

Zoran Bogdanović  
Chief Executive Officer  
Coca-Cola HBC AG  
Turmstrasse 26  
6312 Steinhausen,  
Switzerland

July 19, 2023

RE: Coca-Cola HBC AG's business operations in Russia

Dear Mr. Bogdanović,

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).

On July 11<sup>th</sup>, 2023, B4Ukraine met with the leadership of The Coca-Cola Company which expressed condemnation of the war, confirmed that their brands are no longer available through licenced distributors in the Russian market, and that they have not authorized any import of Coca-Cola products into Russia from anywhere in the world. Given the publicly available information on Coca-Cola HBC's ongoing and significant operations in Russia, the representatives of The Coca-Cola Company urged us to directly discuss these issues with Coca-Cola HBC. We therefore request an urgent dialogue regarding potential inconsistencies between Coca-Cola HBC's responsibilities 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 also writing to formally notify Coca-Cola HBC 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 over one year 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 24,000 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>1</sup>

Moreover, recent 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>2</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 new 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>3</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 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.<sup>4</sup> Companies face the rising risk of criminal liability for complicity in

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<sup>1</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-cpi.int/news/situation-ukraine-icc-judges-issue-arrest-warrants-against-vladimir-vladimirovich-putin-and> (accessed March 22, 2023).

<sup>2</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>3</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>4</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,

international crimes, which can be prosecuted by domestic courts outside Russia under the doctrine of "universal jurisdiction."<sup>5</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>6</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>7</sup> 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."<sup>8</sup> Previous practice shows that noncooperative behaviour is one of the reasons for FATF blacklisting. As a result, companies should examine and mitigate the high levels of risk attached to financial transactions with Russia and based on that risk, companies should reconsider all ongoing business operations related to Russia.

A recent report shows that Russia poses a "real threat to global financial integrity, as well as to national security more broadly."<sup>9</sup> 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.<sup>10</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>11</sup>

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<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).

<sup>5</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%20ofrench%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).

<sup>6</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>7</sup> 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).

<sup>8</sup> FATF (n 6).

<sup>9</sup> Themis, "Russia; Country Risk Report," June 2023, <https://themisservices.co.uk/country-risk-report-russia> (accessed June 26, 2023).

<sup>10</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>11</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).

Additionally, the Ukrainian government's [National Agency on Corruption Prevention](#) (NACP) is creating a list of "foreign companies that, despite the international recognition of Russia as the aggressor state and the introduced sanctions restrictions, continue to cooperate with it."<sup>12</sup> These companies are recognised as international sponsors of war. 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, but the NACP notes that it will be expanded with "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."<sup>13</sup>

Companies that maintain business relationships with Russia risk being perceived as supporting Russia's war effort. This could have a negative long-term impact on sales in other countries and attract investor scrutiny over adherence to ESG principles. The longer it takes for brands to extricate themselves from the situation, the more damaging it will be for their reputation.

In response to this unprovoked and unjustified war<sup>14</sup> many other companies have already left Russia. According to the Kyiv School of Economics Institute's #LeaveRussia [company tracker](#), Coca-Cola HBC has decided to scale back some of its operations in Russia, while continuing others. 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.

Considering these developments, we would like to pose the following questions to Coca-Cola HBC:

1. On August 5, 2022, Coca-Cola HBC announced that it "stopped all production and sales of brands of The Coca-Cola Company in Russia," and that the company "will focus on the production and sale of existing local brands - Dobry, Rich and Moya Semya."<sup>15</sup> However, reports allege that Coca-Cola HBC continued to produce the original drink long after this pledge was made, with indicated production dates of October 5<sup>th</sup>, November 3<sup>rd</sup> and 17<sup>th</sup>.<sup>16</sup> Coca-Cola HBC states that the drinks cannot be the original since it suspended production, however the products sold looked identical to the original, in the same packaging with the legal address of one of the company's factories shown as the origin.<sup>17</sup> **Can Coca-Cola HBC confirm that it has stopped all production of the original Coca-Cola and other Coca-Cola brands?**

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

<sup>13</sup> 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/?hilite=sponsor+of+war> (accessed February 6, 2023).

<sup>14</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."

<sup>15</sup> Coca-Cola HBC, "An update on our Russian operations," August 5, 2022, [https://www.coca-colahellenic.com/en/media/news/corporate\\_news/2022/an-update-on-our-russian-operations](https://www.coca-colahellenic.com/en/media/news/corporate_news/2022/an-update-on-our-russian-operations) (accessed July 18, 2023).

<sup>16</sup> Sasha Kirillova, "Coca-Cola remains the leader in soda sales in Russia. How is it imported and what are they trying to replace," *Journal Tinkoff*, March 31, 2023, <https://journal.tinkoff.ru/coca-cola/> (accessed July 18, 2023).

<sup>17</sup> Ibid.

2. Additionally, reports indicate that the original Coca-Cola drink is being imported from neighbouring countries, such as Kazakhstan, where it is manufactured by Coca-Cola HBC.<sup>18</sup> **Can Coca-Cola HBC clarify whether it is importing the original Coca-Cola drinks and brands from third countries? What policies, mechanisms, and tools has the company employed to carry out enhanced due diligence of its supply chains and intermediaries to prevent the import of these products into Russia?**
  
3. The Multon Partner's (formerly known as Coca-Cola HBC Eurasia LLC) Dobry Cola is reported to be the top selling cola drink in the Russian market. This shows the significant presence of Coca-Cola HBC in the Russian market, in a time when other companies are withdrawing from it due to the Russian illegal invasion of Ukraine. The company also confirmed in its August statement that it may consider extending the production of its local brands. **Has Coca-Cola HBC considered all the circumstances and complexities of the Russo-Ukrainian 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 providing these goods within Russia? Which stakeholders has Coca-Cola HBC engaged with in determining its policies and the decision to stay in the market?**
  
4. As a reminder, Bonduelle and Auchan have recently faced significant reputational damage because their goods were sent to Russian troops in Ukraine, some with notes wishing "a speedy victory."<sup>19</sup> Both companies deny these allegations. **How has Coca-Cola HBC practised due diligence in preventing the direct supply of its products to the Russian military? Does Coca-Cola HBC 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?**
  
5. We understand and agree that Coca-Cola HBC has obligations towards its Russian employees. These obligations are laid out under the UNGPs and in the wider international human rights legal and regulatory framework. **Can Coca-Cola HBC clarify how it has used this framework to minimise the risks and impacts to its employees? How has the company applied heightened human rights due diligence to its operations in Russia considering the new Russian legislation requiring businesses to help conduct military registration, deliver the summons to its employees, and provide resources where required? Has Coca-Cola HBC (Multon Partners) received any such requests, and if so, how has the company responded to them? What is Coca-Cola HBC doing to safeguard its employees from mobilisation? Have any of your employees been mobilised and, if so, what was Coca-Cola HBC's role in the process?**

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<sup>18</sup> Amrit Burman, "Coca-Cola continues To Remain Top Seller in Russia Despite Withdrawal: Report," RepublicWorld, March 19, 2023, <https://www.republicworld.com/world-news/rest-of-the-world-news/coca-cola-continues-to-remain-top-seller-in-russia-despite-withdrawal-report-articleshow.html> (accessed July 18, 2023).

<sup>19</sup> 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).

6. Considering its significant position in the Russian economy, Coca-Cola HBC is also a significant taxpayer in Russia. Some sources show that Coca-Cola HBC paid ₺2.9bn in profit tax in Russia in 2022, which is an increase from ₺2.5bn in 2021. Likewise, sources indicate an increase in assets from \$495mn in 2021 to \$596mn in 2022. This could make the company indirectly involved in financing Russian aggression since corporate taxes make up a significant proportion of Russia's GDP. Therefore, taxes paid by companies who stay in Russia indirectly contribute to the war. **How much tax has Coca-Cola HBC paid in Russia in 2022 and 2023? How does Coca-Cola HBC reconcile these figures with its statements that it intends to run much smaller operations in Russia?**
7. While Multon Partners refocused its operations on local brands, drinks such as Dobry Cola bear an astounding resemblance to the original Coca-Cola drink. The Coca-Cola brand and name is arguably one of the most recognisable brands in the world. By choosing to continue operating in Russia, the company inadvertently grants the regime a sense of legitimacy and approval. By leveraging the power and reputation of its brand, Coca-Cola HBC indirectly expresses support for the regime's actions, which could be interpreted as condoning the war. The continued presence of Coca-Cola HBC and its brands in the Russian market creates a perceived association between the company and its widely known brands and the Russian government, which may not align with the values of its customers. **How is Coca-Cola HBC ensuring that it does not align itself and the names of its brands with the war and the Putin regime?**
8. In time when the world is condemning the aggressive and illegal war Russia is waging against Ukraine, Coca-Cola HBC refers to the war as a "geopolitical crisis." **Is Coca-Cola HBC willing to publicly condemn the war against Ukraine?**
9. Other companies have faced legal, administrative, and ethical challenges and still committed to, and exited, Russia. Coca-Cola HBC has decided to stay in the country, even after over one year since the start of the war, over 95,000 reported war crimes, over 24,000 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 Coca-Cola HBC considered fully exiting Russia so as not to be even indirectly or remotely associated with these crimes?**

We request an urgent dialogue with Coca-Cola HBC'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](mailto:contact@b4ukraine.org) to schedule a call. We kindly ask for your response by 5:00pm CET, August 2<sup>nd</sup>, 2023.

Sincerely,

The B4Ukraine Coalition