
Request for a meeting regarding Knauf's operations in Russia

Link, Matthias <Matthias.Link@knauf.com>

28 July 2025 at 22:42

To: Business for Ukraine <contact@b4ukraine.org>

Dear Sir or Madam,

Thank you for your continued interest in engaging with our company's representatives.

At this time, we do not have any new information beyond what was included in our previous statement. Please understand that we are, consequently, not available for a meeting for further discussion.

Please rest assured that we will keep the public informed as we continue our efforts to withdraw from Russia.

Kind regards,

Matthias Link

[Quoted text hidden]

Request for a meeting regarding Knauf's operations in Russia

Business for Ukraine <contact@b4ukraine.org>
To: "Link, Matthias" <Matthias.Link@knauf.com>

17 July 2025 at 13:41

Dear Mr. Link,

Thank you very much for your response. While we acknowledge and appreciate Knauf's efforts in supporting its Ukrainian employees, we note that your reply does not address the eight specific questions outlined in our original letter, which we have reattached for your reference.

We also acknowledge Knauf's statement rejecting the allegations made in Der Spiegel. However, given the seriousness of these allegations and the fact that Knauf continues operations in Russia, we would highly appreciate a more detailed response to the concerns raised.

In light of this, we respectfully reiterate our request that Knauf provide clear answers to the questions outlined in our letter. We believe it would be beneficial to discuss these matters in a meeting. As you are aware, under the UNGPs, companies are encouraged to engage in meaningful dialogue with relevant stakeholders: Principle 18: "...Involve meaningful consultation with potentially affected groups and other relevant stakeholders."

We therefore again invite Knauf to meet with representatives of Ukrainian and international civil society organisations to help clarify these matters further.

Please let us know your availability so that we can arrange a suitable date for this meeting.

We look forward to your response.

Sincerely,

B4Ukraine Coalition

[Quoted text hidden]

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B4Ukraine Coalition



B4Ukraine

Request for a meeting regarding Knauf's operations in Russia

Link, Matthias <Matthias.Link@knauf.com>
To: "contact@b4ukraine.org" <contact@b4ukraine.org>

11 July 2025 at 13:30

Dear Sir or Madam,

Thank you very much for your letter and your interest in our company.

As you may be aware, we recently published a statement on our website regarding our withdrawal from Russia, which we announced last year: <https://knauf.com/en/newsroom/statement-28-05-2025>

I can once again confirm, that the management of the Knauf Group and the Knauf family condemn Russia's war of aggression against Ukraine and firmly reject any accusations of directly or indirectly supporting this war or the armament of the Russian military.

At the same time, let me emphasise that Knauf is making significant investments in Ukraine and supporting the country to help maintain its infrastructure during these challenging times.

Knauf currently employs around 420 people at its existing plant in Kyiv. In the west of the country, in the city of Borshchiv (Ternopil region), Knauf has begun constructing two new plants: a gypsum plaster plant and a gypsum board plant. The gypsum plaster plant is scheduled to commence operations this year, while the gypsum board plant is expected to open in 2027. We are investing a total of 150 million euros in the region, creating numerous new jobs.

As a socially responsible family business, we have prioritised the well-being of our people in Ukraine since the outbreak of the war. Our largest factory was previously located in Soledar, Donetsk region, but it was damaged in an attack in 2022. Since 2023, the city has been under occupation.

Fortunately, during the airstrike on the plant in the spring of 2022, no one was injured. The enterprise had already suspended its operations at the start of the full-scale war. As a result, hundreds of people suddenly lost their jobs and housing in Soledar. However, the company supported its employees by not only organising additional jobs at the Knauf plant in Kyiv, which resumed full capacity in June 2022, but also by providing housing for those who relocated to Kyiv. Employees continued to receive salaries and humanitarian assistance.

We took the initiative and offered temporary housing to those who had nowhere to stay after relocation (March-June 2022). This included organised searches for housing near the factory or setting up shelters directly at the enterprise, such as in the training centre.

Knauf has also been implementing other social projects to support employees in Ukraine. For example, during power outages, each Ukrainian employee was provided with an autonomous gas stove and an EcoFlow charging station.

Today, Knauf's factory in Kyiv employs over 400 people, about 200 of whom relocated from Soledar. The company notes that all employees who wished to move to Ukrainian-controlled territory have relocated to Kyiv and Borshchiv, where a new Knauf plant is currently being built. Knauf has always employed workers officially. Moreover, its approach to workplace safety stands out compared to most other Ukrainian companies.

The company also implements social projects for employees' children, organising holiday events and trips to children's camps to help them get a little distracted from the sounds of explosions and air raid sirens.

With this, I hope I have provided you with a good overview of how we take responsibility for our employees in Ukraine and uphold our core value of 'Menschlichkeit'.

Sincerely,
Matthias Link

Alexander Knauf
Speaker of the General Partners
Knauf GmbH
Am Bahnhof 10
Iphofen 97346
Germany

B4Ukraine 

June 30, 2025

Dear Knauf Leadership Team,

We write to you as [B4Ukraine](#), a coalition of Ukrainian and international civil society organizations committed to curbing the financial support that fuels Russia's brutal invasion of Ukraine. We again request that Knauf meets its responsibilities under international business and human rights frameworks, as well as its broader obligations under international human rights and humanitarian law. Please note our previous communication which can be seen [here](#).

We call on businesses to:

- Immediately cease 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 against Ukraine, territorial integrity of Ukraine is restored, and accountability imposed for war crimes and the destruction of Ukrainian infrastructure and property.
- Ensure that any re-engagement with the Russian market occurs only after all of the following conditions are met:
 - Ukraine's sovereignty and complete territorial integrity are restored, as recognized by international law.
 - Reparations are paid in full for all damages caused by Russian aggression, covering infrastructure, economic losses, and human suffering.
 - Accountability is imposed for violations of international law, including the crime of aggression, war crimes, and crimes against humanity.

We are concerned by reports highlighting the embeddedness of Knauf within the Russian economy and its links to military infrastructure. We seek clarification regarding the company's ongoing commitment to the internationally accepted framework on business and human rights, the EU sanctions regime, as well as the broader international human rights and humanitarian legal frameworks.

Since the launch of Russia's full-scale invasion of Ukraine, many businesses have fully exited the Russian market, while many more are affirming its stance to stay out. Yet, [Knauf](#) continues to operate in Russia through a network of fully controlled and wholly owned subsidiaries. Publicly, Knauf has condemned the war and claimed to be withdrawing. In practice, however, it has not only remained but has expanded its footprint within the Russian economy, including [supplying material](#) to projects tied to the Russian military-industrial complex.

Knauf's activities in Russia reveal a deep entanglement with the state apparatus and economic system that is sustaining Russia's war. The company retains full control over its subsidiaries. This fact potentially engages responsibilities under the EU's "best efforts" obligation ([Article 8a of Regulation 833/2014](#)). The regulation requires EU operators to take all necessary and feasible steps to ensure that entities they own or control do not undermine the EU's measures against Russia. This includes

establishing effective compliance policies, monitoring the activities of subsidiaries, and actively intervening to prevent risks to sanctions objectives.

Despite this legal obligation, [Knauf's Russian subsidiaries](#) have continued supplying materials to sites contracted by the Russian Ministry of Defence. Investigations by SPIEGEL and Danwatch uncovered procurement documents showing Knauf gypsum products or equivalents were ordered for construction projects at the Yasny nuclear missile base, a site now home to Russia's Avangard hypersonic nuclear weapons. The documents reflect material quantities and specifications explicitly tied to Knauf's commercial standards. Even if materials were not exported from Germany, this sustained supply chain constitutes a potential risk of undermining the spirit, if not the letter, of EU sanctions.

Knauf's rationale that its products are sold only to "independent retailers" does not exempt the company from this responsibility. When those retailers are participating in Ministry of Defence tenders, as is the case in Yasny, Knauf cannot plausibly argue that it is unaware of where and how its materials are being used. This is the kind of risk that the "best efforts" obligation was designed to address.

Moreover, Knauf's subsidiaries were designated as "[systemically important](#)" enterprises within the Russian Federation. This inclusion speaks to the perceived value of Knauf's continued operations to the Russian state. Participation in Russian industry trade shows, construction forums, and import substitution roundtables further suggests active engagement. Knauf has also maintained a visible presence in occupied Ukrainian territories. Materials from the company have been discovered at construction sites in Mariupol, a city illegally annexed and systematically destroyed by Russian forces.

Further, reports claim that a Russian Knauf factory was involved in issuing military conscription notices to employees, reportedly aiding the Russian army's recruitment efforts. Under Russia's wartime laws, specified in our previous letter to Knauf, companies operating in the country are expected to conduct military registration and even assist in delivering summons to eligible staff.

In contrast to its public statements, Knauf has continued to introduce new products, register new [trademarks](#) (at least 20 since February 2022), and market Russia-made alternatives to its imported European products, such as "Unihard" as a substitute for the now-restricted Uniflott. These decisions are not consistent with withdrawal.

Knauf has also failed to disclose the current status or timeline of its reported exit from Russia. While the company claims that talks are "advanced," no public or concrete steps have been announced, and its business operations, such as legal structures, branding, product pipelines, distribution, apparently remain intact.

Finally, while Knauf may technically comply with EU sanctions, compliance alone does not equate to responsible business conduct, especially when operations are materially contributing to projects central to Russia's war effort, including strategic nuclear infrastructure. The human rights risks, reputational risks, potential complicity in international law violations, and legal exposures under evolving EU enforcement mechanisms are substantial.

These activities challenge the company's ongoing commitment to the internationally accepted framework on business and human rights, particularly in the context of an ongoing aggressive war.

We are therefore writing to ask:

- What concrete steps has Knauf taken to exit the Russian market and when will the company complete this process?
- What due diligence has Knauf conducted regarding the use of its products in Russian military construction or in occupied Ukrainian territories?
- What has Knauf done to terminate or modify long-term tenders or procurement frameworks that specify its products as standard?
- How does Knauf monitor whether its Russian distributors and subsidiaries are serving contractors working directly with the Ministry of Defence?
- Has Knauf implemented a sanctions compliance program that meets the Article 8a “best efforts” standard? If so, can the company provide details?
- Why has Knauf allowed its subsidiaries to continue participating in public Russian trade fairs, industry panels, and forums promoting “import substitution”?
- Does Knauf accept that the continued operation of wholly owned subsidiaries in Russia constitutes a contribution to Russia’s wartime economy?
- How does Knauf reconcile its public condemnation of Russia’s aggression with the use of its products in nuclear weapons silos, on construction sites in occupied Ukraine, and its active commercial support to the economy of the aggressor state?

We are happy to discuss these issues in greater detail and are therefore inviting you to a meeting which would be confidential. We are happy to provide further information and address any questions you may have. Should you wish to participate in a meeting with Ukrainian and international civil society representatives, please confirm your availability by **July 14, 2025** to schedule. Kindly note that after this date, this letter and any responses will be published on the B4Ukraine website.

Sincerely,

The B4Ukraine Coalition

The Risks of Re-Engaging with the Russian Market

Recent speculation about the potential lifting of sanctions, particularly in the United States, has created uncertainty. However, it is clear that the broader sanctions regime remains intact. The United States has for now maintained its restrictions, while the European Union recently approved its [seventeenth package](#) of sanctions. Even if some policymakers consider relaxing their stance, the reality remains that the EU, UK, Japan, Canada, and numerous other countries and organisations have imposed sanctions on Russia, making it the most sanctioned country in the world, due to its crime of aggression against its sovereign neighbour.

Further, economic and regulatory conditions in Russia are no longer conducive to stable business operations. Companies re-entering the market would be navigating a landscape of restricted [supply chains, financial barriers, and legal uncertainties](#).

Russia has demonstrated a pattern of malignant and systematic asset seizures, expropriations, and regulatory manipulation, using foreign businesses as leverage in political disputes. According to a study conducted by the London School of Economics, since 2022, [over 500 Western firms](#) have seen their assets expropriated under various pretexts, including companies in industries ranging from brewing and consumer goods (e.g., [Danone, Carlsberg](#)) to energy (e.g., [Uniper, Fortum](#)). The scope of legislation and Russian domestic case law showing the readiness for expropriation has skyrocketed since the start of the full-scale invasion. Businesses looking to re-enter must expect that their assets would meet a similar fate.

These patterns show a blatant disregard for property rights, investor and shareholder rights, and are a general indicator of an authoritarian government. Accordingly, any western business seeking re-entry faces the [risk of Kremlin](#) decrees that introduce new fees, taxes, and price controls; limit the repatriation of profits and dividends; restrict asset sales and management decisions; and expropriate private businesses.

The [economic outlook](#) in Russia further devalues the case for re-engagement. Interest rates have soared to 21 percent, labour shortages are worsening, and consumer purchasing power has significantly declined. The country's middle class is shrinking, and the infrastructure that once supported international trade and investment has deteriorated.

Russia's own leaders have stated that returning businesses should [not expect to be treated on equal footing](#) with local firms. Instead, as confirmed by Vladimir Putin himself, those seeking re-entry would be [disadvantaged](#) to ensure the competitiveness of domestic businesses. Many Western brands have already been [replaced](#) by domestic or Chinese alternatives, making it difficult, if not impossible, for companies to regain their former market position. Rebuilding operations in such a climate would require substantial financial investment with little certainty of return, naturally concerning investors. Russian policy is confirmed to be favourable towards domestic production and market share.

The Russian legislative framework continues to pose a high risk of business complicity in the war. Under [Federal Law No. 31-FZ](#) businesses, including international companies that are operating on a full or limited scale in Russia, are required to conduct military registration of the staff if at least one of the employees is eligible for military service. 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.

Beyond financial and legal risks, reputational risks remain high. Any company that chooses to return to Russia will be seen as disregarding the human cost of the war in Ukraine. Some Russian officials

have even suggested that businesses seeking to re-enter should [contribute financially to the Russian military or establish operations in occupied Ukrainian territories](#). These decisions would directly associate a company's name with a government engaged in an ongoing conflict, one that has been widely condemned for violations of international law. Moreover, they could render the company complicit in violations of international law.

It has been over three years since Russia invaded Ukraine, committing the crime of aggression and breaching the UN Charter. Russia is violating international humanitarian and human rights law, committing over 150,000 documented war crimes. In recognition of the severity of abuses, in March 2023 the International Criminal Court issued an arrest warrant for Vladimir Putin to answer charges of war crimes.

As affirmed by international frameworks, in conflict-affected and high-risk areas, businesses are not neutral actors. The company's continued presence in Russia is not passive, but part of the system that enables and sustains Russia's aggressive war against Ukraine.

Alexander Knauf
Speaker of the General Partners
Knauf GmbH
Am Bahnhof 10
Iphofen 97346
Germany

July 31, 2023

RE: Knauf's business operations in Russia

Dear Mr. Knauf,

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 request an urgent dialogue regarding potential inconsistencies between Knauf's obligations under international humanitarian and human rights law and the company's ongoing business operations and relationships in Russia that may contribute to, or be linked with, human rights harms.

We are writing to formally notify Knauf 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 and to urge you to:

- Immediately cease 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 16 months 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 25,000 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 for an alleged scheme to deport Ukrainian

children to Russia.¹

Moreover, as outlined below, recent developments in Russia point to an expanding universe of financial, legal, and reputational risks facing remaining companies.

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.² 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 new decree issued by President 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.³ 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 new 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.⁴ By remaining in Russia, companies face the rising risk of criminal

¹ 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).

² 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).

³ 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).

⁴ 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

liability for complicity in international crimes, which can be prosecuted by domestic courts outside Russia under the doctrine of "universal jurisdiction."⁵ Companies may also be exposed to financially material risks through operational restrictions, such as limitations of future government contracts.⁶

Firms which continue to trade with Russia also face high levels of risk attached to financial transactions. 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.⁷ 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.⁸ Although FATF has not yet blacklisted Russia, it highlighted the consensus among its 36 member countries that "the Russian federation's actions represent a gross violation of the commitment to international cooperation upon which FATF Members have agreed to implement and support the FATF Standards."⁹ Previous practice shows that noncooperative behaviour is one of the reasons for FATF blacklisting. As a result, companies should examine the high levels of risk attached to financial transactions with Russia and reconsider all ongoing business operations with the country.

A recent report shows that Russia poses a "real threat to global financial integrity, as well as to national security more broadly."¹⁰ Additionally, the revelation by the Russian president confirming that the 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.¹¹ 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.

Additionally, the Ukrainian government's [National Agency on Corruption Prevention](#) (NACP) has created a list of "foreign companies that, despite the international recognition of Russia as the

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).

⁵ 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-terroris> (accessed March 22, 2023).

⁶ 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 January 2, 2022).

⁷ 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).

⁸ Liudmyla Sliptsova, "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).

⁹ FATF (n 7).

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

¹¹ Telegram, "Встреча Путина с военными и его заявления по поводу ЧВК "Вагнер," June 27, 2023, https://t.me/rian_ru/207202 (accessed July 3, 2023).

aggressor state and the introduced sanctions restrictions, continue to cooperate with it.”¹² These companies are recognised as “international sponsors of war” by the Ukrainian state. The listed entities will be included into the World-Check database to protect the global financial sector from Russian sponsors of war. Since banks and insurance companies use World-check to assess risks, companies on the list will be limited in freely accessing personal and corporate finances. So far there are 31 companies on the list, with NACP noting that it includes “international companies that provide the public and private sector with goods and services of critical purpose, as well as [those that] contribute to the Russian budget.”¹³

In response to this unprovoked and unjustified war¹⁴ many companies have already left Russia. According to the Kyiv School of Economics Institute's #LeaveRussia [company tracker](#), Knauf has decided to pause new investments while continuing its operations in Russia.

Prior to the war, Knauf had significant operations in Russia. Russia contributes 10% to Knauf's global turnover and the company has 4,000 employees operating in 14 sites in the country. Shortly after the start of the full-scale invasion of Ukraine, Knauf confirmed that it has no plans to leave the Russian market and is continuing its operations in the country.¹⁵ As a result, Knauf's revenue in Russia has reportedly increased from \$1.15bn in 2021, to \$1.24bn in 2022. **Can Knauf confirm that its revenue in Russia amounted to \$1.24bn in 2022? How much tax has Knauf paid in Russia in 2022 and 2023?**

We understand that Knauf emphasises that it is compliant with sanctions while continuing its operations in the aggressor country. However, we remind Knauf that, while compliance with sanctions is essential and obligatory, it should not be confused with fulfilling a company's obligation under the internationally accepted standards for business and human rights. Observing and respecting the sanctions regime is complementary, but distinct, from observing and respecting responsibilities as outlined in the internationally endorsed and accepted UNGPs. **We would therefore like to ask Knauf how it is ensuring its compliance with the UNGPs, the OECD guidance, and other internationally recognised standards on business and human rights? Does Knauf recognise that it is operating in an aggressor state and that the UNDP requires companies in this case, in addition to respecting human rights and international humanitarian law, at a minimum, to assess, and avoid or mitigate its connection to the war efforts of the aggressor country to ensure that they do not exacerbate the situation?**

Knauf has increased its revenue in Russia in a time when many multinational businesses are curtailing their operations in the country so as not to contribute to the aggressor's economy. **Has Knauf considered all the circumstances and complexities of the war, including numerous human rights violations and war crimes committed in Ukraine, as well as the fact that Russia is an aggressor state, in determining to continue operating in Russia?**

¹² NACP, “International Sponsors of War,” <https://sanctions.nazk.gov.ua/en/boycott/> (accessed February 6, 2023).

¹³ NACP, “Companies from the NACP list of “International Sponsors of War” are now in the World-check database, used worldwide for reviewing counterparties,” September 7, 2022, <https://nazk.gov.ua/en/news/companies-from-the-nacp-list-of-international-sponsors-of-war-are-now-in-the-world-check-database-used-worldwide-for-reviewing-counterparties/?hlite=sponsor+of+war> (accessed February 6, 2023).

¹⁴ 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.”

¹⁵ Global Gypsum, “Knauf has no plans to leave Russian market,” March 4, 2022, <https://www.globalgypsum.com/news/item/1803-knauf-has-no-plans-to-leave-russian-market> (accessed July 31, 2023).

We understand that Knauf has obligations towards its 4,000 employees in Russia. These are laid out under the United Nations Guiding Principles on Business and Human Rights and in the wider international human rights legal and regulatory framework. The concern over employee safety has been quoted by Alexander Knauf as one of the main reasons for remaining in Russia: "It's not about money for us, it's about 4,000 employees [...] I know some of them for 30 years. Loyalty to these people means to me that I won't send them off into an uncertain future."¹⁶

How can Knauf reconcile the claims regarding the concern over the safety of its employees with the new Russian legislation requiring businesses to help conduct military registration, deliver the summons to its employees, and provide resources where required? Can Knauf clarify which policies and practices the company has taken to minimise the risks and impacts of the legislation to its employees? What is Knauf doing to safeguard its employees from mobilisation?

In December 2022, Knauf stated that "five of the approximately 4,000 Knauf employees have been called up for military service so far."¹⁷ **How many of your employees have been mobilised since? Have any of your employees been sent to the battlefield and killed? What was Knauf's role in the process? How does Knauf reconcile its statements regarding the safety of its employees with the act of serving them with summonses?**

Additionally, a report by Spiegel calls Knauf one of "Putin's zealous helpers," noting that the company's subsidiary in Krasnogorsk was "particularly diligent."¹⁸ Knauf denies the allegations, stating that it is false that the company is "actively supporting the warfare by organising the conscription of employees for military service for the Russian side in our factories on our own initiative."¹⁹ The company explains that it must comply with local laws. **Has Knauf considered its own potential complicity and responsibilities that arise from the obligation to deliver conscription notices to its employees? If so, how have the outcomes of this discussion influenced the company's choice to continue its presence in the Russian market?**

Auchan and Bonduelle have recently faced significant reputational damage because their goods were sent to Russian troops in Ukraine.²⁰ Both companies deny these allegations. **How has Knauf**

¹⁶ Anton Sorokin, "Is Kazakhstan misleading world on firms fleeing Russia?," *DW*, March 28, 2023, <https://www.dw.com/en/is-kazakhstan-misleading-world-on-firms-fleeing-russia/a-65076205> (accessed July 31, 2023).

¹⁷ Business and Human Rights Resource Centre, "Knauf response (unofficial translation by Business & Human Rights Resource Centre)," December 5, 2022, <https://www.business-humanrights.org/en/latest-news/stellungnahme-von-knauf/#:~:text=Knauf%20condemns%20Russia's%20war%20of,approximately%204%2C000%20employees%20i%20Russia>. (accessed July 31, 2023).

¹⁸ Benjamin Bidder, Joerg Diehl and Roman Hoefner, "Putin's zealous helpers," *Spiegel Business*, October 7, 2022, <https://www.spiegel.de/wirtschaft/ukraine-krieg-russische-knauf-tochter-unterstuetzte-offenbar-mobilisierung-von-wladimir-putin-a-7221363d-7393-466b-b008-935cb5da7352> (accessed July 31, 2023).

¹⁹ Business and Human Rights Resource Centre, "Knauf response (unofficial translation by Business & Human Rights Resource Centre)," December 5, 2022, <https://www.business-humanrights.org/en/latest-news/stellungnahme-von-knauf/#:~:text=Knauf%20condemns%20Russia's%20war%20of,approximately%204%2C000%20employees%20i%20Russia>. (accessed July 31, 2023).

²⁰ Euromaidan Press, "Bonduelle accused of gifting 10,000 food kits to Russian troops; French office denies," January 3, 2023, <https://euromaidanpress.com/2023/01/03/french-bonduelle-gifts-10000-food-kits-to-russian-troops-wishes-them-victory/> (accessed May 4, 2023); Business and Human Rights Resource Centre, "New evidence reveals Auchan was fully aware of destination of its goods supplied to Russian army," March 3, 2023, <https://www.business-humanrights.org/en/latest-news/russia-auchan-allegedly-supports-soldiers-fighting-in-ukraine-despite-french-management-denials-recent-investigation-reveals-more-proofs/> (accessed May 4, 2023).

practised due diligence in preventing the direct supply of its products to the Russian military? Does Knauf have policies, mechanisms, and tools in place to carry out enhanced due diligence of supply chains, intermediaries, customers, and end-users to prevent the supply of goods to the Russian army? If so, how were they utilised for defining business connections that involve the Russian government, its agencies, and state-controlled or sanctioned organisations?

Knauf has approximately 400 employees in Ukraine. At the start of the war, the company closed its gypsum wallboard plant in Donbass.²¹ After the destruction of Knauf's plant in Soledar by Russian attacks, the company restarted and expanded its decommissioned plant in Kiev and offered all employees from Soledar a job there. Knauf also confirms that at least one of its employees has been killed in a rocket attack in his home.²² This illustrates the repercussions of the war, which Knauf is indirectly financing by continuing its business in Russia, on its Ukrainian employees. **What is Knauf doing to protect the lives and well-being of its Ukrainian employees? Has Knauf considered exiting Russia so as to not contribute to the economy of the aggressor state which is responsible for the killing of at least one of its employees and the destruction of its €200mn plant?**

Other companies have faced legal, administrative, and ethical challenges and still committed to, and exited, Russia. Knauf has decided to stay in the country, even after 16 months of the war, over 99,000 reported war crimes, over 25,000 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.

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

In consideration of the above points and B4Ukraine's [Declaration](#), we request an urgent dialogue with Knauf's relevant senior management and staff to discuss the company's ongoing activities and relationships in Russia and associated risks to the people of Ukraine and the company. Please contact the B4Ukraine Coalition at contact@b4ukraine.org to schedule a call. We kindly ask for your response by 5:00pm CET August 14th, 2023.

Sincerely,

The B4Ukraine Coalition

²¹ Global Gypsum, "Knauf has no plans to leave Russian market," March 4, 2022, <https://www.globalgypsum.com/news/item/1803-knauf-has-no-plans-to-leave-russian-market> (accessed July 31, 2023).

²² Business and Human Rights Resource Centre, "Knauf response (unofficial translation by Business & Human Rights Resource Centre)," December 5, 2022, <https://www.business-humanrights.org/en/latest-news/stellungnahme-von-knauf/#:~:text=Knauf%20condemns%20Russia's%20war%20of,approximately%204%2C000%20employees%20in%20Russia>. (accessed July 31, 2023).