

Johann Strobl
Chief Executive Officer
Raiffeisen Bank International
Am Stadtpark 9
1010 Vienna
Austria
P.O. Box 50

14th November 2022

Raiffeisen Bank Business Operations in Russia

Dear Mr. Strobl and Raiffeisen Bank Leadership Team,

We write to you as [B4Ukraine](#), a coalition of Ukrainian and international civil society organisations working to curtail the financial resources enabling the Russian invasion of Ukraine. In the spirit of respect for the fundamental rights of all people and the rules-based international order, the coalition expects 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 Raiffeisen Bank International's (RBI) 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 that RBI is a signatory of the UN Global Compact (UNGC) and thereby "commits to consistent compliance with the UNGC principles of responsible business" – including ensuring that RBI is not complicit in human rights abuses – and "expects the associated attitude of global responsibility from all employees and managers as well as from partners and suppliers."¹ Principle 13 of the UNGC "requires that business enterprises...seek to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts."²

We also acknowledge that RBI pledges to comply with international standards in relation to human rights as stated in the Bank's [Code of Conduct](#):

We respect and support the protection of human rights stipulated in the European Convention on Human Rights as well as the Universal Declaration of Human Rights. We aim to engage into business, which is in line with these principles. We strive to neither directly nor indirectly finance any transactions, projects or parties, nor cooperate with any business partner (including customers,

¹ Raiffeisen Bank International, "UN Global Compact," <https://www.rbinternational.com/en/who-we-are/governance-and-compliance/un-global-compact.html> (accessed November 11, 2022).

² UN Guiding Principles on Businesses and Human Rights, https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr_en.pdf (accessed November 7, 2022)

service providers and suppliers) that do not adhere to these standards or are suspected of human rights violations. We seek not to be involved in business with products that are intended to be used for abolition of demonstrations, political unrest or other violations of human rights. This applies in particular to countries where political unrest or military conflicts or other violations of human rights are ongoing or expected.³

In addition, the Code states that RBI respects the laws, regulations, and rules of the countries where it does business and complies with international standards in relation to human rights, freedom of association, equal employment opportunities as well as prohibition of forced, compulsory, and child labour. However, with respect to Russia's unprovoked and unjustified war⁴ in Ukraine, it appears RBI will be challenged to meet its obligations to both respect human rights and Russian law.

It has been eight months 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 by committing 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 15,000 Ukrainians have been killed or 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.⁵ 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

³ Raiffeisen Bank International, "Code of Conduct," https://www.rbinternational.com/de/ueber-uns/governance-und-compliance/code-of-conduct/jcr_content/root/responsivegrid/contentcontainer_cop/contentbox/downloadlist.download.html/0/English.pdf (accessed November 11, 2022).

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."

⁵ Federal Law No. 31-FZ of February 26, 1997 "On mobilisation training and mobilisation in the Russian Federation" (as amended), <https://base.garant.ru/136945/> (accessed November 7, 2022).

jurisprudence holding corporations and their officers responsible for human rights abuses abroad.⁶ Companies may be exposed to financially material risks through operational restrictions, such as limitations of future government contracts.⁷

In response to this war, many companies have left Russia. According to the Kyiv School of Economics Institute's #LeaveRussia [company tracker](#), “RBI and its subsidiary banks continue to operate in compliance with local and international sanction laws,” even in light of President Putin’s partial mobilisation order, declaration of martial law in four illegally occupied Ukrainian regions, and new counterterrorism law – all of which potentially obligate multinational companies with operations in Russia to assist with the conscription of eligible staff and provide material support to the Russian military.

It has become clear that RBI cannot avoid involvement in conscription, even by attempting to exempt employees. For example, we understand from media reports that a Raiffeisen Bank employee eligible for exemption from mobilisation was, nevertheless, conscripted and soon died on the battlefield in Ukraine.⁸ Not only do we express our concern about the tragic loss of life, but also about the damage to Raiffeisen’s reputation and the fact that both could have been avoided if the company opted to leave Russia in the past eight months.

In March, you stated that RBI was “assessing all strategic options for the future of Raiffeisenbank Russia, up to and including a carefully managed exit from Raiffeisenbank in Russia.”⁹ Yet, eight

⁶ 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 7, 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 7, 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 7, 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 7, 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 7, 2022).

⁷ 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 November 7, 2022).

⁸ Filipp Lebedev and Alexander Marrow, “Enlisted Russian Raiffeisen Bank employee killed in Ukraine conflict - lawyer,” *Reuters*, October 21, 2022, <https://www.reuters.com/world/europe/enlisted-russian-raiffeisen-bank-employee-killed-ukraine-conflict-lawyer-2022-10-21/> (accessed November 11, 2022).

⁹ Raiffeisen Bank International, “RBI is assessing all strategic options for the future of Raiffeisenbank Russia,” March 17, 2022,

months into the war, there is still no sign of a firm decision from the company when it comes to leaving the country. At the same time, the company is recording huge profits from its business in Russia -- €1.4 billion, four times more than RBI earned in the same period last year.¹⁰ These profits mean that RBI is paying significant taxes to the Russian state, which is the main source of war funding. The company is also continuing its relationship with state-owned and sanctioned Sberbank, which is serving as custodian for its depositary receipts.¹¹

We seek to understand how RBI has conducted and continues to conduct heightened human rights due diligence, per its stated policy and the UNGPs concerning due diligence in conflict-affected areas, 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.

With the above points in mind, we request an urgent dialogue with you or relevant senior corporate executives to discuss the company's ongoing activities and relationships in Russia, associated risks to the people of Ukraine, and the company. Please contact Eleanor Nichol at enichol@businessforukraine.info to schedule a call at your earliest convenience before 28th November 2022.

Sincerely,

Eleanor Nichol
Executive Director
B4Ukraine

https://www.rbinternational.com/en/investors/news/ir-releases/2022-03-17_RU_UA_strategic_options.html (accessed November 11, 2022).

¹⁰ Raiffeisen Bank International, "Third Quarter Report 2022," <https://www.rbinternational.com/en/investors/reports/quarterly-reports.html> (accessed November 11, 2022).

¹¹ Reuters, "Raiffeisen replaces JPMorgan as custodian for Sberbank depositary receipts," September 26, 2022, <https://www.reuters.com/business/finance/raiffeisen-replaces-jpmorgan-custodian-sberbank-depositary-recei-pts-2022-09-26/> (accessed November 11, 2022).

Johann Strobl
Chief Executive Officer
Raiffeisen Bank International
Am Stadtpark 9
1010 Vienna
Austria
P.O. Box 50

April 24, 2023

Dear Mr. Strobl,

We write to follow up on our previous correspondence with Raiffeisen Bank International (RBI) dated November 14th, 2022, regarding potential inconsistencies between RBI's obligations, as articulated in the UNGPs, and the company's ongoing business operations and relationships in Russia that may contribute to, or be linked with, human rights harms. In your answer to the Business and Human Rights Resource Centre, RBI confirms that its business operations are in compliance with the existing legal and regulatory framework and notes that the RBI's subsidiary bank in the Russian Federation operates as a separate legal entity and therefore must act according to all applicable Russian laws.

In our first letter, we noted that RBI continued to conduct business in Russia even after legislation was passed obliging companies to help in the mobilisation efforts, due to which an RBI employee died on the battleground in Ukraine. We also observed that RBI recorded significant profits from its business in Russia - €1.4 billion, four times more than RBI earned in the same period last year. These profits mean that RBI is paying significant taxes to the Russian state, and therefore indirectly funding the war against Ukraine. In 2022, RBI's Russian subsidiary generated profits of €2.2bn — 60 per cent of the earnings for the entire Raiffeisen group.¹

Our letter also expressed concern regarding RBI's continuing relationship with state-owned and sanctioned Sberbank, which is serving as custodian for its depositary receipts. Recent news reports claim that RBI is seeking to exchange \$400 million worth of profits with some of Sberbank's funds frozen in Europe.² The deal would involve Sberbank receiving roubles from RBI's Russian subsidiary, which would otherwise be barred from exiting the country because of regulations imposed by the Russian government, and RBI would in turn take over a "sanctioned legacy cash pile held by Sberbank's European arm."³ The deal essentially means that the Kremlin-owned, sanctioned Sberbank would receive some of its frozen European money back, again indirectly supporting the war against Ukraine.

It was also reported that RBI entered discussions with two "viable" buyers and would work intensively in the coming weeks to assess whether a deal could be put together.⁴

¹ Sam Jones, "Raiffeisen in talks over sale of Russian banking arm," The Financial Times, March 30, 2023, <https://www.ft.com/content/22acf30f-4ff5-4997-8f26-be582662194a> (accessed April 18, 2023).

² Sam Jones and Max Seddon, "Raiffeisen seeks to swap €400mn with Sberbank in 'financial prisoner exchange,'" The Financial Times, March 15, 2023, <https://www.ft.com/content/2682965b-34b2-421a-8011-389e2972bacb> (accessed April 12, 2023).

³ Ibid.

⁴ Sam Jones (n 1).

We are writing now to clarify whether RBI intends to proceed with the aforementioned deal with Sberbank; whether the bank is willing to disclose who are the two potential bidders for its Russian business; and what is the timeline of RBI's intended sale of its Russian subsidiary.

We were also concerned to see that RBI has been placed on the Ukrainian National Agency for Prevention of Corruption (NAPC) list of international sponsors of the war.⁵

The NAPC notes the following reasons why they consider RBI to be a sponsor of war:

"Fictitious companies in Cyprus, which are within the sphere of influence of Russian oligarchs close to the Kremlin, Arkady and Boris Rotenberg, have long been serviced by Austrian banking group Raiffeisen Bank International. The Russian subsidiary of Raiffeisen Bank International does not just continue to operate in Russia and sponsor terrorism, it also offers credit holidays to Russians who are fighting in Ukraine. This is evidenced by the information on the bank's website. In addition, on its website, the Russian Raiffeisenbank recognizes the terrorist organizations LNR and DNR and calls the war in Ukraine a "special operation". In 2022, the bank paid 4.8 times more to the Russian budget than in the entire pre-war year. The Russian division of Raiffeisen Bank paid €559 million to the budget of the aggressor country. Thus, Raiffeisen Bank continues to sponsor the military aggression of Russia, a state which the European Parliament recognised to be a sponsor of terrorism."⁶

Likewise, Johann Strobl, the Chief Executive Officer of Raiffeisen Bank International, Andreas Gschwenter, the Chief Operating Officer/Chief Information Officer of Raiffeisen Bank International, Hannes Moesenbacher, the Chief Risk Officer of Raiffeisen Bank International, Łukasz Januszewski, the Member of the Management Board (Markets & Investment Banking) of Raiffeisen Bank International, Peter Lennkh, the Member of the Management Board (Corporate Banking) of Raiffeisen Bank International, Andrii Stepanenko, the Member of the Management Board (Retail Banking) of Raiffeisen Bank International, and Sergey Monin, the Chairman of the Board of JSC Raiffeisenbank (Russia) are personally listed as individual sponsors of war.⁷

We are reaching out to RBI again, to formally notify the company of the potential legal accountability it may face in the future, due to its continued actions in Russia. Companies remaining in Russia are open to significant legal risks, including potential civil and criminal liability under comprehensive sanctions regimes and recent international jurisprudence holding corporations and their officers

⁵ NAPC, "Raiffeisen Bank International – International Sponsor of War," <https://sanctions.nazk.gov.ua/en/boycott/21/> (accessed April 12, 2023).

⁶ Ibid.

⁷ NAPC, "International Sponsors of War – Individuals" <https://sanctions.nazk.gov.ua/en/boycott/> (accessed April 12, 2023).

responsible for human rights abuses abroad.⁸ By remaining in Russia, companies may not only be exposed to these risks but may also become directly complicit in war crimes.⁹

In consideration of the above points and B4Ukraine's [Declaration](#), we request an urgent dialogue with RBI'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 by 5:00pm CET, May 8th, 2023.

Sincerely,

The B4Ukraine Coalition

⁸ 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 January 2, 2023).

⁹ Nataliya Popovych and Bennett Freeman, "Russia's Putin is forcing foreign-owned companies to participate in his conscription campaign. It's time to get out," *Fortune*, October 13, 2022, <https://fortune.com/2022/10/13/russia-putin-foreign-owned-companies-conscription-campaign-sanctions-ukraine-war-international-europe-popovych-freeman/> (accessed November 14, 2022).