



Former Yukos majority shareholders remain determined to obtain justice following a new decision in the Paris Court of Appeal

Today, 27 June 2017, the Paris Court of Appeal confirmed that the 2016 decision of The Hague District Court – to set aside the 2014 arbitral awards condemning the Russian Federation to pay the former Yukos majority shareholders \$50 billion in compensation – does not affect the recognition and enforcement of these awards in France.

The Court has decided to reopen the debates before it, inviting both parties to comment on the possibility of requesting a preliminary ruling from the Court of Justice of the European Union on the interpretation of the Energy Charter Treaty. The parties are required to submit their arguments on this issue by 10 October 2017. A hearing on the matter will take place on 23 November 2017 at the Paris Court of Appeal.

Emmanuel Gaillard, head of the international arbitration department of Shearman & Sterling LLP, who represented the former majority shareholders in the arbitration and now coordinates the enforcement proceedings, said, “While we respect this decision, we are surprised that the Paris Court of Appeal is considering the possibility of referring the interpretation of the Energy Charter Treaty to the European Court of Justice, given that the French courts routinely interpret and apply international treaties. The Paris Court of Appeal has recently ruled specifically on the interpretation of the Energy Charter Treaty”.

Today’s decision of the Paris Court of Appeal is part of the former shareholders’ efforts to obtain justice for the harm they suffered as a result of the unlawful expropriation of their investments by the Russian Federation. In July 2014, an Arbitral Tribunal in The Hague, under the auspices of the Permanent Court of Arbitration, ruled unanimously that the Russian Federation illegally expropriated the now defunct Yukos Oil Company. Russia violated the Energy Charter Treaty, which protects investment and provides for international arbitration. The Tribunal awarded the former majority shareholders \$50 billion in compensation.

“We are determined to obtain justice”, said Tim Osborne, Chief Executive of GML, “and to ensure that the most brutal expropriation in modern times does not go unpunished. The Arbitral Tribunal in The Hague spent a decade examining the case, and concluded unanimously that the expropriation of Yukos was illegal and politically motivated”. In a separate ruling on 9 May 2017, the Amsterdam Court of Appeal found that the Russian Federation deliberately bankrupted Yukos. The Court refused to recognise the bankruptcy in The Netherlands, since it violates Dutch public policy.

In the meantime, in another decision on 27 June, the Paris Court of Appeal – which ordered the release of a seizure by Hulley Enterprises Limited and Veteran Petroleum Limited at Arianespace – has confirmed that the former Yukos majority shareholders hold valid enforcement titles.

While they await the decision of the Paris Court of Appeal on the recognition of the arbitral awards in France, the former majority shareholders can continue to enforce the arbitral awards in France.



Note to the editor:

GML, via its wholly owned subsidiaries – Yukos Universal Limited (“Yukos Universal”) and Hulley Enterprises Limited (“Hulley”) – was the indirect majority shareholder of the former Yukos Oil Company (“Yukos”).

Yukos Universal and Hulley, together with Veteran Petroleum Limited (“Veteran”), a pension fund serving former Yukos employees, commenced arbitration proceedings in 2005 against the Russian Federation. Under the Energy Charter Treaty, they sought compensation for the expropriation of their investments in Yukos. In 2009, the arbitral tribunal, sitting in The Hague under the auspices of the Permanent Court of Arbitration, issued provisional awards on jurisdiction and admissibility. The Tribunal found that Russia was bound by the arbitration clause in the Energy Charter Treaty, and the former shareholders should benefit from the substantive protections of the Treaty. In 2014, the Tribunal ruled unanimously that the Russian Federation had deliberately and illegally expropriated Yukos. The Tribunal awarded compensation of \$50 billion to Yukos Universal, Hulley and Veteran – the largest ever sum in arbitral proceedings.

Since Russia refused to pay these awards, and rejected the offer of dialogue, former Yukos majority shareholders launched enforcement proceedings in Belgium, France, Germany, India, the United Kingdom and the United States. Russia immediately threatened Belgium, France and the United States that it would retaliate against any decision of their courts to enforce the awards. Belgium and France promptly adopted so-called ‘Yukos laws’, making it more difficult for any person to seize the assets of a foreign state.

In parallel to the arbitral proceedings, the Russian Federation has been condemned several times by the European Court of Human Rights. In 2014, the Court awarded €1.9 billion in compensation to former Yukos shareholders, which Russia refuses to pay – thus breaching the European Convention on Human Rights. In September 2017, the Committee of Ministers of the Council of Europe will decide what action to take.

Our website provides more information: www.gmllimited.com

Jonathan Hill

GML Director of Communication

+32-498-951-691

jonathan.hill@gmllimited.com

Emmanuel Gaillard

Managing Partner

Shearman & Sterling LLP

+33-6-24-15-40-09

egaillard@shearman.com