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Dear Samsung Electronics Leadership Team,

We write to you as <u>B4Ukraine</u>, a coalition of Ukrainian and international civil society organizations committed to curbing the financial support that fuels Russia's brutal invasion of Ukraine. Given the ongoing instability and discussions around companies potentially re-engaging with the Russian market, we are reaching out to urge your company to refrain from resuming or expanding any operations in Russia.

Businesses must not return to the Russian market until:

- Ukraine's sovereignty and complete territorial integrity are restored, as recognized by international law.
- Reparations are paid in full for all damages caused by Russian aggression, covering infrastructure, economic losses, and human suffering.
- Accountability is imposed for violations of international law, including the crime of aggression, war crimes, and crimes against humanity.

As is outlined below, this is not only a matter of principle but also a strategic and financial judgment based on a plethora of risks related to Russia. The circumstances that led to the withdrawal of firms from Russia have not changed. The war against Ukraine continues, and the economic, legal, and reputational risks of doing business in Russia remain high.

Despite suspending some operations in Russia following the full-scale invasion of Ukraine, <u>Samsung</u> Electronics has maintained a significant presence in the Russian market. Since, Samsung products continued to be <u>widely available</u> through parallel imports.

However, recent reports seem to indicate a growth in Samsung's presence in Russia. Notably, the company has increased its marketing activities in Russia, with reports indicating a 30% rise in advertising expenditures in early 2025 compared to the previous year. These promotions, often in collaboration with Russian telecom operator MTS, include discounts, instalment plans, and buyback programs, suggesting an active engagement with the Russian consumer base.

Furthermore, Samsung's actions, such as recent trademark filings in Russia, indicate preparations for a <u>potential re-entry into the market</u>. These activities, coupled with the company's continued brand visibility through parallel imports, raise concerns about Samsung's commitment to international sanctions and business practices that align with the internationally accepted business and human rights framework.

We are concerned by reports suggesting the possibility of Samsung re-entering and growing its presence in the Russian market and seek clarification regarding the company's commitment to ceasing operations in Russia in alignment with ethical business practices.

In light of the continued Russian aggression against Ukraine, we strongly urge Samsung to fully disengage from the Russian market, cease all marketing and promotional activities, and reaffirm its commitment to upholding international law and ethical business standards.

Recent speculation about the potential lifting of sanctions, particularly in the United States, has created uncertainty. However, it is clear that the broader sanctions regime remains intact. The United States has for now maintained its restrictions, while the European Union recently approved its sixteenth package of sanctions. Even if some policymakers consider relaxing their stance, the reality remains that the EU, UK, Japan, Canada, and numerous other countries and organisations have imposed sanctions on Russia, making it the most sanctioned country in the world, due to its crime of aggression against its sovereign neighbour.

It has been three years since Russia invaded Ukraine, committing the crime of aggression and breaching the UN Charter. Russia is violating international humanitarian and human rights law, committing over 160,000 documented war crimes. In recognition of the severity of abuses, in March 2023 the International Criminal Court issued an arrest warrant for Vladimir Putin to answer charges of war crimes.

Further, economic and regulatory conditions in Russia are no longer conducive to stable business operations. Companies re-entering the market would be navigating a landscape of restricted <u>supply chains</u>, <u>financial barriers</u>, <u>and legal uncertainties</u>.

Russia has demonstrated a pattern of malignant and systematic asset seizures, expropriations, and regulatory manipulation, using foreign businesses as leverage in political disputes. According to a study conducted by the London School of Economics, since 2022, over 500 Western firms have seen their assets expropriated under various pretexts, including companies in industries ranging from brewing and consumer goods (e.g., Danone, Carlsberg) to energy (e.g., Uniper, Fortum). The scope of legislation and Russian domestic case law showing the readiness for expropriation has skyrocketed since the start of the full-scale invasion. Businesses looking to re-enter must expect that their assets would meet a similar fate.

These patterns show a blatant disregard for property rights, investor and shareholder rights, and are a general indicator of an authoritarian government. Accordingly, any western business seeking reentry faces the <u>risk of Kremlin</u> decrees that introduce new fees, taxes, and price controls; limit the repatriation of profits and dividends; restrict asset sales and management decisions; and expropriate private businesses.

The <u>economic outlook</u> in Russia further devalues the case for re-engagement. Interest rates have soared to 21 percent, labour shortages are worsening, and consumer purchasing power has significantly declined. The country's middle class is shrinking, and the infrastructure that once supported international trade and investment has deteriorated.

Russia's own leaders have stated that returning businesses should <u>not expect to be treated on equal footing</u> with local firms. Instead, as confirmed by Vladimir Putin himself, those seeking re-entry would be <u>disadvantaged</u> to ensure the competitiveness of domestic businesses. Many Western brands have already been <u>replaced</u> by domestic or Chinese alternatives, making it difficult, if not impossible, for companies to regain their former market position. Rebuilding operations in such a climate would require substantial financial investment with little certainty of return, naturally concerning investors. Russian policy is confirmed to be favourable towards domestic production and market share.

The Russian legislative framework continues to pose a high risk of business complicity in the war. Under <u>Federal Law No. 31-FZ</u> businesses, including international companies that are operating on a full or limited scale in Russia, are required to conduct military registration of the staff if at least one of the employees is 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.

Beyond financial and legal risks, reputational risks remain high. Any company that chooses to return to Russia will be seen as disregarding the human cost of the war in Ukraine. Some Russian officials have even suggested that businesses seeking to re-enter should contribute financially to the Russian military or establish operations in occupied Ukrainian territories. These decisions would directly associate a company's name with a government engaged in an ongoing conflict, one that has been widely condemned for violations of international law. Moreover, they could render the company complicit in violations of international law.

For all these reasons, we strongly urge your company not only to remain outside the Russian market but to take an active role in discouraging others from returning. We ask that you publicly **reaffirm your commitment to staying out of Russia** and use your influence to advocate for continued economic pressure until meaningful conditions for peace and accountability are met.

With so many alternative markets offering greater stability and growth potential, the case for returning to Russia is weak. The financial, legal, and reputational risks outweigh any potential short-term benefits. More importantly, to re-enter the Russian market under current conditions would be to ignore the principles that led to withdrawal in the first place and contradict all principles of ethical business conduct and a business' responsibility to respect human rights.

We are happy to discuss these issues in greater detail and are therefore inviting you to a confidential meeting. We are happy to provide further information and address any questions you may have. Should you wish to participate in such a meeting, please confirm your availability by May 9, 2025 to schedule. Kindly note that after this date, this letter and any responses will be published on the B4Ukraine website.

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Sincerely

The B4Ukraine Coalition