



Tuesday, 21 February 2023

Dear B4Ukraine Coalition,

Thank you for your letter, which we received on 8 February 2023.

Firstly, we would like to make our position absolutely clear: We wholeheartedly condemn the Russian aggression in Ukraine and are greatly dismayed by the situation there. At the same time, it is very important to us to confirm to you that, as further explained in this letter, Rolls-Royce Motor Cars no longer does business in Russia; we also have no employees in Russia. It is therefore untrue to suggest that "*Rolls-Royce seemingly continues its Russian operation.*"

Rolls-Royce Motor Cars ceased production and supply of cars for the Russian market in late February 2022, before international trade sanctions were put in place. In the meantime, governments have implemented far-reaching sanctions, which we fully comply with and support.

Retail sales of cars to clients are managed by our global dealer network, comprised of independently owned and operated businesses. Our global dealer network is contractually obliged to follow all applicable national and international legal regulations, including those relating to export control. Any new Rolls-Royce motor cars currently on sale in Russia were either delivered before 24 February 2022, or they have been imported into Russia without the knowledge or support of Rolls-Royce Motor Cars (we assume via unauthorised third-party resellers).

Under our dealer contracts, Rolls-Royce Motor Cars places obligations on our independent authorised dealers not to sell our vehicles to any individual designated on the international sanction lists. The independent Rolls-Royce dealer network is also obliged to ensure a potential client is neither a known trader nor a reseller, as sales to these individuals, anywhere in the world, are contractually forbidden. Any client subsequently found to have resold their car 'as new' is immediately placed on a 'reseller list' and will never again be allowed to purchase a Rolls-Royce motor car. Our independent dealers are contractually obliged to check this 'reseller list' before selling a car. Any dealer found not to have done so is issued with a significant financial penalty in the first instance.

We have this month once again reminded our dealer network of their obligations and the penalties for failure to comply, and the topic is regularly addressed in face-to-face dealer meetings.

By ceasing all production and exports to Russia towards the end of February 2022, Rolls-Royce Motor Cars has sought to completely eradicate the supply of its cars to the Russian market. However, the behaviour of unauthorised third-party traders is not within the control of the company. Whilst Rolls-Royce Motor Cars does everything possible to compel and ensure compliance with contractual requirements referred to above, we have to point out

ROLLS-ROYCE  
MOTOR CARS



that once a Rolls-Royce car is sold to its authorised dealer, the vehicle is no longer the property of Rolls-Royce Motor Cars.

Where it has been found that cars have been imported to Russia by these unauthorised third parties, Rolls-Royce Motor Cars has done everything legally possible to discover which dealer originally sold the car, has reminded that dealer of their obligations outlined within the dealer contract regarding not selling to traders or resellers, and has taken appropriate action. The client's name has also been placed on the 'reseller list' and that person therefore should not be sold any Rolls-Royce in future.

Finally, we feel it is important to restate that Rolls-Royce Motor Cars condemns the Russian aggression against Ukraine and we follow developments with great concern and dismay. As a BMW Group company with global operations, we stand for the peaceful coexistence of different cultures all over the world – at all times and in all locations. Our thoughts are with all those who are experiencing suffering and loss in this war. The company is supporting affected people with contributions to an international relief organisation of the United Nations. In addition, our employees are assisting in a variety of ways.

We hope that our letter has made it clear why it would be untrue to suggest in any way that Rolls-Royce is '*continuing its Russian operations*' but should you wish to discuss any of the above, please contact us; we should be happy to answer any questions you may have.

Yours sincerely,

Rolls-Royce Motor Cars Limited

ROLLS-ROYCE  
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Torsten Müller-Ötvös  
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RE: Rolls-Royce Motor Cars Limited's business operations in Russia

February 8, 2023

Dear Mr. Müller-Ötvös,

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 Rolls-Royce Motor Cars Limited (Rolls-Royce) 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 acknowledge that Rolls-Royce has policies in place to guide the company toward ethical behaviour. The BMW Group, of which Rolls-Royce is a wholly-owned subsidiary, "recognises its responsibility as a company to respect human rights and environment-related standards".<sup>1</sup> This approach is reinforced in the Group's Code on Human Rights and Working Conditions. According to the company:

"As a member of the UN Global Compact, the BMW Group takes its environmental and social responsibilities very seriously [...] The BMW Group is committed to respecting internationally recognized human rights [...] The BMW Group's activities consider the following international standards: the ILO Declaration on Fundamental Principles and Rights at Work; the OECD Guidelines for Multinational Enterprises; the UN Guiding Principles on Business and Human Rights; the ten principles of the UN Global Compact."<sup>2</sup>

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<sup>1</sup> BMW Group, "Respect for Human Rights and environment-related standards at the BMW Group," <https://www.bmwgroup.com/en/sustainability/menschenrechte.html> (accessed February 8, 2023).

<sup>2</sup> BMW Group, "BMW Group Code on Human Rights and Working Conditions," [https://www.bmwgroup.com/content/dam/grpw/websites/bmwgroup\\_com/company/downloads/en/2021/CO\\_HumanRights\\_Code\\_EN\\_December2020\\_external.pdf](https://www.bmwgroup.com/content/dam/grpw/websites/bmwgroup_com/company/downloads/en/2021/CO_HumanRights_Code_EN_December2020_external.pdf) (accessed February 8, 2023).

The company reiterates this position in its Legal Compliance Code and the Joint Declaration on Human Rights and Working Conditions in the BMW Group.<sup>3</sup>

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, and 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 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.<sup>4</sup> 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.<sup>5</sup>

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<sup>3</sup> BMW Group, “BMW Group Legal Compliance Code,” [https://www.bmwgroup.com/content/dam/grpw/websites/bmwgroup\\_com/company/downloads/en/2021/CO\\_LCC\\_EN\\_December2020\\_external.pdf](https://www.bmwgroup.com/content/dam/grpw/websites/bmwgroup_com/company/downloads/en/2021/CO_LCC_EN_December2020_external.pdf) (accessed February 8, 2023); “Joint Declaration on Human Rights and Working Conditions in the BMW Group,” [https://www.bmwgroup.com/content/dam/grpw/websites/bmwgroup\\_com/responsibility/downloads/en/2010/BV171\\_Joint\\_Declaration\\_on\\_Human\\_Rights\\_and\\_Working\\_Conditions\\_in\\_the\\_BMW\\_Group\\_2010.pdf](https://www.bmwgroup.com/content/dam/grpw/websites/bmwgroup_com/responsibility/downloads/en/2010/BV171_Joint_Declaration_on_Human_Rights_and_Working_Conditions_in_the_BMW_Group_2010.pdf) (accessed February 8, 2023).

<sup>4</sup> 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).

<sup>5</sup> 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, <https://www.asso-sherpa.org/aiding-and-abetting-war-crimes-in-yemen-criminal-complaint-submitted-against-french-arms-companies> (accessed January 2, 2022).

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

In response to this unprovoked and unjustified war<sup>7</sup> many companies have left Russia. According to the Kyiv School of Economics Institute's (KSE) #LeaveRussia [company tracker](#), the number of companies that have fully completed their exit from the country counts over 183. However, Rolls-Royce seemingly continues its Russian operations.<sup>8</sup> The company has 3 official dealerships in Russia, 2 in Moscow and 1 in St. Petersburg, as well as the company's only Provenance Pre-Owned showroom in Europe. In 2021, Rolls-Royce announced a sales record for 2020 in Russia, delivering more than 200 vehicles to customers. In the following statement in January 2021, the company said that Russia is "once again the largest market for the brand in continental Europe, and Moscow dealers top the list of European Rolls-Royce dealers."<sup>9</sup> On March 3, the company reportedly announced that it is stopping all shipments of vehicles to Russia and condemned the aggression against Ukraine.<sup>10</sup> Despite this, our research suggests that Rolls-Royce remains exposed to the Russian market.

On January 27, at least 5 new models of Rolls-Royce vehicles were on sale at one Moscow dealership, with their combined worth of 320 million roubles (£3.7million).<sup>11</sup> Each of these models were reportedly manufactured in Goodwood, Sussex, and shipped to Russia via a third country last autumn.<sup>12</sup> This is clearly in contrast with Rolls-Royce's previous statements that it would not be shipping to Russia, due to the invasion of Ukraine. Furthermore, it is in contradiction with the statements made by the company's representative condemning the war in Ukraine and Russia's act of aggression.<sup>13</sup> While Rolls-Royce does not directly manage the Russian stores in which the vehicles are being sold, the company does control the manufacturing of the models in question. We understand the company expressed that: "Any new cars currently on sale in Russia were either built and delivered before March 2022, when Rolls-Royce stopped building cars for the Russian market, or they have been imported into Russia illegally by third parties."<sup>14</sup> Data available to the B4Ukraine Coalition shows specifically 2 vehicles imported to Russia in December 2022, stemming from Serbia and Kyrgyzstan. Since this information seems to be contradictory to the statements made in March 2022, we are seeking to clarify Rolls-Royce's position regarding these shipments to Russia and its

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<sup>6</sup> 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).

<sup>7</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>8</sup> Rolls-Royce Avilon, <https://rolls-royce-avilon.ru/en> (accessed February 8, 2023).

<sup>9</sup> *Bne Intellinews*, "Rolls-Royce set new Russian sales record in 2020," February 22, 2021,

<sup>10</sup> *AutoJosh*, "Rolls-Royce stop shipments of vehicles to Russia," March 5, 2022, <https://autojosh.com/rolls-royce-stop-shipment-of-vehicles-to-russia/> (accessed February 8, 2023).

<sup>11</sup> Guy Adams, "REVEALED: The luxury goods from famous UK brands that trumpet their ethical credentials are STILL on sale in Moscow... a year after Western firms pledged to leave Russia," January 27, 2023, <https://www.dailymail.co.uk/news/article-11685551/The-luxury-goods-famous-UK-brands-sale-Moscow.html> (accessed January 31, 2023).

<sup>12</sup> *Ibid.*

<sup>13</sup> Gary Shipton, "Chichester: Rolls-Royce Motor Cars suspends shipping its luxury cars to Russia in the wake of the Ukraine war," March 3, 2022, <https://www.sussexpress.co.uk/news/people/chichester-rolls-royce-motor-cars-suspends-shipping-its-luxury-cars-to-russia-in-the-wake-of-the-ukraine-war-3595072> (accessed January 31, 2023).

<sup>14</sup> Isabelle Stanley and Sabrina Miller, "I don't really know anything about it': Fashion tycoon Paul Smith fails to explain his company's continued presence in Russia during Ukraine war," January 29, 2022, <https://www.dailymail.co.uk/news/article-11690253/Fashion-tycoon-Paul-Smith-fails-explain-companys-presence-Russia-Ukraine-war.html> (accessed January 31, 2023).

dedication to practice heightened human rights due diligence in light of the illegal war Russia is conducting in Ukraine.

The same article that reported on the sale of the new Rolls-Royce models in Russia, also exposed similar activity from another British brand, Paul Smith. Since then, Paul Smith has admitted to its mistakes and committed to closing all of its Russian stores and ceasing all supplies to the distributor.<sup>15</sup>

Additionally, some sources report that the Russian branches of Rolls-Royce “still have access to replacement parts” and that the “only thing that has changed is that buyers of new cars cannot get an official warranty.”<sup>16</sup> This is reiterated by Russian media reporting: “Although the export of luxury goods to Russia is prohibited, parallel imports work. An example of such work is the Rolls-Royce Cullinan SUV, which is again available to citizens of the Russian Federation.”<sup>17</sup>

These activities risk enabling and financing Russia’s violations of IHL and human rights law during the ongoing invasion and occupation of Ukraine and violating Rolls-Royce’s Human Rights Policy and the company’s commitment to abiding by the UNGPs. It remains to be seen how directly Rolls-Royce 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 Rolls-Royce 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,<sup>18</sup> we request an urgent dialogue with Rolls-Royce’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](mailto:contact@b4ukraine.org) to schedule a call. We kindly ask for your response by 5:00pm CET, February 22, 2023.

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

Sincerely,

The B4Ukraine Coalition

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<sup>15</sup> Arjun Neil Alim, “Paul Smith to stop trading in Russia,” February 2, 2023, <https://www.ft.com/content/d10a91fd-ccf1-451c-a096-99de965b3a62> (accessed February 3, 2023).

<sup>16</sup> Czechia Post English, “Luxury British brands can travel to Moscow regardless of sanctions,” January 30, 2022, <https://czechia.postsen.com/world/amp/93663> (accessed February 1, 2023).

<sup>17</sup> IXBT, “Двигатель V12, 600 л.с., полный привод и полный люкс. В РФ вновь можно купить роскошный кроссовер Rolls-Royce Cullinan, но цена впечатляет,” January 31, 2022, <https://www.ixbt.com/news/2023/01/31/v12-600-rolls-royce-cullinan.html> (accessed February 1, 2023).

<sup>18</sup> B4Ukraine, “About,” <https://businessforukraine.info/about> (accessed January 2, 2022).