

## Letter Regarding Daimler Trucks in the Russian Market

Howe, Joerg (001) <joerg.howe@daimlertruck.com> To: Business for Ukraine <contact@b4ukraine.org>

Dear B4Ukraine-Coalition,

Thank you for you enquiry and your letter.

6 December 2024 at 18:05

In February 2022, immediately after Russia began its aggressive war against Ukraine, we decided to discontinue all business activities in and with Russia. This includes the suspension of vehicle, parts and spare parts deliveries to Russia and the withdrawal from the Chelny plant. In addition, we have also withdrawn all employees from Russia. After obtaining all necessary approvals, the joint venture Daimler KAMAZ RUS (DK RUS) was terminated and Daimler KAMAZ Truck Holding (DKTH) was liquidated. Since then, Daimler Truck AG has also been legally separated from its former truck business in the Russian Federation. We have implemented comprehensive measures within the Group to prevent the illegal export of vehicles or vehicle parts to Russia. In addition, we are constantly reviewing the extent to which further measures are necessary. We have also repeatedly pointed out to our business partners that further deliveries of Daimler Truck products to Russia will not be accepted and that we reserve the right to take appropriate actions in the event of potential solutions and knowledge of possible transactions. We are continuously monitoring the situation regarding potential sanctions circumventions and are following up on all relevant indications.

Kind regards

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Karin Rådström Chief Executive Officer Daimler Truck Holding AG Fasanenweg 10 70771 Leinfelden-Echterdingen

December 04, 2024

Dear Ms. Rådström and the Daimler Truck Leadership Team,

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 are writing to express our concern regarding the presence of Daimler trucks in the Russian market, particularly in light of the critical role that trucks play in military logistics and the ongoing war in Ukraine.

It has been over two and a half 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.<sup>1</sup>

Research conducted by Corisk based on data from the Russian Customs Agency, reveals that Russian imports of trucks produced in Germany have increased since 2022, with Daimler emerging as the leading Western producer supplying this market.<sup>2</sup> According to the Corisk research, on June 15, 2024, 946 Daimler trucks were listed for sale on a prominent Russian truck sales platform. Daimler's joint ventures in China further strengthen its position as a key Western supplier to the Russian market. In brief, despite international sanctions, Daimler trucks have become increasingly available in Russia.

We kindly urge Daimler to clarify its position on this matter and outline any steps being taken to ensure that its products are not used in ways that contribute to Russia's aggressive war in Ukraine. We trust that Daimler, as a global leader, shares the values of accountability and commitment to ethical and responsible business practices.

<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> Von Konrad Schuller, "Der Russland-Boom der Mercedes-Laster," November 30, 2024, *Frankfurter Allgemeine*, <u>https://www.faz.net/aktuell/politik/krieg-gegen-die-ukraine-der-russland-boom-der-mercedes-laster-110142587.html</u> (accessed December 12, 2024).

As you are aware, companies have a responsibility to respect human rights.<sup>3</sup> In order to do this, businesses must have policies and processes in place to meet their responsibilities to respect human rights, including conducting robust human rights due diligence. As stated in Article 18 of the UNGPs<sup>4</sup>, in order to gauge human rights risks, business enterprises should identify and assess any adverse human rights impacts with which they may be involved either through their own activities or as a result of their business relationship. The context of conflict may increase the risks of enterprises being complicit in gross human rights abuses committed by other actors. As clarified by the UNGPs, businesses should treat this risk as a legal compliance issue "given the expanding web of potential corporate legal liability arising from extraterritorial civil claims, and from the incorporation of the provisions of the Rome Statute of the International Criminal Court in jurisdictions that provide for corporate criminal responsibility."<sup>5</sup>

Shortly after the start of the full-scale invasion, the Daimler's CEO stated: "In these dramatic weeks, our thoughts are with the people of Ukraine and we hope that this war will soon be over. Shortly after the war began, we decided to completely suspend our business in Russia until further notice. At the same time, we are supporting charitable organizations in Ukraine aid as well as numerous private initiatives by our employees, for which I would like to express my sincere thanks."<sup>6</sup> Following the full-scale invasion, Daimler Truck suspended its business in Russia, saying that no more trucks will be built under Daimler's joint partnership with Kamaz, and no more components will be supplied to it, adding that the company will comply with all measures taken by the German government and the EU.<sup>7</sup> Daimler later sold its 15% stake in Kamaz.<sup>8</sup>

We acknowledge that Daimler Truck has indeed attempted to show solidarity with the Ukrainian people and donated one million euros to the United Nations Children's Fund (UNICEF) as emergency aid, as well as provided trucks and buses for various aid transports and transportation of refugees.<sup>9</sup> On the second anniversary of the war, Daimler donated 700,000 euros will go to UNICEF, the United Nations Children's Fund, and 300,000 euros to the German Red Cross (DRK).<sup>10</sup> While donations to Ukrainian people are welcomed, no amount of humanitarian contribution offsets ongoing business operations with the Russian state and military. Moreover, active contributors to the aggressor's economy and military actively advance the destruction of Ukrainian infrastructure, displacement of

<sup>8</sup> Interfax, "Daimler Truck sells its 15% stake in Kamaz – paper," February 15, 2024,

<sup>&</sup>lt;sup>3</sup> United Nations Guiding Principles on Business and Human right: Implementing the United Nations 'Protect, Respect, and Remedy' Framework,

https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr\_en.pdf (accessed December 4, 2024).

<sup>&</sup>lt;sup>4</sup> Ibid.

<sup>&</sup>lt;sup>5</sup> Ibid.

<sup>&</sup>lt;sup>6</sup> Daimler Truck, "Daimler Truck significantly increases sales, revenue and earnings in 2021 and remains on track with financial ambitions," March 24, 2022,

https://www.daimlertruck.com/newsroom/pressemitteilung/daimler-truck-steigert-2021-absatz-umsatz-undergebnis-deutlich-bleibt-bei-finanziellen-ambitionen-weiter-auf-kurs-51904492 (accessed November 23, 2024).

<sup>&</sup>lt;sup>7</sup> Reuters, "Daimler Truck suspends business activities in Russia," February 28, 2022,

https://www.reuters.com/business/autos-transportation/daimler-truck-suspends-business-activities-russia-2022-02-28/ (accessed November 23, 2024).

https://interfax.com/newsroom/top-stories/99479/ (accessed November 23, 2024).

<sup>&</sup>lt;sup>9</sup> Daimler Truck, "Daimler Truck supports Ukrainian population," April 1, 2022,

<sup>&</sup>lt;u>https://www.daimlertruck.com/newsroom/pressemitteilung/daimler-truck-unterstuetzt-ukrainische-</u> <u>bevoelkerung-51910750</u> (accessed November 23, 2024).

<sup>&</sup>lt;sup>10</sup> Daimler Truck, "Further humanitarian aid: Daimler Truck donates another million euros for the people of Ukraine," February 23, 2024, <u>https://www.daimlertruck.com/newsroom/pressemitteilung/weitere-humanitaere-hilfe-daimler-truck-spendet-erneut-eine-million-euro-fuer-die-menschen-in-der-ukraine-52595242</u> (accessed November 23, 2024).

people, and a growing number of Ukrainian casualties and civilian deaths. As noted in the UNGPs, business enterprises may undertake other commitments or activities to support and promote human rights, which may contribute to the enjoyment of rights, but this does not offset a failure to respect human rights throughout their operations.

Daimler Truck states on the company websites: "We are convinced that only those who act on the basis of strong values and in a legally responsible manner will remain successful in the long term. Compliance with rules and a corresponding compliance culture are therefore very important to us. Compliance and responsible corporate governance correspond to our understanding of sustainable business."<sup>11</sup> The company further states that responsible corporate governance, compliance and ESG risk management, and clear, transparent reporting are three areas of particular importance.

While at this point, we are not claiming that the company breached sanctions Daimler's continued business links to the Russian military sector are undoubtedly contradictory to the company's statements and principles regarding respect for human rights, as well as CSR and ESG more broadly. Furthermore, we would like to remind Daimler Truck that sanctions compliance is complementary to, but distinct from, a business' responsibility to respect human rights as described under the United Nations Guiding Principles on Business and Human Rights, the OECD Guidelines, the UNDP Guide on Heightened Human Rights Due Diligence for Business in Conflict-Affected Contexts, as well as the broader business and human rights framework or responsible and ethical business conduct.

Accordingly, we would like to pose the following questions:

- Can Daimler Truck comment on potential sanction breaches stemming from the alleged ongoing imports of its trucks into Russia?
- What supervisory mechanisms and supply chain due diligence has Daimler implemented to fulfil the obligation of adapting company behaviour to recognise, prevent, and stop sanction circumventions from happening?
- Can Daimler Truck provide insight into the specific heightened human rights due diligence process undertaken regarding the ongoing presence of its trucks in Russia?
- Can Daimler Truck clarify its mechanisms for ensuring that its business practices consistently align with its stated commitments to human rights, CSR, and ethical conduct, especially in contexts of severe human rights violations?
- Is Daimler Truck concerned that maintaining this business relationship could negatively impact its ESG score and result in significant reputational risks?

In consideration of the above points, we kindly request a dialogue with the Daimler Truck's relevant senior management and staff to discuss ongoing activities and relationships in Russia and associated risks to the people of Ukraine. Should you wish to join the proposed meeting, 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, December 18, 2024.

<sup>&</sup>lt;sup>11</sup> Daimler Truck, "Responsible Corporate Governance," <u>https://www.daimlertruck.com/nachhaltigkeit/g-governance</u> (accessed November 23, 2024).

Please note that this letter and any response provided, or lack thereof, will be published on the B4Ukraine webpages. In case you would like to join the proposed call, any such meeting will be held under Chatham House Rules.

Sincerely,

The B4Ukraine Coalition