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United Kingdom

CC: The International Group of P&I Clubs' Executive Team and Board of Directors

January 16, 2023

RE: The International Group of P&I Clubs' business operations in Russia

Dear Mr. Shaw,

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 the International Group of P&I Clubs and the Group Clubs' stated policies on Russian aggression and human rights more broadly and the companies' ongoing business operations and relationships in Russia that may contribute to, or be linked with, human rights harms.

We acknowledge the stated commitments of Group Clubs to human rights. According to their websites and letters of commitment, UK P&I,¹ Gard,² and Skuld³ have all committed themselves to implementing the Ten Principles of the United Nations Global Compact, which includes the principles that "business should support and respect the protection of internationally proclaimed human rights" and "make sure that they are not complicit in human rights abuses."⁴ In its sustainability report (2022), Britannia P&I likewise stated that it had "maintained its alignment" with the

¹ UK P&I, "UN Global Compact," <https://www.ukpandi.com/about-us/sustainability/united-national-global-compact/> (accessed December 20, 2022).

² United Nations Global Compact, "Gard AS," <https://www.unglobalcompact.org/what-is-gc/participants/132368-Gard-AS> (accessed December 20, 2022).

³ Skuld, "We are committed", <https://www.skuld.com/about/sustainability/we-are-committed/> (accessed December 20, 2022).

⁴ United Nations Global Compact, "The Ten Principles of the UN Global Compact," <https://www.unglobalcompact.org/what-is-gc/mission/principles> (accessed December 20, 2022).

Compact,⁵ while the American Club’s sustainability report (2021) stated that it “incorporates sustainability principles into its day-to-day business and overall strategy”, listing the Ten Principles of the Global Compact among these.⁶ In addition, the Swedish Club has stated that it is signed up to the UN sustainability goal of “peace, justice, and strong institutions”;⁷ the Shipowners’ Club listed human rights, including the “elimination of discrimination, torture, and exploitation”, among its “core subjects of corporate responsibility” in its corporate responsibility report (2022);⁸ the Japan P&I Club’s Charter states that it will “consistently respect [...] all fundamental human rights and will never tolerate any discrimination or violation of human right[s]”;⁹ and the London P&I Club has stated that it will “robustly enforce global human rights [...] sanctions regimes throughout [its] operations including refusing cover for members who elect to operate with sanctioned countries, companies, or individuals.”¹⁰

It has been more than ten 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 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 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.¹¹ 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.¹²

⁵ Britannia P&I, “Britannia publishes sustainability progress report,” <https://britanniapandi.com/2022/07/britannia-publishes-sustainability-progress-report/> (accessed December 20, 2022).

⁶ The American Club, “American P&I Club Sustainability Report 2021,” https://www.american-club.com/files/files/API_Sustainability_Report_2021.pdf (accessed December 20, 2022).

⁷ The Swedish Club, “ESG and Sustainability,” <https://www.swedishclub.com/about/esg-and-sustainability> (accessed December 20, 2022).

⁸ The Shipowners’ Club, “Corporate Responsibility Report 2022,” <https://www.shipownersclub.com/media/2022/10/Shipowners-Club-Corporate-Responsibility-Report-2022.pdf> (accessed December 20, 2022).

⁹ Japan P&I Club, “Corporate Governance,” <https://www.piclub.or.jp/en/about/charter> (accessed December 20, 2022).

¹⁰ The London P&I Club, “Sustainability,” <https://www.londonpandi.com/about-us/sustainability/> (accessed December 20, 2022).

¹¹ 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).

¹² 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

Companies may be exposed to financially material risks through operational restrictions, such as limitations of future government contracts.¹³

In response to this unprovoked and unjustified war¹⁴ many companies have left Russia. According to the Kyiv School of Economics Institute's #LeaveRussia [company tracker](#), the Shipowners' Club is the only Group Club that has not provided insurance cover to tankers transporting Russian crude oil in recent months.¹⁵ Meanwhile, UK P&I, Gard, Britannia P&I, Standard Club, Skuld, West, the London P&I Club, North, Steamship Mutual, and the Japan P&I Club have all been noted as providing such cover.¹⁶

While the most recent rounds of UK and EU Russia-related sanctions preclude the provision of P&I insurance to some vessels transporting Russian crude oil, we note that insurance providers may still cover such vessels provided that \$60 oil price cap is observed. In addition, insurers may continue to

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.iustsecurity.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).

¹³ 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).

¹⁴ 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."

¹⁵ Leave Russia, "Shipowners' Club P&I," June 3, 2022, <https://leave-russia.org/shipowners-club-p-i> (accessed December 20, 2022).

¹⁶ Leave Russia, "UK P&I Club," June 3, 2022, <https://leave-russia.org/uk-p-i-club> (accessed December 20, 2022); Leave Russia, "Gard P&I," June 3, 2022, <https://leave-russia.org/gard-p-i> (accessed December 20, 2022); Leave Russia, "Britannia P&I," June 3, 2022, <https://leave-russia.org/britannia-p-i> (accessed December 20, 2022); Leave Russia, "The Standard Club Ltd," June 3, 2022, <https://leave-russia.org/the-standard-club-ltd> (accessed December 20, 2022); Leave Russia, "Assuranceforeningen Skuld," June 3, 2022, <https://leave-russia.org/assuranceforeningen-skuld> (accessed December 20, 2022); Leave Russia, "West of England Ship Owners," June 3, 2022, <https://leave-russia.org/west-of-england-ship-owners> (accessed December 20, 2022); Leave Russia, "The London P&I Club," June 3, 2022, <https://leave-russia.org/the-london-p-i-club> (accessed December 20, 2022); Leave Russia, "North of England P&I," June 3, 2022, <https://leave-russia.org/north-of-england-p-i> (accessed December 20, 2022); Leave Russia, "Steamship Mutual," June 3, 2022, <https://leave-russia.org/steamship-mutual> (accessed December 20, 2022); Leave Russia, "Japan P&I Club," June 3, 2022, <https://leave-russia.org/japan-p-i-club> (accessed December 20, 2022).

provide cover to vessels transporting refined oil products originating in Russia until 5 February 2023.¹⁷ Consequently, it is estimated that roughly 50% of Russian oil shipments may still be insured by European providers.¹⁸ By way of example, as of 8 December 2022, SeaSearcher indicates that the oil products tanker the Crystal Sky (IMO: 9334569), which was operating between Rotterdam and the Russian port of Ust-Luga in Leningrad Oblast as of 6 December 2022, was still insured by Gard, though we note that the same was not indicated by Gard's own vessel search tool. Given that the International Group of P&I Clubs "provides liability cover for approximately 90% of the world's ocean-going tonnage,"¹⁹ with providers based in the UK responsible for writing 60% of all global coverage,²⁰ we would like to seek clarification as to the extent to which Group Clubs continue to provide coverage to vessels transporting Russian oil products.

Any such activities in Russia risk enabling and financing Russia's violations of IHL and human rights law during the ongoing invasion and occupation of Ukraine and violating the Group Clubs' human rights commitments. It remains to be seen how directly the International Group of P&I Clubs 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 the status of the International Group of P&I Clubs and the Group Clubs' exposure to Russia and how they all have conducted and continue to conduct heightened human rights due diligence, per its stated policy and the UNGPs concerning due diligence in conflict-affected areas, 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](#), we request an urgent dialogue with the International Group of P&I Clubs 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, January 30, 2023.

¹⁷ HM Treasury, "UK and allies announce price cap of \$60 on Russian oil," December 2, 2022, <https://www.gov.uk/government/news/uk-and-allies-announce-price-cap-of-60-on-russian-oil> (accessed December 20, 2022); Skuld, "The Price Cap on Russian Oil," December 9, 2022, <https://www.skuld.com/topics/legal/sanctions/russia/the-price-cap-on-russian-oil/> (accessed December 20, 2022).

¹⁸ Investigate Europe, "EU sanctions will still allow half of European-insured Russian oil shipments," October 14, 2022, <https://www.investigate-europe.eu/en/2022/eu-sanctions-will-still-allow-half-of-european-insured-russian-oil-shipments/> (accessed December 20, 2022).

¹⁹ The International Group of P&I Clubs, "About the International Group," <https://www.igpandi.org/about/> (accessed December 20, 2022).

²⁰ Financial Times, "UK to ban ship insurance cover for Russian oil ahead of G7 price cap," November 3, 2022, <https://www.ft.com/content/0c62b2d6-315f-43bf-abd2-674753b27cbe> (accessed December 20, 2022).

Sincerely,

The B4Ukraine Coalition