

**Baker  
McKenzie.**

**The great escape: winding down  
Russian business and managing  
litigation risks**

Wednesday 27 September, 2.00 - 3.15 pm BST

**ANNUAL COMPLIANCE CONFERENCE**

# Speakers



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# Introduction

Many multi-national businesses withdrawn or withdrawing from Russian market

Exit may take various forms

- Selling Russian group companies
- Withdrawal of staff and intra-group services
- Suspending performance of goods and services contracts and/or changes to supply chain
- Exercising rights under financing agreements

Discussion of strategies for smooth exit and managing both sanctions and litigation risks, with focus on:



sale of Russian  
businesses



withdrawal from  
supply contracts



**0 M&A: Sale of your Russian  
1 business**

# M&A process considerations

## Seller beware

- Growing sanctions exposure – investigations increasing
- Increasing Russian countermeasures – complex to navigate
- Western bank exits
- Nationalization (temporary administrator) risk increasing
- MBOs facing more scrutiny from Russian Commission – higher potential to be rejected

## Corporate Strategy

- Draft exit plan - map business carefully
- Internal stakeholder engagement v external engagement – investors and media
- Exit process – bilateral v auction process – hire IBs?
- Hire GR
- Accounting considerations – held for sale / deconsolidate / write off
- Consider market required announcements
- Media strategy – say less not more

# Common "Russian Exit" deal terms

## Key deal terms:

- Buyer profile
- Liability
- Inter-company arrangements
- Intra-group loans
- On-going services
- Purchase price
- Termination rights

- Future buy-back rights
  - Call options



**0** **Withdrawing from supply**  
**2** **contracts and other**  
**wind-down activities**

# Considerations for broader wind-down of Russian business



Sanctions restrictions forcing exits



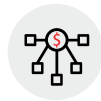
Optimising licences, winding down exceptions and grandfathering



Dealing with regulators



Relocation of staff



Financing considerations



Recusal of Western involvement in Russian business, though be wary of circumvention risks



Intra-group re-organisation



Segregation or freezing of funds



Sourcing raw materials from other (non-Russian) markets



Terminating or suspending contracts with Russian counter-parties



# Suspending contracts: typical contested matters

Jurisdiction

Decoding ambiguity in restrictions in legislation

Timing of performance

Exhaustion of exceptions and licensing

Severance of financing from supply obligations

Lugovoy law

# Strategy for mitigating litigation risks

Termination vs  
suspension

Force majeure vs  
bespoke sanctions  
clauses

Selling to alternative  
buyers and sourcing  
from alternative  
suppliers

Mitigating loss



**Questions**

# **Downsize this: mitigating risks and managing costs in global sanctions and export control investigations**

Wednesday 27 September

3.45 - 4.45 pm BST

4.45 - 5.45 pm CEST

10.45 - 11.45 am EDT

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**Next session**

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