

METAPRINT RESPONSE 25/09/2023

Dear B4Ukraine Coalition,

Thank you for contacting us.

In your letter the information about Metaprint transactions in Russia is taken from Estonian media. With great regret I have to admit, that it has very limited to do with real life. The true situation is far different.

Right from the beginning of war in Ukraine we stopped all our investments in Russia. It includes the development of industrial park in St. Petersburg area, also construction of new production site there. From that point onwards, NO development activities were accepted by the management of the company. It is all abandoned. Also, we put in sales our project in Moscow area, but we can't do the transaction as it is waiting the decision of the special committee. As you know, the queue in such a committee is measured by years. It all brought us significant financial losses, but considering the terrifying activities of Russian army in Ukraine, this is the price we are willing to pay from our side.

Above mention steps are not the only ones taken - we are actively working towards the exit from Russian market. From the moment war broke up, we managed to cut the production in our Russian plant 24%, despite of the fact that frame contracts for 2022 were in place before tragic event started. Till now in this year another 40% cut in production in our St. Petersburg plant happen. We are clearly moving towards the end in our activities in Russia.

You must understand that we as a company made very clear decision – we do not leave our capital in hands of unfriendly neighbor and we try to return as much our belongings as possible. We are convinced that our money in hands of Russian government will not earn the interests of Ukrainian people.

We wish you all the best in your activities, but you must be careful when blaming your allies, it might work against your interests. Considering current circumstances we understand, that the turmoil created by Estonian media by desperately trying to take down our Prime Minister has impacted your ability to evaluate the facts. Mrs. Kaja Kallas has been one of the greatest supporters of your country and it would be sad if you become a tool in hands of Estonian opposition.

Martti Lemendik

CEO

Metaprint AS

Martti Lemendik
Chief Executive Officer
Metaprint AS
Tallinn, Suur-Sõjamäe 30,
Estonia

September 11, 2023

RE: Metaprint's business operations in Russia

Dear Mr. Lemendik,

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 Metaprint'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 notify Metaprint 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 18 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 26,000 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.¹

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->

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.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 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.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 Companies face the rising risk of criminal liability for complicity in

[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).

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 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 courts⁵ outside Russia under the doctrine of "universal jurisdiction."⁶

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.

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 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.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.

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

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

⁵ For example, the French company Lafarge is charged for complicity in war crimes and crimes against humanity in Syria (will properly link later).

⁶ 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).

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 8).

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).

¹² 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).

aggressor state and the introduced sanctions restrictions, continue to cooperate with it.”¹³ 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 39 companies on the list, with NACP noting that the list consists of “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.”¹⁴

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 war¹⁵ many other companies have already left Russia. According to the Kyiv School of Economics Institute's #LeaveRussia [company tracker](#), Metaprint has decided to scale back some of its operations in Russia, while continuing others.

On August 23, Estonian media published an investigation into Metaprint's business with Russia, showing that the company exported \$17 million worth of goods between the end of February and November 2022.¹⁶ The following day, the CEO of the company confirmed that the company exported €30 million worth of goods to Russia from February 24, 2022, to August 24, 2023.¹⁷

We understand that one of the reasons for continued exports to Russia, as clarified by Metaprint's CEO is: “A suspension of deliveries to contractors would have been immediately followed by a suspension of debt service to contractors. If we had done so, we would have just given such an amount of capital [approximately €10 million] to the Russian economy [...] Clearly, this strategy is becoming unsuitable in the context of current events.”¹⁸

- **Which stakeholders has Metaprint engaged with in determining its policies and the decision to stay in the market?**
- **Has Metaprint 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 its products in Russia?**
- **Which due diligence and KYC mechanisms has Metaprint used in order to secure its compliance with relevant human rights guidelines and regulations?**

¹³ NACP, “International Sponsors of War,” <https://sanctions.nazk.gov.ua/en/boycott/> (accessed February 6, 2023).

¹⁴ 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).

¹⁵ 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.”

¹⁶ ERR, “Daily: Metaprint sold \$17 million worth of goods to Russia during war,” August 23, 2023, <https://news.err.ee/1609074083/daily-metaprint-sold-17-million-worth-of-goods-to-russia-during-war> (accessed September 9, 2023).

¹⁷ Karin Koppel, Merilin Pärli, “Metaprint sold to Russian market €30m worth of goods after war started,” ERR, August 24, 2023, <https://news.err.ee/1609075841/metaprint-sold-to-russian-market-30m-worth-of-goods-after-war-started> (accessed September 9, 2023).

¹⁸ Ibid.

One of the issues raised in the report centred around the potential breach of sanctions in exporting “electrolytically coated tinplate or packaging steel,” which was included in the sanctions package from March 27, 2023. Customs data shows that Metaprint’s last dispatch was on March 23, 2023.¹⁹ Therefore, Metaprint’s actions may be in compliance with sanctions. However, while compliance with sanctions is essential and obligatory, it should not be confused with fulfilling a company’s obligation under the international 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. The issue is further exacerbated by the allegations that the company’s products have been apparently used for tear gas used to suppress demonstrations in Russia and Belarus,²⁰ with a Belarus-based Metaprint client boasting that “Law enforcement officers of Russia and Belarus appreciated our tear gas!”²¹

- **How is Metaprint ensuring its compliance with the UNGPs, the OECD guidance, and other internationally recognised standards on business and human rights?**
- **Does Metaprint 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?**
- **How has Metaprint practised due diligence in preventing the direct supply of its products to the Russian military?**
- **Does Metaprint 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?**

We understand that Metaprint has obligations towards its employees in Russia. These obligations are laid out under the UNGPs and in the wider international human rights legal and regulatory framework. As reported by the media, Metaprint’s Russian factory was “essentially shut down” last spring. However, Metaprint confirms that it has 40 employees working as technical and administrative staff in Russia.²² Moreover, the company’s factory allegedly saw a revenue increase to 1,8 billion roubles in 2022.²³ The company recently stated that it does not “see a chance of winding down in a way that would not entail the authorities repressing Russian factory management.”²⁴

- **Can Metaprint clarify how it is working to minimise the risks and impacts to its employees?**
- **Can Metaprint clarify its human rights due diligence processes which led to the decision of continued operations?**
- **Can the company confirm whether it has observed its obligations under the internationally accepted standards on business and human rights, and specifically if Metaprint has continually**

¹⁹ Squeezing Putin, “Estonia Exports into Russia,” <https://squeezingputin.com/support.html#Estonias5Sep23> (accessed September 9, 2023).

²⁰ Martin Laine, “From wood to red: who are Metaprint's business partners in Russia?” August 28, 2023, <https://epl.delfi.ee/artikkel/120227468/puust-ja-punaseks-kes-on-metaprinti-aripartnerid-venemaal> (accessed September 9, 2023).

²¹ Holod, “Journalists have found a connection between the business of the husband of the Estonian Prime Minister and the dispersal of protest rallies in Russia and Belarus,” August 30, 2023, <https://holod.media/2023/08/30/stark-prtotesty/> (accessed September 9, 2023).

²² Koppel (n 17).

²³ ERR, “Reinsalu: Metaprint supplies essential raw materials to Russia,” August 24, 2023, <https://news.err.ee/1609075709/reinsalu-metaprint-supplies-essential-raw-materials-to-russia> (accessed September 9, 2023).

²⁴ Ibid.

weighed the human rights impacts of remaining in the Russian market as compared to withdrawing, utilised its leverage to mitigate and remediate human rights harms, consulted with affected rights-holders, and develop an exit strategy should disengagement be required?²⁵

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

Considering its ongoing business operations in the Russian market, Metaprint could be indirectly involved in financing Russian aggression since corporate taxes are estimated to make up a significant proportion of Russia's GDP.

- **How much tax has Metaprint paid in Russia in 2022 and 2023?**

Other companies have faced legal, administrative, and ethical challenges and still committed to, and exited, Russia. Metaprint has decided to continue operations with the country, even after over one year since the start of the war, over 100,000 reported war crimes, over 26,000 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 Metaprint considered fully exiting Russia so as not to be even indirectly or remotely associated with these crimes?**

We request an urgent dialogue with Metaprint'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, September 25th, 2023.

Sincerely,

The B4Ukraine Coalition

²⁵ United Nations Guiding Principles on Business and Human rights, "Guiding Principle 17," <https://globalnaps.org/ungp/guiding-principle-17/> (accessed September 9, 2023).