

Yin Tongyue
Chairman and Chief Executive Officer
Chery Automobile Co.,Ltd.
No. 8, Changchun Road,
Economic & Technology Development Zone,
Wuhu, Anhui, 241009
China

August 1, 2024

RE: Opportunity to Respond; Chery Automobile's business operations in Russia

Dear Mr. Tongyue and Chery Automobile Leadership Team,

We write to you as [B4Ukraine](#), a coalition of Ukrainian and international civil society organizations working to curtail the financial resources enabling the Russian invasion of Ukraine. In the spirit of respect for the fundamental rights of all people, the rules-based international order, and a prosperous global economy, we expect companies to demonstrate public support for the people, democracy, and territorial integrity of Ukraine, opposition to Russia's war of aggression, and alignment with the UN Guiding Principles on Business and Human Rights (UNGPs).

B4Ukraine, in collaboration with the Kyiv School of Economics, is planning to publish a report containing information regarding company financial contributions in Russia. We are writing to formally enquire whether the following information is correct:

- **Data shows that Chery Automobile paid \$222 million in profit tax to Russia in 2023.¹**
- **In 2022, Chery Automobile paid \$92 million in profit tax to Russia.**
- **This data indicates that Chery Automobile is among the top foreign companies contributing profit taxes in Russia in 2023.**

Additionally, we would welcome your clarification on the following questions:

- **What was the company's total revenue in Russia for the year 2023?**
- **What was the total amount of tax the company paid in Russia in 2023?**

We would appreciate it if you could confirm the accuracy of this information or provide corrections if necessary, along with any supporting documents. Additionally, we would welcome any context or comments Chery Automobile wishes to provide regarding these figures and its operations in Russia.

We are providing you with an **opportunity to respond** concerning the facts we wish to present. We will be awaiting a response from you by **August 15, 2024**. If we don't receive a response from you, we will indicate this in our publication.

¹ Data on profit tax data was taken from the Federal Tax Service of Russia.

Moreover, we would like to remind Chery Automobile of an expanding universe of financial, legal, reputational, and human rights risks the company is facing while continuing its operations in Russia.

On September 21, 2022, 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.

With legislation introducing partial mobilisation, nationalisation, and potentially martial law in Russia, it is highly likely that corporations will be unable to prevent or mitigate negative human rights impacts, an obligation imposed on companies by the United Nations Guiding Principles on Business and Human Rights. As such, continuing to conduct business in Russia entails significant legal risks for companies, including potential civil and criminal liability under comprehensive sanctions regimes and recent international jurisprudence holding corporations and their officers responsible for human rights abuses abroad.³ Companies face the rising risk of criminal liability for complicity in international crimes, which can be prosecuted by domestic courts outside Russia under the doctrine of “universal jurisdiction.”⁴

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 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).

⁴ 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).

It has been over two years since Russia invaded Ukraine and the devastating impacts continue to shock the global conscience and shake the global economy. Russia is violating international humanitarian law (IHL), including war crimes and crimes against humanity, through attacks on civilians and civilian infrastructure (e.g., mass executions, sexual violence, torture, forcible transfer of civilians). More than 30,000 Ukrainian civilians have been killed and injured and millions more have been forced to flee their homes, creating one of the largest humanitarian and refugee crises of modern times. In recognition of the severity of abuses, in March 2023 the International Criminal Court issued an arrest warrant for Vladimir Putin to answer war crimes charges.⁵

In response to this unprovoked and unjustified war⁶ many other companies have already left Russia. According to the Kyiv School of Economics Institute's #LeaveRussia [company tracker](#), Chery Automobile has decided to stay and continue its business operations in Russia.

On March 31, 2024, Chery Automobile joined the United Nations Global Compact, pledging to support its Ten Principles.⁷ This includes respecting the first two principles which state that “businesses should support and respect the protection of internationally proclaimed human rights and make sure that they are not complicit in human rights abuses.” Yet, Chery Automobile’s continued operations in Russia risk enabling and financing Russia’s violations of international humanitarian and human rights law during the ongoing invasion and occupation of Ukraine.

As you are aware, almost all European, American and Korean brands have suspended direct car deliveries to Russia.⁸ In contrast, Chery Automobile has introduced new vehicle models in the country and became one of the top sellers of passenger cars in Russia shortly after the full-scale invasion of Ukraine.⁹ In 2023, Chery became the leader in sales with a result of 118,950 cars, in what the Moscow Times described as an “an aggressive expansion into the Russian market” driven by offering significant discounts.¹⁰

In June 2024, it was reported that the former Mercedes plant in Esipovo, near Moscow, which was transferred to Avtodom, will assemble premium cars for Chery under a contract assembly agreement. According to Kommersant, serial assembly of the Exceed brand (owned by Chery), starting with the VX model, will begin in July, with the first batch reaching dealers in August.¹¹

⁵ 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).

⁶ 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.”

⁷ United Nations Global Compact, “Chery Automobile Co.,Ltd,” <https://unglobalcompact.org/what-is-gc/participants/163394-Chery-Automobile-Co-Ltd-> (accessed July 22, 2024).

⁸ Ria Novosti, “Russian car dealers told how many brands are left on the market,” December 09, 2022, <https://ria.ru/20221209/brendy-1837364309.html> (accessed July 22, 2024).

⁹ Michelle Toh, “Chinese brands have replaced iPhones and Hyundai in Russia’s war economy,” *CNN*, February 25, 2023, <https://edition.cnn.com/2023/02/25/business/russia-chinese-brands-sales-surge-ukraine-war-intl-hnk/index.html> (accessed July 22, 2024).

¹⁰ The Moscow Times, “Chinese Attack AvtoVAZ with Huge Discounts,” March 26, 2024, <https://www.moscowtimes.ru/2024/03/26/kitaitsi-atakyut-avtovaz-ogromnimi-skidkami-a125806> (accessed July 22, 2024).

¹¹ Kommersant, “Chery parks in Moscow region,” June 24, 2024, <https://www.kommersant.ru/doc/6788858> (accessed July 22, 2024).

Considering the aforementioned risks and the company's increasing presence in Russia, we would like to pose the following questions to Chery Automobile:

1. How does Chery Automobile comment on any inconsistencies between its membership in the UN Global Compact and its ongoing operations in Russia?
2. Has Chery Automobile 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 goods and services within Russia?
3. Does Chery Automobile 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?
4. 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 Chery Automobile received any such requests, and if so, how has the company responded to them? What is Chery Automobile doing to safeguard its employees from mobilisation? Have any of your employees been mobilised and, if so, what was Chery Automobile's role in the process?
5. How is Chery Automobile ensuring that it does not align itself and the names of its brands with the war and the Putin regime?
6. How is Chery Automobile ensuring that its practices are in compliance with the UNGPs, the OECD guidance, and other internationally recognised standards on business and human rights?
7. Considering these developments and the rising number of reported human rights abuses and war crimes, has Chery Automobile considered fully exiting Russia so as not to be even indirectly or remotely associated with these crimes?

B4Ukraine maintains high standards of information verification before publishing. As your enterprise is acknowledged worldwide, we draw your attention to Principle 17 of the United Nations Guiding Principles on Business and Human Rights, which urges companies to conduct human rights due diligence in cases of actual and potential human rights impacts. This includes communicating how impacts are being addressed with relevant stakeholders.

As mentioned above, we will be awaiting your response by August 15, 2024. If we don't receive a response from you, we will indicate this in our publication. Please respond to the B4Ukraine Coalition at contact@b4ukraine.org.

Furthermore, if representatives from Chery Automobile wish to discuss the aforementioned concerns in more detail, we are open to scheduling an online call. Any such meeting would be held under Chatham House rules.

Please note that this letter and any response provided by Chery Automobile will be published on B4Ukraine webpages.

Sincerely,

The B4Ukraine Coalition