February 6, 2023

RE: Claas’ business operations in Russia

Dear Mr. Böck,

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 Claas’ stated policies on Russian aggression and human rights more broadly and the company’s ongoing business operations and relationships in Russia that may contribute to, or be linked with, human rights harms.

We acknowledge Claas’ stated commitment to human rights. We assume Claas is also covered by the German Act on Corporate Due Diligence in Supply Chains (LkSG), which applies to all German companies with 3,000 or more employees from January 2023 on. As you may well be aware of, it obliges these companies to conduct due diligence on human rights and environmental risks and harms in their supply chains including “…all products and services of an enterprise [and] all steps in Germany and abroad that are necessary to produce the products and provide the services[...].”

It has been almost 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 18,000 Ukrainians 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.

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.\textsuperscript{1} 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.

This legislation entails new and significant legal risks for companies remaining in Russia, 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.\textsuperscript{2} Companies may be exposed to financially material risks through operational restrictions, such as limitations of future government contracts.\textsuperscript{3}

In response to this unprovoked and unjustified war\textsuperscript{4} many companies have left Russia. According to the Kyiv School of Economics Institute's \#LeaveRussia database, Claas has remained in the Russian market. The database lists Claas as one of the remaining top 100 revenue generating companies in Russia, with 2195 staff, a plant in Krasnodar & an office in Moscow. 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 and violating Fortum's human rights commitments. It remains to be seen how directly Claas will be impacted by the partial mobilisation and the heightened legal, regulatory, operational, and financial risks associated with companies being required to provide direct support to the internationally sanctioned Russian military.


\textsuperscript{4} 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.”
Furthermore, the German Magazin “Zeit” uncovered that the Claas Group has a plan to circumvent sanctions to deliver spare parts for agricultural vehicles to Russia since those components have dual use capabilities. If substantiated, this is a serious allegation, not only as a potential violation of EU sanctions, but also as an act of complicity with war crimes under international humanitarian law.  

We seek to understand the status of Claas’ exposure to Russia and how Claas has conducted and continues to conduct heightened human rights due diligence and ensured compliance with all legal sanctions on Russia.

In consideration of the above points and B4Ukraine’s Declaration, we request an urgent dialogue with Fortum’s relevant senior management and staff to discuss the company’s ongoing activities and relationships in Russia, associated risks to the people of Ukraine and the company, and potential steps to prevent/mitigate these risks. Please contact B4Ukraine at contact@b4ukraine.org to schedule a call. We kindly ask for your response by 5:00pm CET, February 20th, 2023.

Sincerely,

The B4Ukraine Coalition