

Russell Hardy
Chief Executive Officer
Vitol SA
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RE: Vitol SA's business operations in Russia

February 28, 2023

Dear Mr. Hardy,

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 opposition to Russia's war of aggression, public support for the people, democracy, and territorial integrity of Ukraine, and alignment with the UN Guiding Principles on Business and Human Rights (UNGPs). At stake is not only the sovereignty and territorial integrity of a democratic Ukraine, but also the continuity of the rules-based international order and the prosperity of the global economy.

We request an urgent dialogue regarding potential inconsistencies between Vitol SA's (Vitol) stated policies on human rights and the company's ongoing business operations and relationships in Russia that may contribute to, or be linked with, human rights harms.

We acknowledge that Vitol has policies in place to guide the company toward ethical behaviour. According to Vitol's Environmental & Social Framework:

"We are committed to respecting all internationally recognized human rights – we will seek to conduct our business in accordance with the UN Guiding Principles on Business and Human Rights, whilst striving to improve year on year."¹

Vitol reiterates its commitment to human rights in its ESG report, emphasising the company's dedication to implementing the UN SDGs and the UN Guiding Principles on Business and Human Rights.² Vitol strives to conduct ongoing human rights due diligence, including when "undertaking transactions and when performing counterparty due diligence."³ These commitments are further supported by the company's Code of Conduct, Modern Slavery Policy, and ESG reporting.

¹ Vitol, "E&S beliefs – Human Rights," <https://www.vitol.com/environment-social/> (accessed February 23, 2023).

² Vitol, "ESG Report 2021," <https://www.vitol.com/wp-content/uploads/2022/12/ESG-2021-Report-digital-1.pdf> (accessed February 23, 2023).

³ Vitol, "Vitol Documents," <https://www.vitol.com/vitol-documents/> (accessed February 23, 2023).

It has been one year 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 18,000 Ukrainians 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.

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 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 be exposed to financially material risks through operational restrictions, such as limitations of future government contracts.⁶

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 January 2, 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 January 2, 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 January 2, 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 January 2, 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 January 2, 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 January 2, 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 January 2, 2022).

In response to this unprovoked and unjustified war⁷ many companies have left Russia. According to the Kyiv School of Economics Institute's (KSE) #LeaveRussia [company tracker](#), Vitol has exited its Russian operations.⁸ However, our research indicates that there are inconsistencies between Vitol's pledge to exit the Russian market, and its continued business operations in the country.

In April, Vitol reportedly decided to stop trading Russian crude oil and products by the end of 2022.⁹ According to the company, the volumes of Russian oil handled "will diminish significantly in the second quarter as current term contractual obligations decline."¹⁰ However, despite this pledge, reports show that Vitol chartered shipments of more than 38 million barrels of oil from Russian ports – worth an estimated \$3.21 billion and averaging more than 9 million barrels a month – since the invasion began on 24 February until July 2022. These activities prompted Oleg Ustenko, Volodymyr Zelenskiy's chief economic advisor, to say that Vitol is "the largest western trader of seaborne Russian oil since the full-scale invasion on 24 February. This is brazen profiteering from blood oil that is funding the murder of Ukrainian civilians."¹¹ The shipments were made from Russian ports including Ust-Luga near the Estonian border, St Petersburg on the Baltic Sea, Novorossiysk on the Black Sea and included the exports of Kazakh crude and oil products.¹² Further, in a response to the Business and Human Rights Resource Centre, Vitol confirmed it has a trading presence in Russian LNG.¹³

In July 2022, Vitol proceeded with the sale of its 5% (\$3.57 billion) stake in the Russian oil project Vostok, stating: "Vitol has agreed to sell its shares and is in the process of completing the legal formalities necessary to complete this transaction."¹⁴

On December 30, 2022, Vitol announced that it has divested its interest in Vostok Oil LLC.¹⁵

Research conducted by Global Witness reveals that Russian crude is taken from ports in the Baltic and the Black Sea to Turkish refineries, before being refined and imported into the EU by traders, including Vitol.¹⁶ The report shows that Vitol brought 900,000 barrels into Latvia from the STAR and Tupras Izmit refineries since December 5. Further reports show that Vitol helped Russia sell more than 74 million barrels of oil and oil products since the start of the invasion, including crude oil worth

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."

⁸ KSE, Leave Russia, "Vitol," <https://leave-russia.org/vitol-group> (accessed February 23, 2023).

⁹ Livvy Doherty and Anna Cooban, "World's top oil trader will stop buying Russian crude," *CNN Business*, April 13, 2022, <https://edition.cnn.com/2022/04/13/business/vitol-russian-oil/index.html> (accessed February 23, 2023).

¹⁰ Alex Lawson, "Zelenskiy calls on trader Vitol to stop shipping Russian 'blood oil'," *The Guardian*, July 6, 2022, <https://www.theguardian.com/business/2022/jul/06/ukrainian-president-zelenskiy-accuses-vitol-over-russian-blood-oil> (accessed February 23, 2023).

¹¹ Ibid.

¹² Ibid.

¹³ Business & Human Rights Resource Centre, "Vitol Response," March 21, 2022, <https://www.business-humanrights.org/en/latest-news/vitol-response-2/> (accessed November 11, 2022).

¹⁴ Bloomberg Law, "Vitol Advances With Sale of Russian Oil Project Vostok Stake (1)," July 7, 2022, https://news.bloomberglaw.com/mergers-and-acquisitions/vitol-advances-with-sale-of-stake-in-giant-russian-oil-project?utm_source=rss&utm_medium=MRNW&utm_campaign=00000181-d920-d5b2-a381-f97b15560001 (accessed February 23, 2023).

¹⁵ Vitol, "Vitol divests interest in Vostok," December 30, 2022, <https://www.vitol.com/vitol-divests-interest-in-vostok/> (accessed February 23, 2023).

¹⁶ Global Witness, "Shell & Vitol bring Russian-origin diesel into Europe, despite swearing off Russian oil," February 19, 2023, <https://www.globalwitness.org/en/campaigns/stop-russian-oil/shell-vitol-bring-russian-origin-diesel-europe-despite-swearing-russian-oil/> (accessed February 23, 2023).

an estimated \$1.9 billion.¹⁷ While Vitol claims that its business is “in full compliance with all applicable laws and regulations,” these actions have some saying that Vitol is prolonging the war in Ukraine by taking advantage of a ‘loophole’ in the sanctions.¹⁸

The Ukrainian 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.”¹⁹ These companies are recognised as international sponsors of war. So far there are 15 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.”²⁰

Due to these apparent inconsistencies, we are requesting a clarification from Vitol on whether it intends to follow through on its commitments and leave the Russian market. These activities risk enabling and financing Russia’s violations of IHL and human rights law during the ongoing invasion and occupation of Ukraine and violating Vitol’s Human Rights policies and the company’s commitment to abiding by the UNGPs. It remains to be seen how directly Vitol 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.

We seek to understand how Vitol has conducted and continues to conduct heightened human rights due diligence 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,²¹ we request an urgent dialogue with Vitol’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, March 14th, 2023.

¹⁷ Global Witness, “One year on: Western companies traded 384 million barrels of Russian oil,” February 24, 2023, <https://www.globalwitness.org/en/campaigns/stop-russian-oil/one-year-western-companies-traded-384-million-barrels-russian-oil/> (accessed February 27, 2023).

¹⁸ Alex Lawson, “Shell and Vitol accused of prolonging Ukraine war with sanctions ‘loophole,’” *The Guardian*, February 19, 2023, <https://www.theguardian.com/business/2023/feb/19/shell-and-vitol-accused-of-prolonging-ukraine-war-with-sanctions-loophole> (accessed February 23, 2023).

¹⁹ NACP, “International Sponsors of War,” <https://sanctions.nazk.gov.ua/en/boycott/> (accessed February 6, 2023).

²⁰ 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).

²¹ B4Ukraine, “About,” <https://businessforukraine.info/about> (accessed January 2, 2022).

Please do not hesitate to get in touch if you require any further information.

Sincerely,

The B4Ukraine Coalition