



The B4Ukraine Coalition

**BY EMAIL**

25 September 2024

Dear Sir / Madam

Thank you for your letter dated 30 August 2024.

As you note in your letter, and as has been reported publicly, the Hilding Anders group has been exploring options to exit from its Russia joint venture interest such that the Hilding Anders group would have no ongoing business involving Russia.

The business in Russia is a legacy division of the Hilding Anders Group and is disconnected from its activities in the rest of the world.

This process has been complex and time consuming, given the regulatory and political conditions in Russia, and is therefore taking longer than initially expected.

Nevertheless, we remain committed to exiting the joint venture in Russia.

Yours faithfully

A handwritten signature in black ink, appearing to be "H. Sjögren", written over a horizontal line.

Henrik Sjögren

CEO

On behalf of the Hilding Anders Group

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Chief Executive Officer  
Hilding Anders AB  
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August 30, 2024

RE: Hilding Anders's business operations in Russia

Dear Mr. Sjögren and the Hilding Anders 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 Hilding Anders 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 Russia<sup>1</sup> 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.

It has been two and a half 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.<sup>2</sup>

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<sup>1</sup> 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).

<sup>2</sup> 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->

Moreover, the developments in Russia point to an expanding universe of financial, legal, and reputational risks facing those left behind.

On September 21, President Vladimir Putin escalated the war by announcing a “partial mobilisation” of the Russian population. The accompanying legislation ([Article 9 of Federal Law No. 31-FZ](#)) mandates all organisations, including the more than 1,500 international companies that are currently operating on a full or limited scale in Russia, to conduct military registration of the staff if at least one of the employees is eligible for military service.<sup>3</sup> They must also assist with delivering the military summons to their employees, ensure the delivery of equipment to assembly points or military units, and provide information, buildings, communications, land plots, transport, and other material means of support to the war effort.

A decree issued by President Vladimir Putin on March 3, 2023, enables the Russian government to suspend shareholders' rights and implement external management in companies that don't fulfil state defence contracts under conditions of martial law.<sup>4</sup> By specifying the process of appointing Russian government representatives to manage businesses that fail to meet state orders, the latest Decree effectively creates a scenario of "partial nationalization."

With legislation introducing partial mobilisation, nationalisation, and potentially martial law in Russia, it is highly likely that corporations will be unable to prevent or mitigate negative human rights impacts, an obligation imposed on companies by the United Nations Guiding Principles on Business and Human Rights. As such, continuing to conduct business in Russia entails significant legal risks for companies, including potential civil and criminal liability under comprehensive sanctions regimes and recent international jurisprudence holding corporations and their officers responsible for human rights abuses abroad.<sup>5</sup> Companies face the rising risk of criminal liability for complicity in

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

<sup>3</sup> Federal Law No. 31-FZ of February 26, 1997 "On mobilization training and mobilization in the Russian Federation" (as amended), <https://base.garant.ru/136945/> (accessed November 14, 2022).

<sup>4</sup> Decree of the President of the Russian Federation No. 139 dated March 3, 2023 "On Certain Issues of Carrying Out the Activities of Business Companies Participating in the Fulfilment of the State Defense Order", <http://publication.pravo.gov.ru/Document/View/0001202303030004> (accessed March 22, 2023).

<sup>5</sup> International companies remaining in Russia are now at a greater risk of violating sanctions regimes as implementation of the legislation will likely involve transacting with sanctioned individuals or entities. Furthermore, new domestic civil and criminal cases against companies involved in violations of international law demonstrate the risk of significant liability for facilitating state-sponsored human rights abuses abroad (e.g., Lafarge case, Lundin case, Castel Group indictment, Nevsun holding, and Dassault Aviation, Thales, and MBDA France criminal complaint.) Victoria Riello and Larissa Furtwengler, “Corporate Criminal Liability for International Crimes: France and Sweden Are Poised To Take Historic Steps Forward,” *Just Security*, September 6, 2021, <https://www.justsecurity.org/78097/corporate-criminal-liability-for-human-rights-violations-france-and-sweden-are-poised-to-take-historic-steps-forward/> (accessed November 14, 2022); The Sentry, “Breaking: France Opens War Crimes Inquiry Focused on Iconic Food and Beverage Conglomerate,” July 1, 2022, <https://thesentry.org/2022/07/01/7216/breaking-france-opens-war-crimes-inquiry-focused-iconic-food-beverage-conglomerate/> (accessed November 14, 2022); *Rfi*, “French technology firm charged over Libya cyber-spying,” July 2, 2022, <https://www.rfi.fr/en/business-and-tech/20210701-french-tech-firm-charged-over-libya-cyber-spying> (accessed November 14, 2022); Preston Lim, “Canadian Supreme Court Allows Corporate Liability for International Law Violations,” *Lawfare*, March 12, 2022, <https://www.lawfareblog.com/canadian-supreme-court-allows-corporate-liability-international-law-violations> (accessed November 14, 2022); Sherpa, “Aiding and abetting war crimes in Yemen: Criminal complaint submitted against French arms companies,” June 2, 2022, <https://www.asso-sherpa.org/aiding-and-abetting-war-crimes-in-yemen-criminal-complaint-submitted-against-french-arms-companies> (accessed November 14, 2022).

international crimes, which can be prosecuted by domestic courts<sup>6</sup> outside Russia under the doctrine of "universal jurisdiction."<sup>7</sup>

On 24 February 2023, The Financial Action Task Force (FATF) suspended Russia's membership as a result of the war, calling on all actors in the international financial system to exercise extreme caution in all dealings with Russia.<sup>8</sup> In practice, the decision means that all international banks will scrutinise all Russian payments, making financial transactions more expensive, lengthy, with no guarantee that the transaction will occur at all.<sup>9</sup> Further, reports show that Russia poses a "real threat to global financial integrity, as well as to national security more broadly."<sup>10</sup>

Additionally, the revelation by the Russian president confirming that the internationally recognized transnational criminal organization known as the "Wagner Group" is funded by the Russian government has brought to light a range of alarming risks related to money laundering, terrorist financing, and other financial crimes for businesses involved in or working with Russia.<sup>11</sup> It is now a distinct possibility that businesses continuing their operations and paying taxes in Russia may be providing financial support to the Wagner Group, a notorious paramilitary organization.

Companies may also be exposed to financially material risks through operational restrictions, such as limitations of future government contracts.<sup>12</sup>

In response to this unprovoked and unjustified war<sup>13</sup> many other companies have already left Russia. According to the Kyiv School of Economics Institute's #LeaveRussia [company tracker](#), Hilding Anders has decided to stay and continue its business operations in Russia. These activities in Russia risk enabling and financing Russia's violations of IHL and human rights law during the ongoing invasion and occupation of Ukraine.

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<sup>6</sup> For example, the French company Lafarge is charged for complicity in war crimes and crimes against humanity in Syria.

<sup>7</sup> For example, ongoing proceedings in the US and France against the French multinational Lafarge for complicity in human rights violations in Syria. The Paris Court of Appeal, "La Cour d'appel de Paris confirme la mise en état de la multinationale française Lafarge pour complicité de crimes contre l'humanité commis par l'Etat islamique," May 18, 2022, <https://www.doughtystreet.co.uk/sites/default/files/media/document/Press%20release%20french%20version.pdf> (accessed March 22, 2023); United States Attorney's Office, Eastern District of New York, "Lafarge Pleads Guilty to Conspiring to Provide Material Support to Foreign Terrorist Organizations," October 18, 2022, <https://www.justice.gov/usao-edny/pr/lafarge-pleads-guilty-conspiring-provide-material-support-foreign-terrorism> (accessed March 22, 2023).

<sup>8</sup> FATF, "FATF Statement on the Russian Federation," February 24, 2023, <https://www.fatf-gafi.org/en/publications/Fatfgeneral/fatf-statement-russian-federation.html> (accessed March 14, 2023).

<sup>9</sup> Liudmyla Slietsova, "Russia's membership in the FATF suspended. What does this mean and how ruinous is this for the aggressor's economy?," *Mind*, February 27, 2023, <https://mind.ua/en/publications/20253993-russias-membership-in-the-fatf-suspended-what-does-this-mean-and-how-ruinous-is-this-for-the-aggre> (accessed March 14, 2023).

<sup>10</sup> Themis, "Russia; Country Risk Report," June 2023, <https://themisservices.co.uk/country-risk-report-russia> (accessed June 26, 2023).

<sup>11</sup> Telegram, "Встреча Путина с военными и его заявления по поводу ЧВК "Вагнер," June 27, 2023, [https://t.me/rian\\_ru/207202](https://t.me/rian_ru/207202) (accessed July 3, 2023).

<sup>12</sup> Venable LLP, "Do You Contract with State Governments? If So, Beware of Emerging State Sanctions' Obligations Related to Russia and Belarus," *JD Supra*, June 3, 2022, <https://www.jdsupra.com/legalnews/do-you-contract-with-state-governments-6537229/> (accessed November 14, 2022).

<sup>13</sup> 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."

Hilding Anders has a “strong foothold in Russia.”<sup>14</sup> Among other, Hilding Anders owns 73% of the shares of the Russian manufacturer of beds Askona Group, which, according to media reports, played an important role in the deterioration of the financial condition of the company due to the sanctions imposed against Russia.<sup>15</sup> Further, according to reports, Hilding Anders was in the process of selling its stake in the Russian joint venture Askona after a restructuring agreement.<sup>16</sup> KKR, the owner of the company, states that Hilding Anders began its exit in the Russian company before the war in Ukraine.<sup>17</sup> Yet, the company is still seemingly continuing its operations in Russia.

Considering the aforementioned risks and the company’s continued presence in Russia, has Hilding Anders considered fully exiting Russia so as not to be even indirectly or remotely associated with these crimes?

In continuing its operations in Russia, has the company applied conflict-sensitive, heightened human rights due diligence mechanisms?

Additionally, is Hilding Anders prepared to disclose its stance and timeline regarding a potential exit from the Russian market?

Other companies have faced legal, administrative, and ethical challenges and still committed to, and fully exited, Russia. Hilding Anders has decided to continue supplying the Russian market, even after two years of the war, over 100,000 reported war crimes, over 30,000 Ukrainian civilians killed or injured, and with the head of the Russian state indicted by the International Criminal Court for alleged war crimes, namely the abduction of Ukrainian children.

In consideration of the above points, we request a dialogue with Hilding Anders’ relevant senior management and staff to discuss the company’s ongoing activities and relationships in Russia, associated risks to the people of Ukraine, and potential steps to prevent/mitigate these risks. Please contact the B4Ukraine Coalition at [contact@b4ukraine.org](mailto:contact@b4ukraine.org) to schedule a call. We kindly ask for your response by 5:00pm CET, September 13, 2024.

Please note that this letter and any response provided by Hilding Anders will be published on B4Ukraine webpages. If the company decides to join the proposed meeting, the meeting will be held under Chatham House Rules.

Sincerely,

The B4Ukraine Coalition

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<sup>14</sup> Hilding Anders, “Hilding Anders, A KKR Portfolio Company Appoints Jason Forbes As President Of Online Brands And Global Chief Digital Officer,” December 29, 2020, <https://www.prnewswire.co.uk/news-releases/hilding-anders-a-kkr-portfolio-company-appoints-jason-forbes-as-president-of-online-brands-and-global-chief-digital-officer-838142990.html> (accessed August 30, 2024).

<sup>15</sup> AK&M, “KKR transfers ownership of Hilding Anders to creditors,” June 20, 2023, <https://www.akm.ru/eng/news/kkr-transfers-ownership-of-hilding-anders-to-creditors/> (accessed August 30, 2024).

<sup>16</sup> Giulia Morpurgo, Irene García Pérez, “Russia Sanctions Stall KKR Mattress Firm’s Transfer to Creditors,” *Bloomberg Law*, March 5, 2024, <https://news.bloomberglaw.com/mergers-and-acquisitions/russia-sanctions-stall-kkr-mattress-firms-transfer-to-creditors> (accessed August 30, 2024).

<sup>17</sup> Kenneth Rapoza, “There’s Been A Pause In The ‘Russia Exit’,” *Forbes*, July 14, 2022, <https://www.forbes.com/sites/kenrapoza/2022/07/11/theres-been-a-pause-in-the-russia-exit/> (accessed August 30, 2024).