Siemens energy response 17/2/23

Siemens Energy immediately suspended all new business activities in Russia after the start of the Russian war of aggression on Ukraine and initiated the sale of its businesses in Russia. We have sold our business in Russia, only the selling of our local holding is still awaiting approval from the Russian president, over which we have no influence. We no longer generate sales in the country.
January 4, 2023

RE: Siemens Energy AG’s business operations in Russia

Dear Mr. Bruch,

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 public support for the people, democracy, and territorial integrity of Ukraine, opposition to Russia’s war of aggression, alignment with the UN Guiding Principles on Business and Human Rights (UNGPs), and the international rules-based order.

We request an urgent dialogue regarding potential inconsistencies between Siemens Energy AG’s (Siemens Energy) 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.

In Siemens Energy’s Business Conduct Guidelines the company “proclaims human rights are a core element of responsible business” and promises to operate in close alignment with the UNGPs. In support of these commitments, the company is a participant in the United Nations Global Compact, binding the company to its ten principles. Siemens Energy expects itself, its suppliers, and its business partners to comply with the International Bill of Human Rights and seeks to identify and mitigate the company’s and its value chain partners’ adverse impacts on rights holders.

It has been ten 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 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 17,000 Ukrainians have been killed 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

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2 Ibid.
3 Ibid.
eligible for military service. 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. Companies may be exposed to financially material risks through operational restrictions, such as limitations of future government contracts.

In response to this unprovoked and unjustified war many companies have left Russia. According to the Kyiv School of Economics Institute's LeaveRussia company tracker, Siemens Energy announced in March it had stopped all new business in Russia while continuing to review the extensive sanctions and their impact on its business. Furthermore, by Fall 2022, the company disclosed that Siemens Energy had begun restructuring its Russian assets in order to withdraw from the market. In line with this disclosure, Siemens Energy sold its 65 percent stake in SGTT, a Russian-based gas turbine joint venture, and gave control of its transformer plant in Voronezh to Russian public energy company, 

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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.”


InterRAO, in October. While we commend these statements and the steps Siemens Energy has taken, our research indicates that the company remains exposed to the Russian market through its expansive network of subsidiaries. While Siemens Energy stated it will suspend new business in Russia, its technology and services remain exposed to the Russian market as Siemens Energy expressly told investors that it can continue to provide services to a crucial part of Russia’s energy export infrastructure, the Nordic Stream-1. This is backed by Gazprom’s public statements that Siemens Energy will continue supporting the pipeline’s operations.

Under the new legislation, any product, service, or asset could be directly called upon to support Russia’s invasion. This risks enabling and financing Russia’s violations of IHL and human rights law during the ongoing invasion and occupation of Ukraine and violating Siemens Enery’s human rights commitments. It remains to be seen how directly Siemens Energy 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. However, proximity to these risks is particularly acute for Siemens Energy as its industrial products and services could have a direct application toward the war effort.

We seek to understand how Siemens Energy has conducted and continues to conduct heightened HRDD, 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.

In consideration of the above points and B4Ukraine’s Declaration, we request an urgent dialogue with Siemens Energy’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, January 18th, 2023.

Sincerely,

The B4Ukraine Coalition

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