**Actions on Burger King Russia**

*The following is an open letter on March 17, 2022 from RBI’s International President, David Shear, to RBI employees.*

I know that many of you have been following the horrifying attacks on Ukraine. There have been a lot of media reports about brands continuing to operate in Russia and internally, we have been working around the clock to do all the right things. I want to share this letter to keep everyone up to date on our actions.

We entered the Russian market ten years ago through a joint venture partnership, similar to our approach in 15+ other global markets. We have three joint venture partners in Russia that are controlled by Alexander Kolobov, who has extensive restaurant experience and is responsible for the day-to-day operations and oversight of the ~800 restaurants in Russia; Investment Capital Ukraine – one of Ukraine’s largest investment firms; and VTB Capital. VTB Capital, as an affiliate of one of Russia’s biggest banks, has partnered with several other western companies in Russia, including other large QSR brands. We own a minority stake (15%) in the joint venture and none of the partners has a majority share.

These are the actions we have taken to date:

1. We started the process to dispose our ownership stake in the business. While we would like to do this immediately, it is clear that it will take some time to do so based on the terms of our existing joint venture agreement.

2. We contacted the main operator of the business and demanded the suspension of Burger King restaurant operations in Russia. He has refused to do so.

3. We suspended all corporate support for the Russian market, including operations, marketing, and supply chain support in addition to refusing approvals for new investment and expansion.

4. We committed to redirecting any profits we receive from the business, including our ownership stake, to the United Nations’ refugee agency (UNHCR) and made an immediate donation of $1M toward that commitment. We’ve also worked with franchisees from more than 25 countries to distribute $2M of free meal coupons for Burger King restaurants to NGOs supporting Ukrainian refugees.

The economic sanctions that have been imposed by many countries include VTB Bank and its controlled affiliates, including VTB Capital and I want you to know that we are in full compliance with all applicable sanctions.

We have been asked why we can’t unilaterally suspend operations. I want to answer that question directly.
When master franchise agreements and joint ventures are formed, there are extensive commitments to long-term investments and accountabilities to grow the business together. There are no legal clauses that allow us to unilaterally change the contract or allow any one of the partners to simply walk away or overturn the entire agreement. No serious investor in any industry in the world would agree to a long-term business relationship with flimsy termination clauses. This is exactly why we say it’s a complicated legal process when we are asked why we can’t just unilaterally shut down the business.

Any current attempt to enforce our contract would ultimately require the support of Russian authorities on the ground and we know that will not practically happen anytime soon. This is also why you may see other brands in Russia with similar structures continue to operate in the market.

Would we like to suspend all Burger King operations immediately in Russia? Yes. Are we able to enforce a suspension of operations today? No. But we want to be transparent with our actions and explain the steps we have taken to stand with the international business community in response to Russia’s attack on Ukraine and its people.

David Shear
President, International
Restaurant Brands International