

December 28, 2023

Dear Shell 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 are writing to enquire on the current status of your business operations and partnerships in Russia concerning LNG, especially in light of the notable surge in European imports of Russian LNG during the first half of 2023, marking the strongest figures on record.¹

It has been 20 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 27,500 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 warrant for Vladimir Putin to answer war crimes charges.²

Moreover, recent developments in Russia point to an expanding universe of financial, legal, and reputational risks facing those still conducting business operations with Russia.

In response to this unprovoked and unjustified war of aggression,³ many companies have exited Russia and ceased any operations in the Russian market.

As you will know, in early September 2023, the US Department of State expanded the sanctions regime by officially designating 37 entities engaged in developing Russia's energy production and potential export capabilities, including two associated vessels. These designations include entities and

¹ Andrea Thomas, "INVESTIGATION. Still spared by sanctions, this Russian gas still exported thanks to France," West France, November 20, 2023, <https://www.ouest-france.fr/europe/russie/vladimir-poutine/ce-gaz-russe-exporte-grace-a-la-france-5c073e20-824e-11ee-a407-397218b61e71#:~:text=ENQU%C3%8ATE,-Encore%20%C3%A9pargn%C3%A9%20par%20les%20sanctions%2C%20ce%20gaz%20russe%20toujours%20export%C3%A9,%20Nazaire%2C%20d%C3%A9noncent%20des%20ONG> (accessed December 12, 2023).

² 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).

³ 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".

individuals involved in critical energy projects and related infrastructure development, including Russia's Arctic LNG 2 liquefied natural gas export initiative. Furthermore, the list includes entities engaged in procuring materials and technology for future energy projects, areas where Russia has historically depended on expertise and technology from foreign companies.

Consequently, in accordance with [E.O. 14024](#), all property and interests in property of the designated persons that are in the United States or in possession or control of U.S. persons are blocked and must be reported to the Department of Treasury's Office of Foreign Assets Control (OFAC). Furthermore, any individuals or entities holding direct or indirect ownership of 50 percent or more by blocked individuals or entities are also subject to being blocked. All transactions involving property or property interests of designated or otherwise blocked persons within the United States, by U.S. persons, or transiting through the U.S. are strictly prohibited, unless specifically authorised by OFAC through a general or specific licence, or if exempt.

These prohibitions encompass any contribution, provision of funds, goods, or services to, from, or for the benefit of any blocked person, as well as the acceptance of such contributions or provisions from these individuals or entities.⁴

Additionally, OFAC issued [Russia-related General License 55A, "Authorizing Certain Services Related to Sakhalin-2"](#) and [Russia-related General License 72, "Authorizing the Wind Down of Transactions Involving Certain Entities Blocked on September 14, 2023"](#), adding to the Specially Designated Nationals and OFAC's Sectoral Sanctions Identifications list two vessels:

KORYAK FSU (3E2333) Floating Storage Tanker Panama flag; Vessel Registration Identification IMO 9915105 (vessel) [RUSSIA-EO14024] (Linked To: ARCTIC TRANSSHIPMENT LIMITED LIABILITY COMPANY).

SAAM FSU (3E2557) Floating Storage Tanker Panama flag; Vessel Registration Identification IMO 9915090 (vessel) [RUSSIA-EO14024] (Linked To: ARCTIC TRANSSHIPMENT LIMITED LIABILITY COMPANY).⁵

The designation of these two vessels means that any traders collecting LNG from these points will be in violation of US sanctions.

On November 2, 2023, the US Department of State also designated as a target for sanctions ARCTIC LNG 2 LLC, the operator of the Arctic LNG 2 Project, pursuant to section 1(a)(i) of the Executive Order 14024.⁶

⁴ US Department of State, "Imposing Further Sanctions in Response to Russia's Illegal War Against Ukraine," September 14, 2023, <https://www.state.gov/imposing-further-sanctions-in-response-to-russias-illegal-war-against-ukraine/> (accessed November 10, 2023); Executive Order 14024, "Blocking Property With Respect To Specified Harmful Foreign Activities of the Government of the Russian Federation," April 15, 2021, <https://www.federalregister.gov/documents/2021/04/19/2021-08098/blocking-property-with-respect-to-specified-harmful-foreign-activities-of-the-government-of-the> (Accessed November 10, 2023).

⁵ Office of Foreign Asset Control, "Russia-related Designations, Designations Updates, and Designations Removals; Issuance of Russia-related General Licenses," September 14, 2023, https://ofac.treasury.gov/recent-actions/20230914?fbclid=IwAR2SAkYLJZgxXlbPzc2r3SZkk3uL34rMtlqwjkQKd_cBfYA7MyIzBhZOmFU (accessed November 11, 2023).

⁶ U.S. Department of State, Fact Sheet "Taking Additional Sweeping Measures Against Russia", November 2, 2023 <https://www.state.gov/taking-additional-sweeping-measures-against-russia/>

We are writing now to enquire whether this company will adhere to the US sanctions that prohibit the usage of two critical floating storage units of Russian LNG supply chains, identified below as KORYAK FSU and SAAM FSU, and any transactions involving ARCTIC LNG 2 LLC.

Furthermore, we would like to pose the following questions regarding business operations related to Russian LNG more broadly:

- **Can you clarify the quantity of LNG the company is currently purchasing/acquiring from Russia?**
- **Does the company have any long-term contracts with any of the aforementioned entities in Russia, and if so, is it going to adhere to them?**
- **Can the company clarify whether it intends to fully terminate trade with Russian entities? If so, what is the predicted timeline for the exit?**

In consideration of the above points, we request an urgent dialogue with the company's relevant senior management and staff to discuss ongoing activities and relationships in Russia, associated risks to the people of Ukraine, and potential steps to prevent/mitigate these risks. Please contact the B4Ukraine Coalition at contact@b4ukraine.org to schedule a call. We kindly ask for your response by 5:00pm CET, 22 January 2024.

Please note that this letter and any response provided, or lack thereof, will be published on the B4Ukraine webpages. In case you would like to join the proposed call, any such meeting will be held under Chatham House Rules.

Sincerely,

The B4Ukraine Coalition

Request for a meeting with Shell regarding business operations in Russia

Andreas.Bork@shell.com

Tue, Feb
21,
9:20 PM

to me

Dear Business for Ukraine,

Thank you for the work you are doing. I would be delighted to discuss the content of your letter with you and to confirm Shell's clear position in support of Ukraine, democracy and national independency. I am looking forward to hearing back from you.

Kind Regards,

Andreas

Andreas Bork
VP ESG
Investor Relations Shell

Wael Sawan
Chief Executive Officer
Shell Centre
Belvedere Road
London SE1 7NA
United Kingdom

CC: Shell's Executive Team and Board of Directors

February 8, 2023

RE: Shell's business operations in Russia

Dear Mr. Sawan,

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. 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. Such support will also demonstrate respect for the fundamental human rights of all people, the rules-based international order, and a prosperous global economy.

We are encouraged by Shell's decision to discontinue its operations and business in Russia in response to this unprovoked and unjustified war.¹ The company has joined the growing ranks of multinational companies which, according to the Kyiv School of Economics Institute's [#LeaveRussia company tracker](#), have exited the Russian market,² thus minimising the risks of enabling and financing Russia's violations of international humanitarian and human rights law during the ongoing invasion and occupation of Ukraine.³ We write now to urge you to maintain your position and, further, to use your leadership and influence to encourage other companies to follow your example.

As you may well be aware, Russia continues to commit war crimes and crimes against humanity through attacks on civilians and civilian infrastructure, mass executions, the bombing of schools, hospitals, and apartment buildings, sexual violence, torture, and forcible transfer of civilians. More than 18,000 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.

¹ Shell, "Shell completes sale of retail and lubricants business in Russia," May 25, 2022, <https://www.shell.com/media/news-and-media-releases/2022/shell-completes-sale-of-retail-and-lubricants-businesses-in-russia.html> (accessed February 7, 2023).

² Kyiv School of Economics Institute, "Leave Russia," <https://leave-russia.org/companies-that-exited> (accessed February 7, 2023).

³ The UN Working Group on Transnational Corporations, Business, human rights and conflict-affected regions states: "Businesses are not neutral actors; their presence is not without impact. Even if business does not take a side in the conflict, the impact of their operations will necessarily influence conflict dynamics."

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 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.⁴ 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.⁵ Companies may also be exposed to financially material risks through operational restrictions such as limitations of future government contracts.⁶ By remaining in Russia, companies may not only be exposed to these risks but may also become directly complicit in war crimes.⁷

In addition to these risks, any re-entry into the Russia market would now bring further exposure to the heightened legal, regulatory, operational, and financial risks associated with companies being required to provide direct support to the internationally sanctioned Russian military.

⁴ 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).

⁵ 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,” 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 November 14, 2022).

⁶ 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).

⁷ 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).

We commend Shell's action and discontinuation of business activity in Russia, as well as exiting "its joint ventures with Gazprom and related entities."⁸⁹ Moreover, we appreciate Shell's statement of being "appalled by the war in Ukraine", as well as the company's humanitarian donations to support the Ukrainian people.¹⁰

Therefore, we request a dialogue with the company's senior management and staff to discuss how the company considers its potential future relationship with Russia as well as Ukraine, and how it may exert its influence. Please contact B4Ukraine at contact@b4ukraine.org to schedule a call. We kindly ask for your response by 5:00pm CET, February 22, 2023.

Sincerely,

The B4Ukraine Coalition

⁸ Shell, "Shell completes sale of retail and lubricants business in Russia," May 25, 2022, <https://www.shell.com/media/news-and-media-releases/2022/shell-completes-sale-of-retail-and-lubricants-businesses-in-russia.html> (accessed February 7, 2023).

⁹ The Guardian, "Shell joins BP in selling Russian assets as pressure on Kremlin-linked firms grows," February 28, 2023, <https://www.theguardian.com/world/2022/feb/28/shell-to-exit-joint-ventures-with-gazprom-and-pull-out-of-nord-stream-2> (accessed February 7, 2023).

¹⁰ Shell, "War in Ukraine: Shell's response: frequently asked questions," <https://www.shell.com/war-in-ukraine-shell-response/faq.html> (accessed February 7, 2023).