



The Helsinki District Court has granted a motion filed by NJSC Naftogaz of Ukraine and five other companies within the Naftogaz Group, ordering the freezing of certain assets owned by Russia in Finland. These include real estate and other assets valued in the tens of millions of dollars.

This decision is part of Naftogaz's global strategy to recover compensation for losses resulting from the seizure of its assets in Crimea, as ordered by the Hague arbitration tribunal.

It is also the first publicly known successful asset freeze outside Ukraine in the enforcement of arbitration awards filed by Ukrainian companies against Russia for the expropriation of property in Crimea in 2014. This is an interim step toward the actual recovery of assets in favor of the Naftogaz Group.

Since Russia refuses to voluntarily pay Naftogaz the compensation stipulated by the Hague ruling, we continue to leverage all available mechanisms to recover these funds. Today, we are one step closer to restoring justice. Simultaneously, we are actively pursuing enforcement of the arbitration award in other target jurisdictions where Russian assets are located," said Naftogaz Group CEO Oleksiy Chernyshov.

Interest on the unpaid amount continues to accrue until full compensation is paid in accordance with the arbitration award.

In Finland, Naftogaz Group is represented pro bono by lawyers Mikko Leppä and Tatu Jaarinen from HPP Attorneys, with the support of Covington & Burling LLP, which serves as the lead legal advisor coordinating Naftogaz's international enforcement efforts.

Background Information

Naftogaz commenced arbitration proceedings against Russia in October 2016, seeking compensation for Moscow's seizure of its property in violation of a bilateral investment treaty between Ukraine and Russia. Naftogaz had been the leading player in the natural-gas industry in Crimea, active in gas exploration, production, transport, storage, processing, and distribution. The company's property included special permits for subsoil use; equipment and infrastructure; pipeline and gas-storage operation rights; ownership interests in gas pipelines; and over 675-million cubic meters of stored gas.

After a years-long arbitration, on April 12, 2023, a tribunal in The Hague ordered Russia to pay Naftogaz more than USD 5 billion for Russia's treaty violations. The tribunal's damages award followed a prior award in which the tribunal found that it had jurisdiction to hear Naftogaz's claims and that Russia was liable for the expropriation of Naftogaz's property. While Russia initially declined to participate in the case, it later changed course, taking an active role in the damages phase. The hearing on damages took place at the Permanent Court of Arbitration, in The Hague's Peace Palace, and it was ongoing at the time of Russia's full-scale invasion of Ukraine, in late February 2022.

Notwithstanding the tribunal's award, Russia has refused to pay Naftogaz the amount due. Naftogaz has therefore launched an international enforcement effort, seeking to enforce the award in countries where Russia holds assets.

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