

Request for a meeting with METRO regarding business operations in Russia

Brockmeyer, Illa <illa.brockmeyer@metro.de>

Mon, Mar
20,
11:02 AM

to me, Ivonne

Dear B4Ukraine team,

I am contacting you regarding your email sent to METRO AG on March 10. We would like to offer you a personal exchange with Ivonne Bollow, Senior Vice President Corporate Responsibility and Public Policy. As Head of EU and International Affairs I would also participate.

In terms of possible time-slots I can offer you this Thursday, March 23 between 11:30 am and 3 pm or one week later on Friday, March 31 between 11 am and 12 pm or in the afternoon between 1 pm and 3 pm.

Looking forward to hearing from you.

Kind regards,
Illa

Dr. Steffen Greubel
Chairman of the Management Board
METRO AG
Metro-Straße 1
40235 Düsseldorf
Germany

RE: METRO AG's business operations in Russia

March 10, 2023

Dear Dr. Greubel,

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. We expect companies to demonstrate opposition to Russia's war of aggression, public support for the people, democracy, and territorial integrity of Ukraine, and alignment with the UN Guiding Principles on Business and Human Rights (UNGPs). At stake is not only the sovereignty and territorial integrity of a democratic Ukraine, but also the continuity of the rules-based international order and the prosperity of the global economy.

We request an urgent dialogue regarding potential inconsistencies between METRO AG's stated policies on human rights and the company's ongoing business operations and relationships in Russia that may contribute to, or be linked with, human rights harms.

We recognize METRO's commitment to human rights. We assume that METRO is also covered by the German law on corporate due diligence in supply chains (LkSG), which will apply to all German companies with more than 3,000 employees from January 20, 2023. As you know, this law obliges these companies to conduct due diligence regarding human rights and environmental risks and harms in their supply chains, including "all products and services of a company [and] all steps in Germany and abroad that are required to manufacture the products and provide the services [...]."

We acknowledge that METRO AG (METRO) has policies in place to guide the company toward ethical behaviour. According to METRO, the company stands strong for ensuring Human Rights within its own operations and its value chain, "to ensure our customers know that we care about people as much as they do."¹ METRO reinforces this approach and its stated commitment to human rights with its Principles for Human Rights. According to the company:

"The respect of Human Rights is a fundamental value of METRO. We are committed to respecting all Human Rights, as articulated in the Universal Declaration of Human Rights and the Declaration on Fundamental Principles and Rights at Work by the International Labour Organization (ILO). This commitment relates to our own employees as well as to our business relations within our value chain. We are signatory of the United Nations (UN)

¹ METRO AG, "Human Rights," <https://responsibility.METROag.de/esg-priorities/ethics-and-trust/human-rights> (accessed March 6, 2023).

Global Compact thus support the UN Guiding Principles on Business and Human Rights as well as the UN Sustainable Development Goals.”²

METRO’s commitment to human rights is further expressed in its Corporate Responsibility Reports, its ESG Priorities, and its Combined Non-Financial Statement.³

It has been over 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, and forcible transfer of civilians). More than 21,580 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 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.⁴ 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.⁵

² METRO AG, “Principles for Human Rights,” <https://responsibility.METROag.de/esg-priorities/ethics-and-trust/human-rights> (accessed March 7, 2023).

³ METRO AG, “Corporate Responsibility Report 2021/2022,” <https://reports.METROag.de/corporate-responsibility-report/2021-2022/assets/downloads/entire-METRO-crr2122.pdf> (accessed March 7, 2023); “ESG Priorities,” <https://reports.METROag.de/corporate-responsibility-report/2021-2022/METRO-sustainable/esg-priorities.html> (accessed March 7, 2023); “Combined Non-Financial Statement,” <https://reports.METROag.de/annual-report/2021-2022/combined-management-report/principles-of-the-group/combined-non-financial-statement/combined-non-financial-statement.html> (accessed March 7, 2023).

⁴ 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 January 2, 2022).

⁵ 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,” 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 January 2, 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 January 2, 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 January 2, 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 January 2, 2022); Sherpa, “Aiding and abetting war crimes in Yemen: Criminal complaint submitted against French arms companies,” June 2, 2022,

Companies may be exposed to financially material risks through operational restrictions, such as limitations of future government contracts.⁶

In response to this unprovoked and unjustified war⁷ many companies have left Russia. According to the Kyiv School of Economics Institute's (KSE) #LeaveRussia [company tracker](#), METRO has decided to stay and continue its operations in Russia.⁸ On March 11, 2022, METRO strongly condemned the war in Ukraine stating: "METRO AG condemns the Russian attack on Ukraine. Priority now is to support our colleagues on the ground and help the people in Ukraine as well as the refugees from Ukraine through concrete initiatives."⁹ However, in the same statement, METRO also announced that it would be continuing its Russian businesses.¹⁰ METRO's CEO, Dr. Steffen Greubel, also expressed his criticism of the war, noting: "METRO is proud of 3,400 fantastic employees in Ukraine and 10,000 equally highly committed employees in Russia."¹¹ Following this, METRO said that the workers in its Russian operations "have no personal responsibility for the aggression against Ukraine", and that it would seek to pay employees via international banks not affected by sanctions.¹²

The company continued to insist on keeping its Russian operations even after the appeal of METRO Ukraine's management on behalf of all its employees. METRO AG replied with a confirmation of its Russian operations, noting its reasoning: "10,000 employees in Russia will remain without work, and the sanctions imposed by the civilized world in response to Russian aggression should affect the country's leadership and its economy, and not on the population."¹³ Following, METRO AG reportedly threatened its Ukrainian office with disconnection from the supply of goods due to its pressure on the corporation to leave Russia.¹⁴

METRO has significant business operations in Russia, including 93 stores in 51 regions of the country, and in the 2020/2021 fiscal year (October 2020 – September 2021) its sales amounted to €2.4

<https://www.asso-sherpa.org/aiding-and-abetting-war-crimes-in-yemen-criminal-complaint-submitted-against-french-arms-companies> (accessed January 2, 2022).

⁶ 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 January 2, 2022).

⁷ 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."

⁸ KSE, Leave Russia, "METRO AG," <https://leave-russia.org/METRO-ag> (accessed March 7, 2023).

⁹ METRO AG, "Statement on war in Ukraine," March 11, 2022, <https://newsroom.METROag.de/en/news/2022/03/11/statement-on-war-in-ukraine> (accessed March 7, 2023).

¹⁰ Ibid.

¹¹ Dr Steffen Greubel, https://www.linkedin.com/posts/dr-steffen-greubel-61909355_westandwithukraine-nowar-activity-6903958215063592960-JrRJ/ (accessed March 7, 2023).

¹² Steve Wynne-Jones, "Wholesaler METRO Condemns Attack In Ukraine, Keeps Russian Operations Open," *ESM*, March 14, 2022, <https://www.esmmagazine.com/retail/wholesaler-METRO-condemns-attack-in-ukraine-keeps-russian-operations-open-166805> (accessed March 7, 2023).

¹³ Business Censor, "The German owner of the METRO network refused to stop work in Russia in response to the appeal of "METRO Ukraine," March 7, 2022, https://biz.censor.net/news/3322471/nimetskyyi_vlasnyk_mereji_METRO_vidmovyvsya_zupynyty_robotu_v_rosiyi_u_vidpovid_na_zaklyk_METRO_ukrayina (accessed March 7, 2023).

¹⁴ Dana Gordiychuk, "The German office of METRO threatened to stop the Ukrainian office due to the pressure to leave the Russian Federation," *Economic Truth*, March 18, 2022, <https://www.epravda.com.ua/news/2022/03/18/684307/> (accessed March 7, 2023).

billion.¹⁵ This represents approximately 10% of the group's global sales.¹⁶ The company also directly employs at least 10,000 people in Russia, with continued search for new employees.¹⁷ In Q1 2022/2023, the sales in Russia showed a significant decline of -14.1%. The decrease, as per METRO's financial reports, can be attributed to the war in Ukraine, which resulted in people being hesitant to purchase goods. Additionally, the business was adversely affected by cyberattacks.¹⁸ However, reported sales increased by 11.3% due to positive exchange rate effects to €0.9 billion.¹⁹ METRO reports are predicting future decrease.²⁰

Although not officially published by the company itself, estimates by Oleksandr Parashchiiy, head of analytics at Concorde Capital, suggest that METRO paid €93 million in taxes to the Russian budget, in 2022 alone. By continuing its operations, METRO is creating jobs and paying taxes in support of the Russian economy, which directs a large part of the budget to the military industry.

On February 28, 2023, the Ukrainian National Agency for Prevention of Corruption (NAPC) has included METRO in the list of international sponsors of the war.²¹ Likewise, Steffen Greubel, the CEO at METRO AG, Rafael Gasset, the COO at METRO AG, and Guillaume Deruyter, the Executive Vice President at METRO AG, are personally included in the list as individual sponsors of war.²² The basis for this decision is the position of the company's management to continue operations in Russia.²³ The NAPC further considers the interests of the company's management which are closely related to the strategic sectors of the Russian economy: the oil, gas and banking sectors, which directly affects the support of the Russian military machine.²⁴

METRO's key shareholder, Daniel Kretynski, controls EP Infrastructure (EPIF), which owns 49% of Eustream - a company that transports Russian gas to Central and Eastern Europe.²⁵ The connection has some sources speculating that it is the interests of the key shareholder of METRO in the energy sector and Russian energy carriers that influence the company's decision to remain in Russia.²⁶

Further, despite the world's rejection of Russian energy resources, METRO continues to cooperate with the country, as seen in the launch of new projects like the "close to home" grocery store chain

¹⁵ METRO AG, "Annual Report 2021/2022," <https://reports.METROag.de/annual-report/2021-2022/assets/downloads/entire-METRO-ar22.pdf> (accessed March 7, 2023).

¹⁶ Khrystyna Lysova, "Financiers of war: The taxes paid by Auchan, Leroy Merlin and METRO to the Russia's budget can finance 4-5 massive shellings of Ukraine. Why have global retailers still not left Russia?," *Mind*, February 17, 2023, <https://mind.ua/en/publications/20253610-financiers-of-war-the-taxes-paid-by-auchan-leroy-merlin-and-METRO-to-the-russias-budget-can-finan> (accessed March 7, 2023).

¹⁷ METRO Russia, "All vacancies," <https://hh.ru/employer/673> (accessed March 7, 2023).

¹⁸ METRO, "Quarterly Statement Q1 2022/23," <https://newsroom.METROag.de/en/events/quarterly-statement-q1-2022-23?dt=20230208> (accessed March 7, 2023).

¹⁹ Ibid.

²⁰ Ibid.

²¹ NAPC, "International Sponsor of War – METRO," <https://sanctions.nazk.gov.ua/en/boycott/18/> (accessed March 7, 2023).

²² NAPC, "International Sponsors of War – Individuals," <https://sanctions.nazk.gov.ua/en/boycott/> (accessed March 7, 2023).

²³ Ibid.

²⁴ NAPC, "Continues to develop its business in the Russian Federation and sympathizes with terrorists: METRO Cash & Carry is included in the list of international sponsors of war," February 28, 2023, <https://nazk.gov.ua/en/news/continues-to-develop-its-business-in-the-russian-federation-and-sympathizes-with-terrorists-METRO-cash-carry-is-included-in-the-list-of-international-sponsors-of-war/> (accessed March 7, 2023).

²⁵ Ibid.

²⁶ Uifuture, "METRO GROUP: the countdown to the newest Nuremberg," February 27, 2023, <https://uifuture.org/publications/METRO-group-the-countdown-to-the-newest-nuremberg/> (accessed March 7, 2023).

"Fasol" and its acceptance of "Mir" cards (a project of "Sberbank"). The Russian Sberbank has faced EU sanctions since 2014 and was also recently sanctioned by the US and UK. In the sixth package of sanctions, the EU decided to disconnect Sberbank from SWIFT. One of Sberbank's projects, the "Peace" or "Mir" card, has been renamed the "Army of Russia" card and is targeted at military and military pensioners, with the goal of motivating and encouraging Russians to mobilize and fight against Ukrainians. Despite the controversy and the global refusal to cooperate with the "Mir" cards, the Turkish METRO continued to accept these cards.²⁷

Further research of METRO's activities in Russia prompts some to allege the company's involvement in Russian ideological initiatives. Last year, it was reported that METRO was selling "Wagner's sledgehammers" in Russia - the same tool notoriously used by the Russian paramilitary group "Wagner."²⁸ METRO denies the allegations that it is selling the sledgehammers.²⁹

Due to these developments, we are requesting a clarification from METRO on whether it intends to leave the Russian market. The company's activities risk enabling and financing Russia's violations of IHL and human rights law during the ongoing invasion and occupation of Ukraine and violating METRO's Human Rights policies and the company's commitment to abiding by the UNGPs. It remains to be seen how directly METRO 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.

We seek to understand how METRO has conducted and continues to conduct heightened human rights due diligence and how the findings of such a process has resulted in these continued business activities and relationships. As noted by the UNGPs:

...the more severe the abuse, the more quickly the enterprise will need to see change before it takes a decision on whether it should end the relationship. In any case, for as long as the abuse continues and the enterprise remains in the relationship, it should be able to demonstrate its own ongoing efforts to mitigate the impact and be prepared to accept any consequences – reputational, financial or legal – of the continuing connection.

In consideration of the above points and B4Ukraine's Declaration,³⁰ we request an urgent dialogue with METRO'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, March 24, 2023.

Please do not hesitate to get in touch if you require any further information.

Sincerely,

The B4Ukraine Coalition

²⁷ Euromag, "Rostourism told where in Turkey they accept Mir cards," June 3, 2022, <https://www.euomag.ru/lifestyle/rosturizm-rasskazal-gde-v-turcii-prinimajut-karty-mir/> (accessed March 7, 2023).

²⁸ NACP (n 24).

²⁹ EconHub, "METRO не торгует "кувалдами Вагнера", а WB и OZON торгуют," December 8, 2022, <https://ecomhub.ru/METRO-does-not-trade-wagner-sledgehammers-and-wb-and-ozon-trade/> (accessed March 8, 2023).

³⁰ B4Ukraine, "About," <https://businessforukraine.info/about> (accessed January 2, 2022).