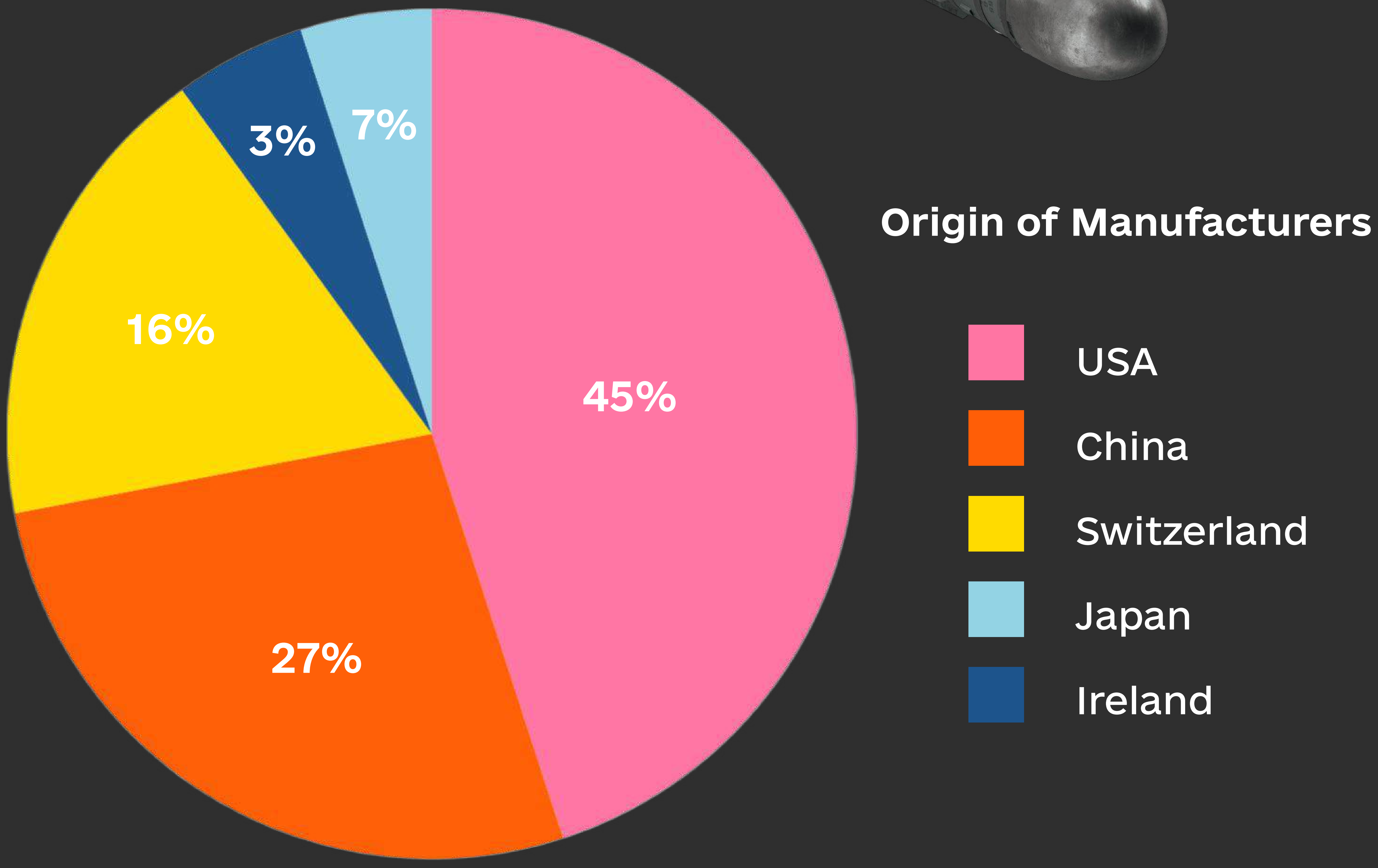
Glide Bombs and CNC-machines

One of the most widespread and terrifying types of Russian weapons is glide bombs. These bombs, destroying Ukrainian cities and helping Russia make gains on the frontline, are powered largely by Western technology.

The Russian military industry has developed and produced a kit that, when attached to a standard unguided free-fall bomb (of which Russia has a nearly unlimited supply), converts it into a guided, high-precision glide munition. This kit is known as a Universal Planning and Correction Module (UMPK).

According to the Independent Anti-Corruption Commission (NAKO), about 71% of the microelectronics used in UMPK modules originate from manufacturers based in Western-aligned countries. Out of 22 identified manufacturers, 10 are from the US, six from China, four from Switzerland, and two each in Ireland and Japan.

71% Of UMPK Microelectronics Originate From Western-Aligned Manufacturers



Source: NAKO

Manufacturers Identified in the Microelectronics of Russia's UMPK Glide Bomb Modules

CHINA

KST

美泰科技 MTMicrosystems

XLSEMI

YXC

扬杰科技 YANGJIE TECHNOLOGY

USA

altera

AMERICAN MICROSEMICONDUCTOR

ANALOG DEVICES

CTS

MAXLINEAR

maxim integrated

LINEAR TECHNOLOGY

intel

Sipex

TEXAS INSTRUMENTS

SWITZERLAND

ublox

TE connectivity

AXICOM POWER ON. WORLDWIDE. SWISS TECH.

STMicroelectronics

JAPAN

Din-Tek SEMICONDUCTOR

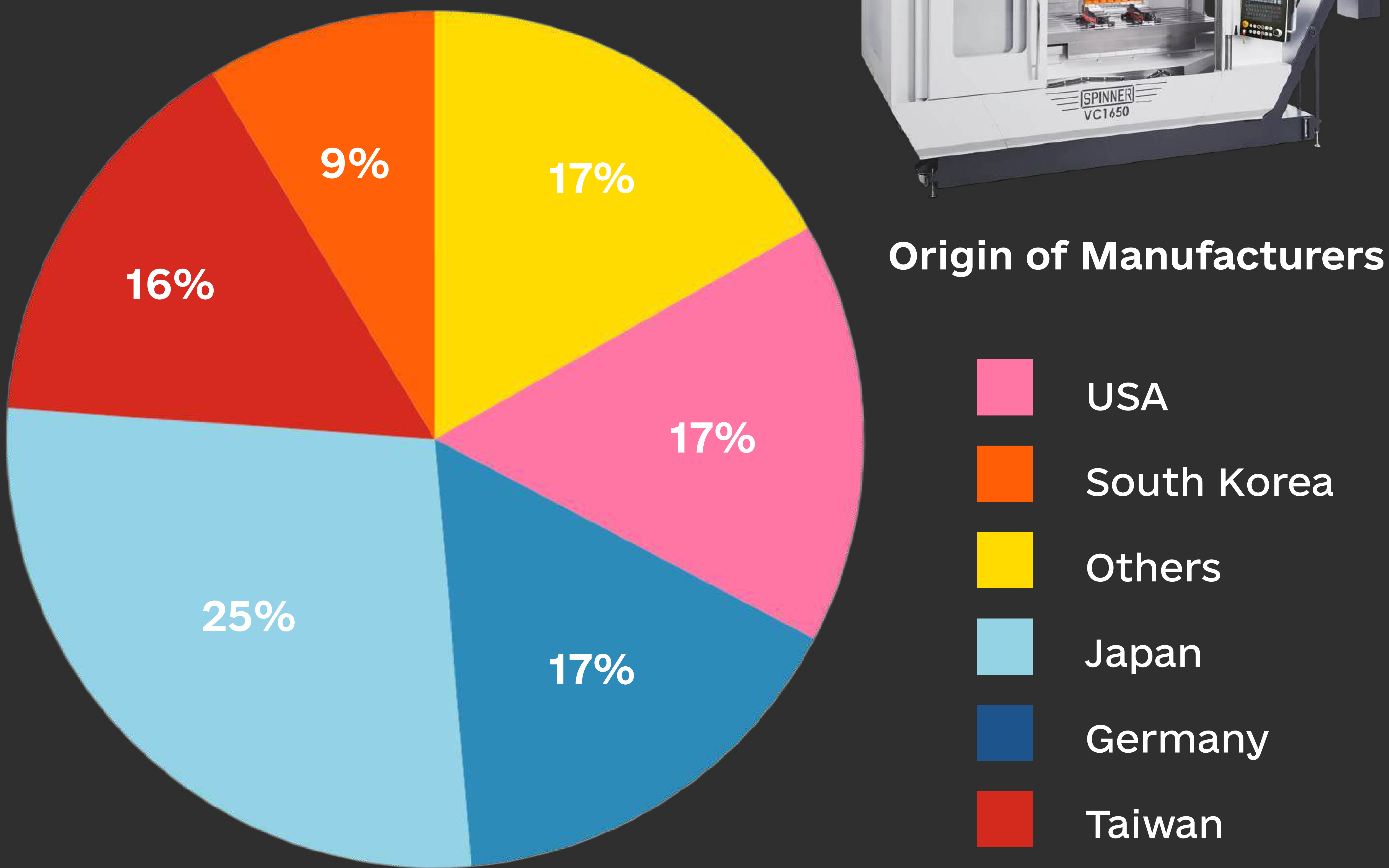
IRELAND

TAOGLAS

Source: NAKO

Russian plants involved in UMPK production extensively utilize Western machinery, including equipment and CNC machines from Japan's DMG Mori, Germany's Spinner, the United States' Haas Automation, and Switzerland's Dama Technologies.

Origin Of Machinery Identified In UMPK Production



Source: NAKO

Russia has maintained access to the microelectronics critical for UMPK manufacturing through intermediary states and shell companies. China and Hong Kong-based companies accounted for over 82% of prioritised goods shipments to Russia in 2023, valued at over $1.5 billion.

The production of UMPK modules for glide bombs represents only one example; Western components and dual-use electronics are present in the vast majority of Russia's currently deployed weapons systems. China is a key challenge here, emerging as a key external supplier of components used by Russia to manufacture drones and other weapons for its war against Ukraine.

What is the problem?

This situation has become possible because the failure to fully enforce sanctions and export controls has created dangerous gaps that Russia continues to exploit. Global regimes meant to restrict the flow of sensitive technologies are fragmented and inconsistent, leaving critical loopholes that are being exploited on an industrial scale.

These violations are far from isolated. They reveal a system in urgent need of reform if export controls are to regain effectiveness. Three core weaknesses stand out: the absence of a central coordinating body akin to the Cold War-era CoCom; the lack of consequences for companies that fail to carry out proper due diligence; and the lack of accountability for states that allow their territories to become hubs for widespread sanctions evasion. Today, democratic governments implement sanctions largely on their own, creating opportunities for Russia and its network of enablers to access controlled electronics with relative ease.

This piecemeal approach is compounded by governments' reluctance to prosecute domestic companies that knowingly – or sometimes unknowingly – facilitate sanctions circumvention. The result is a system riddled with loopholes, allowing Western technology to flow into the hands of those producing the weapons devastating Ukrainian cities.

While these failures are starkly visible in Ukraine, the threat is far from confined there: authoritarian and repressive regimes, such as those in Iran and North Korea, are building increasingly lethal weapons using technology sourced from the West.

Addressing this challenge will require far more than incremental adjustments. The world's democracies must rebuild the institutional architecture necessary for coordination and enforcement, and show the political will to hold violators accountable. Without decisive action, Western technology will continue to fuel conflicts far beyond the borders of Ukraine.

What do we want decision-makers to do?

- Target companies and financial institutions in third countries involved in re-export activities. Critical components often make their way to Russia through complex supply networks involving intermediaries in China, the UAE, Turkey, Central Asian and Caucasian countries.

- Require stringent due diligence from domestic firms. Compel non-financial companies to use "Know Your Client" and "Know Your Client's Client" (KYC) procedures. Tighten requirements for subsidiaries, joint ventures, and contractual partners in third countries.

- Require regular post-execution audits of distribution companies dealing with sensitive technologies, ensuring they cannot claim ignorance of any illicit transactions involving their products.

- Strengthen enforcement mechanisms by increasing trade monitoring and introducing penalties for firms that facilitate indirect exports of critical military technology.

- Hold accountable states that serve as entrepots for widespread sanctions circumvention.

- Coordinate sanctions and enforcement among Western governments.

We call on the sanctions coalition to go beyond the steps outlined above and to intensify pressure on Russia across additional sectors. In particular, this should involve the systematic designation of companies and individuals linked to Russia's military-industrial complex, along with their associated supply chains and support networks. It should also include further expansion of restrictive measures targeting the nuclear sector. Maintaining unity among coalition members remains essential. Sanctions should not be relaxed or lifted prematurely; they should remain in force until the territorial integrity of Ukraine is restored and accountability is imposed for war crimes and the destruction of infrastructure.

CONCLUSION

Four years into this war, sanctions and corporate exits remain essential to crippling Russia's war machine.

Russia's war economy is weak — and the world can finish what it started. With decisive and sustained pressure, the remaining pillars of Russia's ability to wage war can be shattered, delivering what Ukrainians have fought for and what peace-seeking people everywhere deserve.

If Russia's war machine is not fully stopped now — through disarmament, defunding, and isolation — it will rebuild its strength and come back with another war. It is therefore the responsibility of decision-makers to cut off Russia's financial and technological lifelines to ensure Ukraine's ultimate victory.

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