## B4Ukraine

Franco Gussalli Beretta Presient and Chief Executive Officer Fabbrica d'Armi Pietro Beretta SpA Via P. Beretta 18 Gardone Val Trompia Lombardia 25063 Italy

Pietro Gussalli Beretta President Beretta Holding S.A. 9, Rue Ste Zithe, L-2763 Luxembourg City Grand Duchy of Luxemburg

February 09, 2024

## RE: Fabbrica d'Armi Pietro Beretta SpA and Beretta Holding S.A. (Beretta) business operations in Russia

Dear Mr. Beretta and Mr. Beretta,

We write to you as <u>B4Ukraine</u>, 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 Beretta'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 urge Beretta to:

- Immediately cease operations with 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 almost 2 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 27,500 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 still conducting business with the country.

In response to this unprovoked and unjustified war<sup>2</sup> many other companies have already left Russia. According to the Kyiv School of Economics Institute's #LeaveRussia <u>company tracker</u>, Beretta has decided to stay and continue its operations with Russia.

A recent report by IRPI Media and The Insider discovered that Beretta has continued supplying weapons to Russia through third party intermediaries even after the start of the full-scale invasion of Ukraine in February 2022 and despite the international sanctions imposed on the country.<sup>3</sup> The report details that 6,254 rifles and pistols and 1,107,600 cartridges manufactured in Italy or owned by Italian brands arrived in Russia after the start of the full-scale invasion.

Beretta has allegedly triangulated and continued supplying weapons to Russia through third countries. While this is technically not in breach of sanctions, continued exports of weapons to a country waging illegal and aggressive warfare on its democratic and sovereign neighbour is both legally and ethically problematic. The EU sanctions specify that it is forbidden to sell, supply, transfer, or export firearms, along with their components and essential parts, as well as ammunition to Russia. This prohibition applies even to items intended for civilian use. As per the Beretta Code of Ethics, the company pledges:

"The scrupulous observance of all the laws, regulations, administrative measures, and, more generally, all legislative measures which may be directly applicable to the Company activity or that have a more general application. The pursuit of one's own legitimate interests can never justify conduct contrary to the principles of legality, fairness and honesty."<sup>4</sup>

The report suggests that the weapons supplied included hunting firearms, as well as military rifles and pistols. Among these firearms is the Beretta 92FS semi-automatic pistol chambered in 9mm Parabellum, which is used by both Italian and Russian armed forces.

Beretta's business connections with the Russian market are further reinforced through its distribution and importing partners. Beretta Holding SA owns 57.95% shares with its official Russian

<sup>&</sup>lt;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, <u>https://www.icc-cpi.int/news/situation-ukraine-icc-judges-issue-arrest-warrants-against-vladimir-vladimirovich-putin-and</u> (accessed March 22, 2023).

<sup>&</sup>lt;sup>2</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>&</sup>lt;sup>3</sup> Edward Senior and Sergey Panov, "Italian weapons still go to Russia, despite the embargo," *IRPI Media*, February 07, 2024, <u>https://irpimedia.irpi.eu/armi-beretta-russia-societa-mikhail-khubutia-sanzioni/</u> ( accessed February 09, 2024).

<sup>&</sup>lt;sup>4</sup> Fabbrica d'Armi Pietro Beretta S.p.A., "Code of Ethics," March 29, 2023, <u>https://www.beretta.com/en-gb/privacy/official-code-of-ethics</u> (accessed February 09, 2024).

distributor, Russkiy Orel.<sup>5</sup> As stated in the report, Russkiy Orel continues to be a significant importer of Beretta goods, largely circumventing sanctions through Turkish intermediaries.<sup>6</sup>

The supply of deadly weaponry, even when intended for hunting purposes, serves to bolster the resources of the aggressor country. Additionally, Russian media has reported instances of Russian forces attaching hunting sights manufactured in China and the United States to their rifles, demonstrating that civilian market components can also be repurposed for military use.<sup>7</sup>

In light of this information, we would like to pose the following questions to Beretta:

- Can Beretta comment on its continued provision of weapons and ammunition to Russia, particularly in light of the full-scale invasion of Ukraine and the reinforcement of Russia's capacity to wage an illegal war against Ukraine?
- Can Beretta elaborate on its awareness of the company's material contribution to the Russian war machine?
- In what ways is Beretta ensuring that its business activities align with the international sanctions regime, the international human rights and humanitarian legal frameworks, and broader corporate responsibility and ethical considerations?
- Has Beretta conducted comprehensive human rights due diligence, specifically considering the context of the conflict in Ukraine, to assess the company's human rights impacts?
- Does Beretta have mechanisms in place to trace the destination and use of its products once they leave its facilities?
- Can Beretta provide information on any human rights risk assessments or heightened human rights due diligence mechanisms conducted specifically in relation to its dealings with Russia?
- What steps has Beretta taken to ensure that its operations do not contribute to human rights violations, including those perpetrated by the Russian armed forces?
- How does Beretta reconcile its commitments expressed in the company's Code of Ethics with its decision to continue supplying weapons to a country engaged in aggressive warfare?

Other companies have faced legal, administrative, and ethical challenges and still committed to, and completely exited, Russia. Beretta has decided to continue supplying weapons to the country, even after almost 2 years of war, over 100,000 reported war crimes, over 27,500 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 Beretta considered fully ceasing its business operations with Russia so as not to be even indirectly or remotely associated with these crimes?

We request an urgent dialogue with Beretta'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 <u>contact@b4ukraine.org</u> to schedule a call. We kindly ask for your response by 5:00pm CET, February 23, 2023.

Please note that this letter and any response received will be published on the B4Ukraine webpages. In case Beretta wishes to proceed with the proposed meeting, any such meeting will be held under Chatham House rules.

<sup>&</sup>lt;sup>5</sup> Russiky Orel, <u>https://www.russianeagle.ru/about/</u> (accessed February 09, 2024).

<sup>&</sup>lt;sup>6</sup> Senior and Panov (n 3).

<sup>&</sup>lt;sup>7</sup> Stanislav Pohorilov, "Russians import hunting scopes to be used in war against Ukraine," *Ukrainska Pravda*, December 26, 2023, <u>https://www.pravda.com.ua/eng/news/2023/12/26/7434639/</u> (accessed February 09, 2024).

Sincerely,

The B4Ukraine Coalition