

Lapo Civiletti  
Chief Executive Officer  
Ferrero International SA (Ferrero)  
16 Route de Treves,  
Senningerberg, 2633  
Luxembourg

August 17, 2023

RE: Ferrero's business operations in Russia

Dear Mr. Civiletti and Ferrero Leadership Team,

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. 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 request an urgent dialogue regarding potential inconsistencies between Ferrero's obligations under international humanitarian and human rights law and the company's ongoing business operations and relationships in Russia that may contribute to, or be linked with, human rights harms. We are writing to formally notify Ferrero on the serious and increasing risks the company faces by continuing its operations in Russia that may amount to complicity in human rights abuses committed by Russia<sup>1</sup> and to urge Ferrero to:

- Immediately cease all operations and presence in Russia and completely exit the Russian market.
- Refrain from any future business, trade, or investment in Russia until Russia ends its war in Ukraine, territorial integrity of Ukraine is restored, and accountability imposed for war crimes and the destruction of Ukrainian infrastructure and property.
- Establish and implement comprehensive human rights due diligence measures for any responsible exit from or re-engagement with Russia.

It has been 17 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, forcible transfer of civilians). More than 25,000 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

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<sup>1</sup> Andrew Clapham and Scott Jerbi, "Categories of Corporate Complicity in Human Rights Abuses," March 21-22, 2001, <https://media.business-humanrights.org/media/documents/files/reports-and-materials/Clapham-Jerbi-paper.htm> (accessed May 4, 2023).

warrant for Vladimir Putin to answer war crimes charges.<sup>2</sup>

Moreover, recent developments in Russia point to an expanding universe of financial, legal, and reputational risks facing those left behind.

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 more than 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>3</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.

A new decree issued by President Vladimir Putin on March 3, 2023, enables the Russian government to suspend shareholders' rights and implement external management in companies that don't fulfil state defence contracts under conditions of martial law.<sup>4</sup> By specifying the process of appointing Russian government representatives to manage businesses that fail to meet state orders, the latest Decree effectively creates a scenario of "partial nationalization."

With new legislation introducing partial mobilisation, nationalisation, and potentially martial law in Russia, it is highly likely that corporations will be unable to prevent or mitigate negative human rights impacts, an obligation imposed on companies by the United Nations Guiding Principles on Business and Human Rights. As such, continuing to conduct business in Russia entails significant legal risks for companies, 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> Companies face the rising risk of criminal liability for complicity in

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<sup>2</sup> International Criminal Court, “Situation in Ukraine: ICC judges issue arrest warrants against Vladimir Vladimirovich Putin and Maria Alekseyevna Lvova-Belova,” March 17, 2023, <https://www.icc-cpi.int/news/situation-ukraine-icc-judges-issue-arrest-warrants-against-vladimir-vladimirovich-putin-and> (accessed March 22, 2023).

<sup>3</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 November 14, 2022).

<sup>4</sup> Decree of the President of the Russian Federation No. 139 dated March 3, 2023 "On Certain Issues of Carrying Out the Activities of Business Companies Participating in the Fulfilment of the State Defense Order", <http://publication.pravo.gov.ru/Document/View/0001202303030004> (accessed March 22, 2023).

<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,” *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>

international crimes, which can be prosecuted by domestic courts outside Russia under the doctrine of "universal jurisdiction."<sup>6</sup>

On 24 February 2023, The Financial Action Task Force (FATF) suspended Russia's membership as a result of the war, calling on all actors in the international financial system to exercise extreme caution in all dealings with Russia.<sup>7</sup> In practice, the decision means that all international banks will scrutinise all Russian payments, making financial transactions more expensive, lengthy, with no guarantee that the transaction will occur at all.<sup>8</sup> Although FATF has not yet blacklisted Russia, it highlighted the consensus among its 36 member countries that "the Russian federation's actions represent a gross violation of the commitment to international cooperation upon which FATF Members have agreed to implement and support the FATF Standards."<sup>9</sup> Previous practice shows that noncooperative behaviour is one of the reasons for FATF blacklisting. As a result, companies should examine and mitigate the high levels of risk attached to financial transactions with Russia and based on that risk, companies should reconsider all ongoing business operations related to Russia.

A recent report shows that Russia poses a "real threat to global financial integrity, as well as to national security more broadly."<sup>10</sup> Additionally, the revelation by the Russian president confirming that the internationally recognized transnational criminal organization known as the "Wagner Group" is funded by the Russian government has brought to light a range of alarming risks related to money laundering, terrorist financing, and other financial crimes for businesses involved in or working with Russia.<sup>11</sup> It is now a distinct possibility that businesses continuing their operations and paying taxes in Russia may be providing financial support to the Wagner Group, a notorious paramilitary organization.

Companies may also be exposed to financially material risks through operational restrictions, such as limitations of future government contracts.<sup>12</sup>

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(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 November 14, 2022).

<sup>6</sup> For example, ongoing proceedings in the US and France against the French multinational Lafarge for complicity in human rights violations in Syria. The Paris Court of Appeal, "La Cour d'appel de Paris confirme la mise en état de la multinationale française Lafarge pour complicité de crimes contre l'humanité commis par l'Etat islamique," May 18, 2022, <https://www.doughtystreet.co.uk/sites/default/files/media/document/Press%20release%20french%20version.pdf> (accessed March 22, 2023); United States Attorney's Office, Eastern District of New York, "Lafarge Pleads Guilty to Conspiring to Provide Material Support to Foreign Terrorist Organizations," October 18, 2022, <https://www.justice.gov/usao-edny/pr/lafarge-pleads-guilty-conspiring-provide-material-support-foreign-terroris> (accessed March 22, 2023).

<sup>7</sup> FATF, "FATF Statement on the Russian Federation," February 24, 2023, <https://www.fatf-gafi.org/en/publications/Fatfgeneral/fatf-statement-russian-federation.html> (accessed March 14, 2023).

<sup>8</sup> Liudmyla Sliptsova, "Russia's membership in the FATF suspended. What does this mean and how ruinous is this for the aggressor's economy?," *Mind*, February 27, 2023, <https://mind.ua/en/publications/20253993-russias-membership-in-the-fatf-suspended-what-does-this-mean-and-how-ruinous-is-this-for-the-aggre> (accessed March 14, 2023).

<sup>9</sup> FATF (n 7).

<sup>10</sup> Themis, "Russia; Country Risk Report," June 2023, <https://themisservices.co.uk/country-risk-report-russia> (accessed June 26, 2023).

<sup>11</sup> Telegram, "Встреча Путина с военными и его заявления по поводу ЧВК "Вагнер," June 27, 2023, [https://t.me/rian\\_ru/207202](https://t.me/rian_ru/207202) (accessed July 3, 2023).

<sup>12</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 November 14, 2022).

Additionally, the Ukrainian government's [National Agency on Corruption Prevention](#) (NACP) is creating a list of "foreign companies that, despite the international recognition of Russia as the aggressor state and the introduced sanctions restrictions, continue to cooperate with it."<sup>13</sup> These companies are recognised as international sponsors of war. The listed entities will be included into the World-Check database to protect the global financial sector from Russian sponsors of war. Since banks and insurance companies use World-check to assess risks, companies on the list will be limited in freely accessing personal and corporate finances. So far there are 32 companies on the list, but the NACP notes that it will be expanded with "international companies that provide the public and private sector with goods and services of critical purpose, as well as [those that] contribute to the Russian budget."<sup>14</sup>

Companies that maintain business relationships with Russia risk being perceived as supporting Russia's war effort. This could have a negative long-term impact on sales in other countries and attract investor scrutiny over adherence to ESG principles. The longer it takes for brands to extricate themselves from the situation, the more damaging it will be for their reputation.

In response to this unprovoked and unjustified war<sup>15</sup> many other companies have already left Russia. According to the Kyiv School of Economics Institute's [#LeaveRussia company tracker](#), Ferrero has decided to stay and continue its operations in Russia. These activities in Russia risk enabling and financing Russia's violations of IHL and human rights law during the ongoing invasion and occupation of Ukraine.

Considering these risks and the company's continued presence in Russia, we would like to pose the following questions to Ferrero:

1. On March 11, 2022, Ferrero stated that it "decided to temporarily pause all non-essential activities and development plans in Russia, in line with most other food companies. This includes promotions and advertising."<sup>16</sup> This statement was later modified to: "All non-essential activities and development plans in Russia remain paused."<sup>17</sup> Considering Ferrero's portfolio is comprised of sweets and chocolates, such as Ferrero Rocher, Nutella, and Tic Tac, we would like to ask Ferrero to define which products and activities the company considers essential in feeding the local population:
  - Can Ferrero provide its definition and list of goods it considers essential in light of the particular circumstances of this conflict?
  - Can Ferrero provide a list of goods that it stopped producing since the outbreak of the war because they are not considered essential?

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<sup>13</sup> NACP, "International Sponsors of War," <https://sanctions.nazk.gov.ua/en/boycott/> (accessed February 6, 2023).

<sup>14</sup> NACP, "Companies from the NACP list of "International Sponsors of War" are now in the World-check database, used worldwide for reviewing counterparties," September 7, 2022, <https://nazk.gov.ua/en/news/companies-from-the-nacp-list-of-international-sponsors-of-war-are-now-in-the-world-check-database-used-worldwide-for-reviewing-counterparties/?hilite=sponsor+of+war> (accessed February 6, 2023).

<sup>15</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>16</sup> Wayback Machine, "Ferrero Statement," <https://web.archive.org/web/20220527034457/https://www.ferrero.com/news/FERRERO-STATEMENT> (accessed August 17, 2023).

<sup>17</sup> Ferrero, "FERRERO STATEMENT," March 11, 2022, <https://www.ferrero.com/news/ferrero-statement> (accessed August 17, 2023).

- Has Ferrero considered whether its goods can be replaced with local substitutes?**
- Which stakeholders has Ferrero engaged with in determining its policies and the decision to stay in the market?**
- Can Ferrero clarify the change from the original statement referring to other food companies?**

2. While we do not deny that some goods and foodstuffs are essential in preventing food shortage and undernutrition of the local population, products like chocolates and candy that Ferrero produces and sells in the Russian market cannot and are not considered essential. In determining which products are essential, businesses should consider the nutritional needs of the affected population, focusing on nutrient dense foods, such as foods rich in proteins, vitamins, and minerals, including a mix of cereals (such as maize, wheat, rice, or millet), pulses (such as lentils, beans, chickpeas, or peas), oil, and fresh or processed fruits and vegetables.<sup>18</sup> Businesses should also consider the availability of other sources of food, the availability of local substitutes, and the potential human rights risks and impacts associated with their operations. Furthermore, when determining the scope and meaning of essential goods, it is crucial to apply a contextual, conflict-sensitive approach. In the context of the war in Ukraine and ongoing operations in Russia, the concept of essentiality should prioritise items such as life-saving medicines that are not manufactured in Russia, while excluding goods such as food and hygiene items that are readily available locally. The continued production, distribution, and import of goods that are available/easily substituted locally and non-essential, in a way that their absence would not be life-threatening to the local population, indirectly perpetuates the conflict by sustaining the resources that enable Russian aggression.

- Has Ferrero considered all the circumstances and complexities of the Russo-Ukrainian war, including numerous human rights violations and war crimes committed in Ukraine, as well as the fact that Russia is an aggressor state, in determining to continue providing these goods within Russia?**

3. As a reminder, Bonduelle and Auchan have recently faced reputational damage because their goods were sent to Russian troops in Ukraine, some with notes wishing "a speedy victory."<sup>19</sup> Both companies deny these allegations.

- How has Ferrero practised due diligence in preventing the direct supply of its products to the Russian military?**
- Does Ferrero have policies, mechanisms, and tools in place to carry out enhanced due diligence of supply chains, intermediaries, customers, and end-users to prevent the supply of goods to the Russian army?**
- If so, how were they utilised for defining business connections that involve the Russian government, its agencies, and state-controlled or sanctioned organisations?**

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<sup>18</sup> While a unified list of all essential foods does not exist in the international regulatory framework, there are sources which could be applied through analogy in determining which foodstuffs are considered essential (in conjunction with other international business and human rights legislative and regulatory documents): Sphere, "The Sphere Handbook: Humanitarian Charter and Minimum Standards in Humanitarian Response," 2018, <https://spherestandards.org/handbook-2018/> (accessed May 4, 2023); WHO, "Technical note Supplementary foods for the management of moderate acute malnutrition in infants and children 6–59 months of age," 2012, <https://apps.who.int/iris/handle/10665/75836> (accessed May 4, 2023).

<sup>19</sup> Euromaidan Press, "Bonduelle accused of gifting 10,000 food kits to Russian troops; French office denies," January 3, 2023, <https://euromaidanpress.com/2023/01/03/french-bonduelle-gifts-10000-food-kits-to-russian-troops-wishes-them-victory/> (accessed May 4, 2023); Business and Human Rights Resource Centre, "New evidence reveals Auchan was fully aware of destination of its goods supplied to Russian army," March 3, 2023, <https://www.business-humanrights.org/en/latest-news/russia-auchan-allegedly-supports-soldiers-fighting-in-ukraine-despite-french-management-denials-recent-investigation-reveals-more-proofs/> (accessed May 4, 2023).

4. We understand and agree that Ferrero has obligations towards its approximately 500 employees in Russia. These are laid out under the UNGPs and in the wider international human rights legal and regulatory framework.

**-Can Ferrero clarify how it has used this framework to minimise the risks and impacts to its employees?**

**-How has the company applied heightened human rights due diligence to its operations in Russia considering the new Russian legislation requiring businesses to help conduct military registration, deliver the summons to its employees, and provide resources where required?**

**-Has Ferrero received any such requests, and if so, how has the company responded to them?**

**-What is Ferrero doing to safeguard its employees from mobilisation?**

**-Have any of your employees been mobilised and, if so, what was Ferrero's role in the process?**

5. The safety of employees is and should be a considerable point of concern and obligations for companies. But in light of the specific context of the illegal war on Ukraine, there are other options for the safeguarding of employees that can and have been used by other international companies in Russia. Many companies have offered relocation packages, or contractual clauses which condition the continued employment and safety of employees remaining in Russia. For example, if Ferrero had decided to sell its Russian business it could have included contractual clauses to ensure the continued safety of its employees, as previously exemplified by the actions of the French Publicis Groupe who employed 1,200 people in the country.

**-Has Ferrero considered any of these or other options before deciding to continue operations in Russia?**

6. The company's webpages keep advertising new career opportunities in Russia.<sup>20</sup>

**-How does Ferrero reconcile its statements on employee safety with continued employment opportunities in light of the new Russian legislation obliging companies to help with the military conscription of its employees?**

7. In 2022, the company's annual revenue in Russia hit \$743mn, which constitutes a significant growth compared to the company's revenue in 2021 (\$660mn). According to customs data, Ferrero is continuing to export its products into Russia, largely directly. When comparing the total exports for the year starting from March 1, 2022, with the same period a year prior, there has been a 33% growth in value. This growth is reflected in the figures of \$120 million compared to \$90 million.<sup>21</sup> Data shows that Ferrero has increased imports since the invasion has started, particularly since September 2023.<sup>22</sup>

**-How much profit tax has Ferrero paid to the Russian government in 2022 and 2023? How much overall tax has Ferrero paid to the Russian government in 2022 and 2023?**

**-How does Ferrero comment on its increasing revenue and exports in a time when other companies are leaving the Russian market due to its aggressive war against Ukraine?**

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<sup>20</sup> Ferrero.ru, "Ferrero Russia Vacancies," [https://hh.ru/employer/91?hhtmFrom=vacancy\\_search\\_list](https://hh.ru/employer/91?hhtmFrom=vacancy_search_list) (accessed August 17, 2023).

<sup>21</sup> Squeezing Putin, "Ferrero Exports to Russia," <https://squeezingputin.com/support.html> (accessed August 17, 2023).

<sup>22</sup> Ibid.



8. Ferrero boasts an impressive portfolio of globally recognized and beloved brands. By choosing to continue operating in Russia, the company inadvertently grants the regime a sense of legitimacy and approval. By leveraging the power and reputation of its brands, Ferrero indirectly expresses support for the regime's actions, which could be interpreted as condoning the war. The continued presence of Ferrero's brands in the Russian market creates a perceived association between the company and its widely known brands and the Russian government, which may not align with the values of its customers.

**-How is Ferrero ensuring that it does not align itself and the names of its brands with the war and the Putin regime?**

9. Other companies have faced legal, administrative, and ethical challenges and still committed to, and exited, Russia. Ferrero has decided to stay in the country, even after over one year since the start of the war, over 100,000 reported war crimes, over 25,000 Ukrainian civilians killed or injured, and with the head of the Russian state indicted by the International Criminal Court for alleged war crimes, namely the abduction of Ukrainian children.

**-Considering these developments and the rising number of reported human rights abuses and war crimes, has Ferrero considered fully exiting Russia so as not to be even indirectly or remotely associated with these crimes?**

In consideration of the above points, we request an urgent dialogue with Ferrero'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 the B4Ukraine Coalition at [contact@b4ukraine.org](mailto:contact@b4ukraine.org) to schedule a call. We kindly ask for your response by 5:00pm CET, August 31<sup>st</sup>, 2023.

Sincerely,

The B4Ukraine Coalition