



Business & Human Rights
Resource Centre

Digging in the shadows

**EASTERN EUROPE AND CENTRAL ASIA'S
OPAQUE EXTRACTIVES INDUSTRY**

JUNE 2021

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Executive summary

Extractives projects, such as mines and oil fields, are one of the main sources of human rights abuses in Eastern Europe and Central Asia, with hazardous working conditions, labour rights abuses, effects on the health of local communities, and severe environmental impacts.

Despite such serious allegations, Western companies and financial institutions have invested significantly in extractives projects in the name of development, and continue to do so. While socioeconomic development is greatly needed in the region, growth without human rights inherently undermines the stated purpose of development: to improve the lives and well-being of the individuals and communities within a society. Although companies and business activities can be key drivers of sustainable development, they can also fundamentally undermine human rights through abuses and unintended impacts. This is especially true in Eastern Europe and Central Asia, where human rights impacts linked to business activities often go unaddressed and unremedied.

Business & Human Rights Resource Centre has sought to illuminate these issues by analysing the human rights policies and performance of **30 extractives companies** in Eastern Europe and Central Asia, with a focus on Armenia, Georgia, and Kazakhstan. In doing so, we aim to draw attention to the major human rights risks and impacts within the region, as well as address the lack of information around business activities. While our findings focus in on the top 10 extractives companies in Armenia, Georgia, and Kazakhstan, we believe this research is indicative of broader trends in these countries, as well as the region as a whole.

Poor access to information around human rights

Access to information is crucial for accountability and has been recognised as a human right in and of itself. Activists and communities cannot effectively fight for their rights if they are unable to prove abuses are taking place. Poor access to information is a major underlying issue in all three countries, and data on these companies was often hard to come by. **BHRRC researchers faced extreme difficulties finding any information on the human rights performance of 8 of the 30 companies. Twenty-two of the 30 have noted issues around access to information.**

While there are many reasons for this lack of information, it is often the result of powerful political interests, poor regulation and oversight, the corporate veil, and/or corruption. This hinders the ability of activists, NGOs, and community members to rally public support and mount legal challenges against rights-violating projects. In many cases, information is only available because of the relentless work of NGOs, human rights activists, and journalists.

30 companies

in Armenia, Georgia, and Kazakhstan



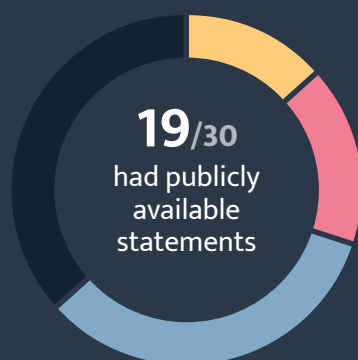
8 companies

no information on HR performance

22 companies

issues around access to information

100% OF COMPANIES WITH HUMAN RIGHTS POLICIES FACED ALLEGATIONS OF ABUSE



NUMBER OF COMPANIES WITH A HUMAN RIGHTS POLICY, BY COUNTRY:

- 4 Armenia
- 5 Georgia
- 10 Kazakhstan

Companies based in Western Europe, Canada, and the U.S. hold ownership or significant shares in

16 companies



Policies vs. performance

Only **19 of the 30 companies** had publicly available statements related to occupational safety, environmental management, and/or other human rights topics. These commitments had varying levels of detail, with some companies only providing a few sentences saying they take measures to protect the environment, with no data on how. For companies with human rights policies, research demonstrated a fundamental disconnect between public commitments and actual performance. Eighteen of the 19 companies with human rights policies faced allegations of damage to water and the environment, despite their public commitments. Many of the companies with the most comprehensive human rights policies also were accused of severe human rights allegations. For example, 7 of the 19 companies with human rights policies faced allegations around deaths or violence. Five of these instances were in Kazakhstan, where all 10 companies have detailed human rights policies.

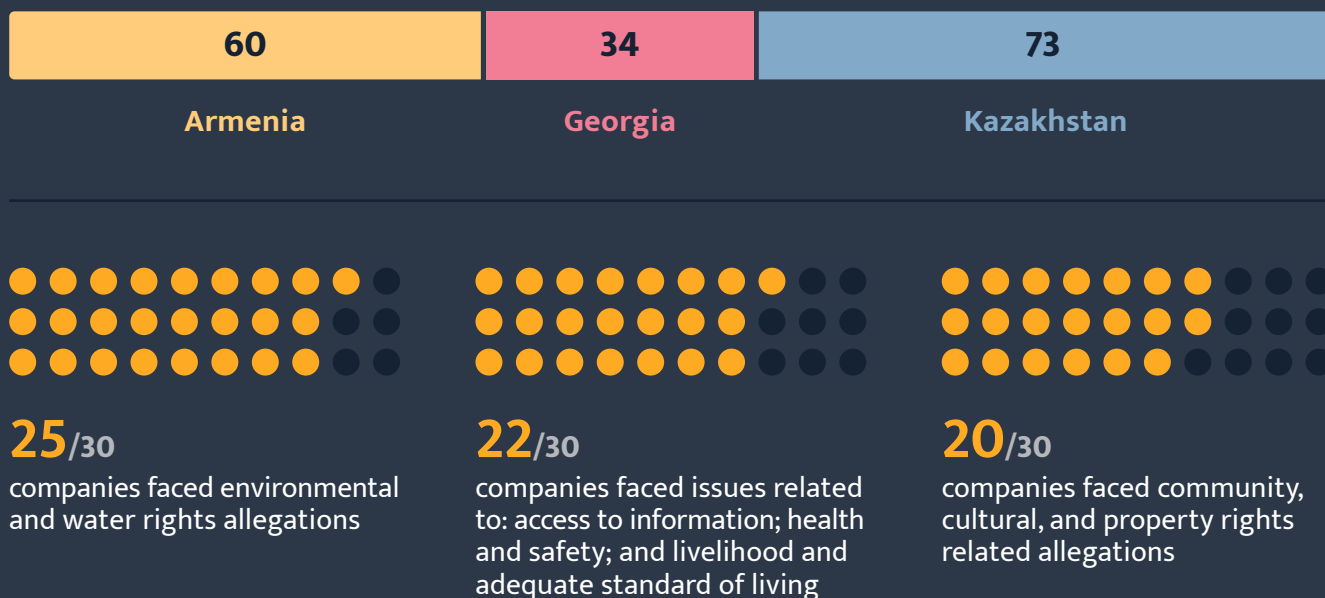
In some ways, human rights policies can give companies a ‘veneer of credibility’ regardless of their actual impacts on the ground. When asked about their human rights impacts, companies often point to their policies and commitment statements, rather than addressing the complaints of workers and affected communities.²

Investment from Western companies and financial institutions

Kazakhstan, Georgia, and Armenia are all resource-rich, leading foreign financial institutions and corporations to invest significantly in extractives projects. U.S.- and Europe-based investors such as the European Bank for Reconstruction and Development, the International Finance Corporation, and the World Bank Group have supported at least **12 of the 30 companies** we researched. Companies based in Western Europe, Canada, and the U.S. hold ownership or significant shares in **16 of the 30 companies**.

Although financial institutions and parent companies have significant influence over the extractives projects they invest in, they have rarely intervened in serious allegations of abuse.² Even when communities alert investors and parent companies about the human rights issues they have experienced, they are often ignored, allowing abuses to continue. By failing to adequately address complaints, companies and financial institutions often violate their own social, environmental, and human rights standards.

167 human rights issues were noted across all 30 companies:



Like the companies they finance, investors point to their human rights policies, saying they require impact assessments and public participation with affected communities. Whether such assessments and participation are actually effective or comprehensive is often unaddressed. Even in cases where investors have intervened or terminated their investment, such action has often come after several years of campaigns, formal complaints, activism, and negative media coverage. [↗](#) [↗](#) [↗](#)

Major human rights issues

One hundred and sixty-seven human rights issues were noted across all 30 companies, with **60 issues in Armenia**, **34 in Georgia**, and **73 in Kazakhstan**. However, it is worth noting the researchers found the most difficulty accessing information on human rights performance in Georgia.

Environmental and water rights were most impacted, with **25 of the 30 companies** facing allegations. **Twenty-two of the 30 companies** faced issues related to: access to information; health and safety; and livelihood and adequate standard of living. Community, cultural, and property rights were also commonly affected, with **20 of the 30** facing allegations in this issue area.

While the number and severity of allegations varies widely between businesses, the only companies that have not been accused of human rights impacts were those where there was almost no publicly available information whatsoever on the business or its activities. This raises questions of what, if any, impacts are actually occurring on the ground.

Full dashboard

This document contains our key findings and notable case studies from our research. You can find the full profiles for each company [here](#).

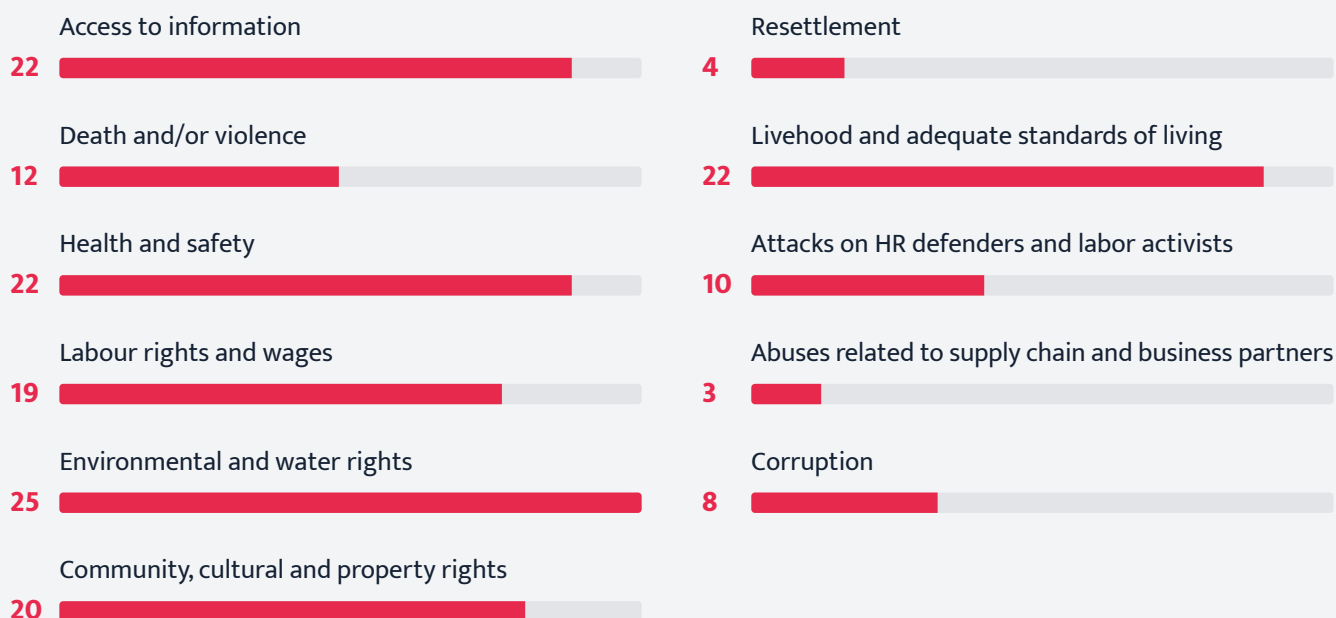
Human rights issues related to extractives projects

Armenia, Georgia, and Kazakhstan are home to severe human rights allegations related to business activities, including: mass deaths, torture and violence against striking workers, lawsuits and criminal charges against journalists and activists, poisoning of local communities, and widespread environmental destruction. While the number and severity of allegations varies widely, the only companies that have not been accused of human rights impacts were those where there was almost no publicly available information whatsoever on the business or its activities. This raises questions of what, if any, impacts are actually occurring on the ground.

These issues are interconnected. Toxic contamination of land and water can have grave impacts on health (as communities experience chronic illness and elevated death rates) and livelihoods (as agricultural lands are poisoned, water resources no longer are able to support fish populations, and crops become inedible or unsafe – further contributing to health impacts). Poor labour rights (such as long working hours and wage deductions for failing to meet high production quotas) contribute to the unsafe working conditions that result in workplace deaths. Corruption, in turn, allows all of these issues to continue and become even worse, as companies that engage in bribes often evade government scrutiny. Access to information is another underlying issue, as activists and communities cannot effectively fight for their rights if they are unable to prove abuses are taking place. Similarly, restrictions on both public and private investigations – such as journalistic reporting and government-led inspections – hinder the ability of activists, NGOs, and community members to rally public support against rights-violating projects.

This report only captures allegations that have been made publicly available by journalists and NGOs; due to overall lack of access to information in the region, there are likely more impacts that are not documented here.

NUMBER OF COMPANIES FACING ALLEGATIONS BY ISSUE



Access to information

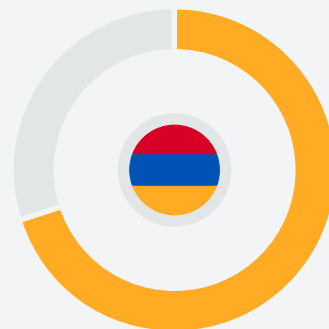
Access to information related to business activities is poor across Georgia, Armenia, and Kazakhstan; while there are many reasons for this, it is often the result of powerful political interests, poor regulation and oversight, the corporate veil, and/or corruption. Even when communities have raised concerns about devastating impacts on their health and livelihoods, they often face immense difficulty receiving answers from both the governments and the companies. Without proper access to information, human rights defenders face difficulty building campaigns and mounting legal challenges against companies for abuses. [↗](#) [↗](#)

The ‘corporate veil’ poses significant challenges to holding businesses accountable for human rights violations. Parent companies can deflect liability by hiding behind a chain of subsidiaries. The corporate veil can also hide the true owners and operators of particular businesses, thereby shielding them from accountability. Additionally, affected communities face difficulty accessing information from the government, especially with regards to state-owned enterprises. For example, even though [Georgian Oil and Gas Corporation](#) is state-owned, it is considered a ‘private entity’ and therefore is not required to disclose public information on its activities and deals. [↗](#)

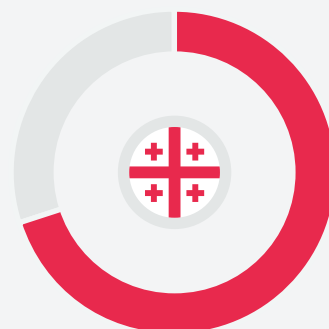
In many cases, information is only available because of the relentless work of NGOs, human rights activists, and journalists. Journalists seeking to investigate these companies often face intimidation and immense obstacles, particularly in Kazakhstan, where the press is tightly controlled and ‘anti-government’ outlets are shut down. Kazakhstani legislation from 2018 requires journalists to ‘verify accuracy’ of the information they intend to publish with relevant government bodies or officials. [↗](#)

The Aarhus Convention – which all three countries are party to – states that impacted communities must have access to information, be able to publicly participate in decision-making, and have the ability to pursue justice related to environmental matters. [↗](#) However, for the majority of companies we researched, communities have complained that they were not provided with adequate, accurate information on the impacts and risks related to extractives projects. For example, residents near [North Caspian Operating Company](#)’s Bolashak processing facility, located in Kazakhstan, say they were never informed about risks to their community, particularly related to toxic gases and dangerous sulphurous compounds. The environmental impact assessment for the facility is not available to the public. [↗](#)

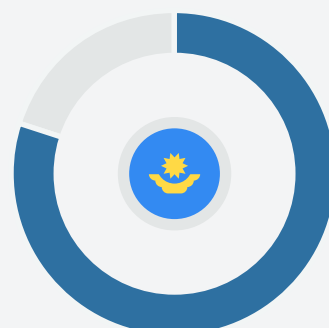
COMPANIES WITH ALLEGATIONS RELATED TO THIS ISSUE



7/10 Armenia



7/10 Georgia



8/10 Kazakhstan

Although some recent developments – including Armenia’s participation in the Extractive Industries Transparency Initiative – have somewhat improved transparency, communities still face immense difficulty accessing information on projects that impact their lives. Several major companies do not have websites, much less publicly available information on their operations and human rights policies. Additionally, contracts and agreements between these governments and companies are often confidential or difficult to access, making it impossible for communities to understand whether companies are meeting their obligations or violating contract terms.✉



Piercing the corporate veil (RMG Copper and RMG Gold)

Location: Georgia | **Human rights policy:** ●

Western companies involved: Eulachon (Isle of Man), Scoremax (Cyprus), Mountaindrop Co (Cyprus), Broxten Management (BVI), Specimax Co (Cyprus), Pantilion Holdings (Cyprus), Rich Metals Group (Netherlands)

For years, human rights activists, including those at Transparency International, were unable to trace the ultimate beneficiaries of RMG Copper and RMG Gold, and therefore were unable to tell whether the company was tied to Georgian politicians and political interests.✉ NGOs such as Green Alternative have raised questions of corruption related to RMG; again, lack of access to information has made investigating such claims difficult.✉

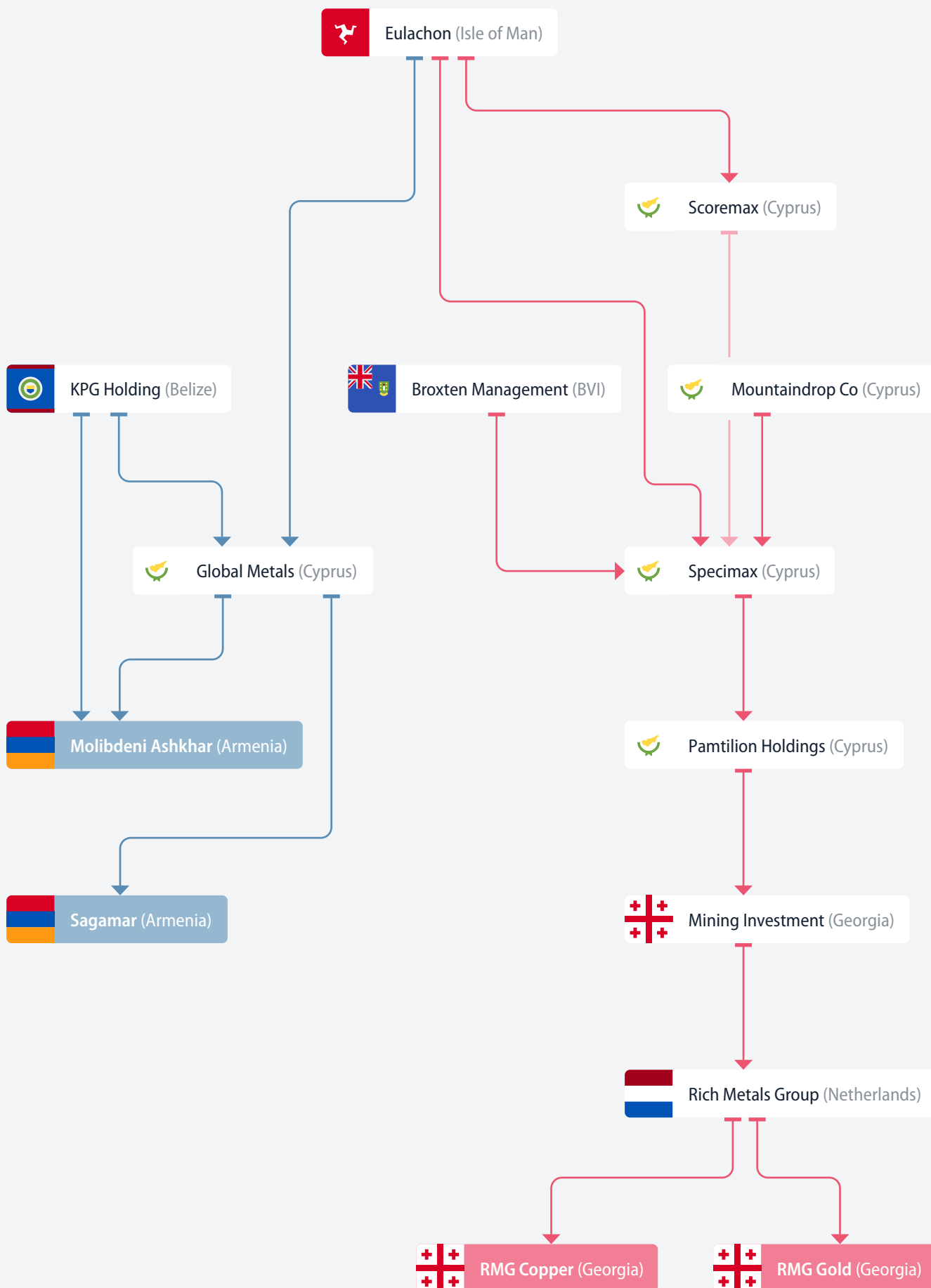
Journalists have traced RMG’s ownership through several subsidiaries in Cyprus and the Netherlands, up to an apparent parent company, Eulachon, based in the Isle of Man. Eulachon is owned by two Russian billionaires, Dmitry Korzhev and Dmitry Troitsky. Notably, Eulachon also owns [Sagamar](#), one of the largest extractives companies in Armenia.✉✉✉ Before Rich Metals Group took its current name, it changed ownership several times; however, the real owners – Korzhev and Troitsky – remained the same, and the changes within the companies were synchronously carried out by the same people.✉

RMG has also failed to disclose information on its environmental impacts. Madneuli and Quartzite (the predecessors to RMG Copper and RMG Gold) entered into operation before Georgia passed a law on environmental impact assessment. Afterwards, instead of a proper EIA, the companies submitted a 10-year-old document with only the dates changed. Critics say there is no comprehensive study on RMG’s impacts on health and the environment.✉ In 2018, the Georgian ombudsman criticized:

“For years, causal links between the environmental damage caused by the entrepreneurial activities of RMG Gold and RMG Copper and the health problems that have affected populations within the Bolnisi and Dmanisi municipalities have not been revealed. This has hindered the ability of the local population to enjoy the right to health and the right to live in a healthy environment.”✉

➤ See our company profile on [Rich Metals Group](#) for the full story and company response.

OWNERSHIP CHART



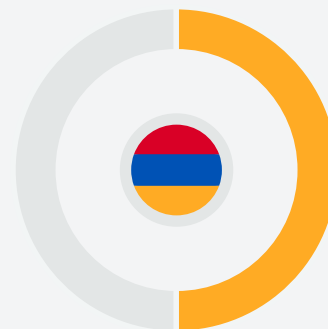
Deaths and/or violence

Deaths and violence are among the most severe human rights abuses related to company activities in Georgia, Armenia, and Kazakhstan. Our research found instances of company staff – such as security personnel – physically harming activists and protestors. For instance, company security guards for [Teghout](#) (Armenia) beat a group of village residents in 2012, leading to several hospitalisations.[↗]

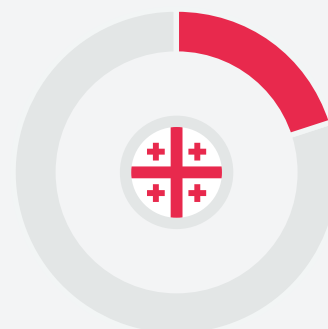
In other cases, deaths arise from negligence and perilous working conditions. While companies often try to blame workers, in reality, these accidents often arise from woefully inadequate safety measures and wilful violations of human rights related to safe working conditions. For example, workers for [GeoProMining Gold](#) say managers have directed them to violate safety policies, resulting in deaths and accidents. The workers who were injured and killed were made out to be at fault.[↗]

At times, workers and community members are injured not directly by the company, but by a third party such as police or government forces. In these cases, it is important to examine the role the company played in the incident, as well as the level of control and influence the company has over that third party. Special consideration should be paid to state-owned enterprises.

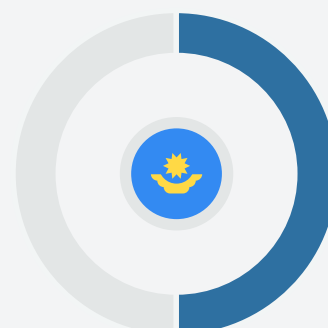
COMPANIES WITH ALLEGATIONS RELATED TO THIS ISSUE



5/10 Armenia



2/10 Georgia



5/10 Kazakhstan



Strikes and torture in Zhanaozen (Ozenmunaigas and Karazhanbasmunai)

Location: Kazakhstan | Human rights policy: ●

Ozenmunaigas was at the centre of the infamous Zhanaozen strikes and subsequent violence, which resulted in up to 64 deaths and 400 injuries; however, Kazakhstani authorities claim the fatalities were much lower, just 15.[↗] Although many of the below actions were taken by state authorities and not by the company itself, it is important to note that Ozenmunaigas and Karazhanbasmunai are subsidiaries of [KazMunaiGas](#), the state oil and gas company, and are closely intertwined with government officials.[↗]

On 16 December 2011, ongoing strikes against Ozenmunaigas and Karazhanbasmunai over a union dispute became violent as police opened fire on unarmed workers and protestors. One resident later said,

“ We saw with our own eyes how police were literally showering the people with bullets.”[↗]

An eyewitness told the BBC about how one man died in her arms after the police shot him in the chest.[↗]

After the strike, oil workers and other outspoken critics were detained en masse. Numerous allegations of torture and ill treatment emerged in the following months. Roza Tuletaeva, a labour activist at Ozenmunaigas, said she was repeatedly suffocated with a plastic bag.

“ You cannot imagine how it feels when there is not enough air to breathe. My eyes were popping out,” she told the court. **“They hung me by my hair... There were other things done to me but I am too ashamed to talk about it here.”[↗]**

Another trade union activist was allegedly assaulted with a steel bar.[↗] One detainee went on to say that she witnessed the torture, abuse, and humiliation of the people in custody, dozens of which disappeared.[↗]

In March 2012, most of the 37 workers and critics on trial for their participation in the strikes against Ozenmunaigas and Karazhanbasmunai asserted that they had been tortured or abused while in detention. Witnesses were allegedly coerced, threatened, and tortured into giving false testimony against the striking workers.[↗] In the aftermath, the UN Committee Against Torture found Kazakhstan guilty of violating Article 15 of the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment.

➤ See our company profiles on [Ozenmunaigas](#) and [Karazhanbasmunai](#) for the full story and company response.

Health and safety

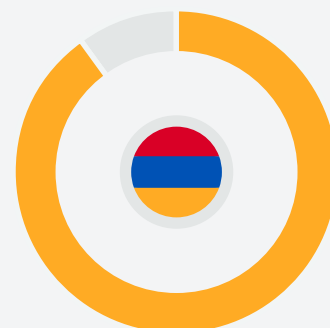
Unsafe and hazardous working conditions are rampant in Eastern Europe and Central Asia, particularly in extractives projects. Workers come into regular contact with toxic substances and emissions, as well as heavy equipment; as a result, safety failures, poor standards, and lack of enforcement can easily lead to severe health impacts, chronic illness, loss of limbs, and death.

Armenia and Kazakhstan in particular have a large number of documented allegations related to health and safety, with almost all of the top extractives companies in these countries facing accusations of health and safety issues.

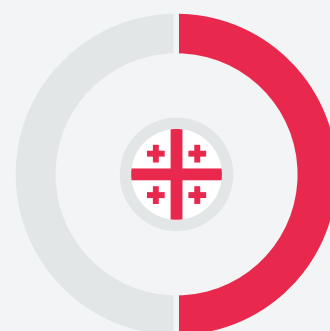
Although Georgia had the lowest number of allegations, with half of companies facing accusations around health and safety, the allegations that do exist are particularly severe, with dozens of workplace deaths and a high instance of accidents, many of which led to workers losing limbs. The lack of an effective labour inspectorate has contributed to both high risks around health and safety and the absence of information about working conditions. In the early 2000s, the Georgian government launched an extensive deregulation effort that eliminated rules protecting workers and the environment, with the aim of attracting foreign investment. As a result, workers were left ‘without adequate protection for almost a decade’, according to the UN Working Group on Business and Human Rights. Lack of a comprehensive regulatory framework on occupational health and safety, absence of an effective inspection system, and a general lack of awareness among workers about their rights resulted in an ‘alarming number of accidents’ throughout Georgia.²

Extractives projects pose significant health and safety risks not only to workers, but also to nearby communities. Heavy metals like cadmium and lead are highly toxic to the human body, and can result in organ damage, cancer, neurological issues, and physical degeneration.³ Hydrogen sulphide – a common emission from oil fields in Kazakhstan – can lead to brain damage, permanent memory loss, vision problems, nausea, and headaches. The U.S. Environmental Protection Agency has noted that communities near oil and gas fields have been found to experience ‘neurological deficits’.⁴ In one notable case, 12 children and 7 adults in a nearby school were allegedly poisoned by emissions from [Aktobemunaigaz](#)’s Kenkiyak oil field.⁵ Other oil fields in Kazakhstan have allegedly been linked to hundreds of deaths and thousands of illnesses.⁶

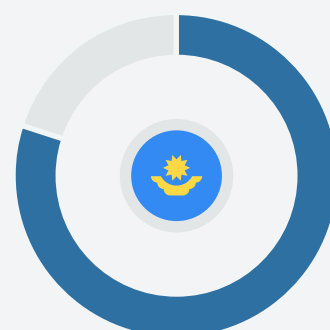
COMPANIES WITH ALLEGATIONS RELATED TO THIS ISSUE



9/10 Armenia



5/10 Georgia



8/10 Kazakhstan



Dozens of deaths in the Tkibuli Coal Mines (Saknakshiri)

Location: Georgia | Human rights policy: ●

According to information from Georgia's Ministry of Internal Affairs, 38 workers died in the Tkibuli coal mines within a span of just ten years, largely due to issues around occupational health and safety. An explosion killed six coal miners in April 2018. After miner Mikheil Gamezardashvili found out his nephew had died in the explosion, he experienced severe anxiety and told his co-workers that he no longer wanted to work in the mines. The next day, he and three others died in another accident.

“ When miners go inside, every day they expect injury or death,”
one worker told Human Rights Watch.

Almost all miners interviewed said that they had been injured at some point in a workplace accident. Miners expressed that in order to earn their salary, they had to risk their lives. Nine workers and shift supervisors explained they used a coal extraction method that was ‘inherently unsafe’ but that led to more output. They also said that since compensation was based on unrealistically high performance, time-consuming safety measures – like reinforcing tunnels – were overlooked.

Conditions were so dire that the Tkibuli mines were shut down later that year after the former parent company said it was impossible to improve the safety within the mines. A new parent company took ownership and said it had improved working conditions. A few months later, five miners were taken to the hospital, allegedly due to poisoning from gas which had accumulated in the tunnel. The workers said that instead of calling an ambulance, company administration drove the poisoned workers to the hospital in their own cars to hide the incident.

➤ See our company profile on [Saknakshiri](#) for the full story and company response.



Photo by Erik Schrammel

Labour rights and wages

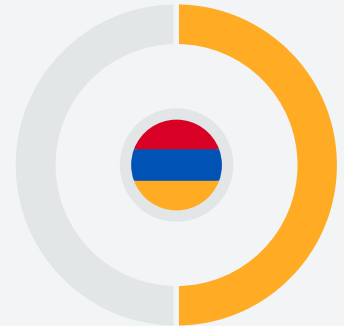
Labour rights encompass a wide range of workers' rights, including fair pay and compensation, decent working conditions, non-discrimination, reasonable limitation of working hours, and periodic paid holidays (as outlined in the ILO Conventions and the International Convention on Economic, Social, and Cultural Rights). Among the companies we researched in Armenia, Georgia, and Kazakhstan, a common labour issue is fair compensation and wages. For example, after workers for [Frontera Resources Georgia](#) were not paid for more than a year, their utilities were shut off and their bank fees kept accruing because of inability to make payments.[☞] One employee took his own life after not being paid for 14 months.[☞]

Lack of effective, impartial, and independent labour inspectorates is a major concern.[☞] These inspectors ensure all labour laws and standards – particularly those around occupational safety and fair compensation – are being enforced within a given company. This is particularly an issue in Georgia, which operated without labour inspectors for almost 10 years until the inspectorate was re-established in 2015.[☞]

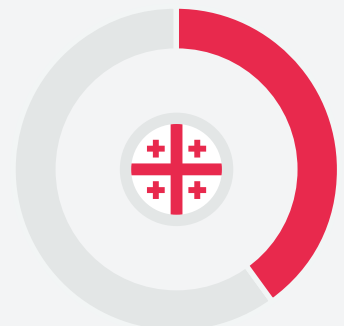
Freedom to form and join a trade union is highly important, both as a right in and of itself and as a means for strengthening and fulfilling other labour rights. Union rights are explicitly recognised in several international human rights instruments, including the ILO Declaration on Fundamental Principles and Rights at Work; by extension, union rights are also recognised in the UN Guiding Principles on Business and Human Rights (UNGPs).

Unions face significant barriers in all three countries, particularly Kazakhstan. Kazakhstan's government has passed increasingly strict laws against unions and strikes, and many independent trade unions that previously fought for workers' rights have been declared 'illegal'. Criminal charges have been pressed against union leaders and labour activists. For instance, after a pro-union strike at [Mangistaumunaigaz](#), 11 union leaders and 36 workers were arrested or forced to pay 'damages to the company' for participating in the strike.^{☞ ☞} Perhaps unsurprisingly, all 10 Kazakhstani companies we researched have faced allegations around labour rights.

COMPANIES WITH ALLEGATIONS RELATED TO THIS ISSUE



5/10 Armenia



4/10 Georgia



10/10 Kazakhstan



Oppressive living conditions and loss of life and limbs at the Chiatura Mines (Georgian Manganese)

Location: Georgia | **Human rights policy:** ●

Western companies involved: Georgian American Alloys (USA), Georgian American Alloys Sarl (Luxembourg)

Workers in the Chiatura mines have repeatedly raised alarms about workplace accidents and labour rights violations. During working days, workers are required to live in employer-provided accommodation, where they cannot leave or receive visitors without supervisor permission. The dorms are mandatory even for those who live in town; one worker said that his house is closer to the mine than the dorms are, and yet he is still unable to stay with his family during working days. Miners said that this system interferes significantly with their family and home life. Many expressed frustrations with the inappropriate level of control the company exerts over their life. Additionally, food is of poor quality and does not include sufficient calories and nutrition to sustain workers doing intense labour. [↗]

Deadly accidents often result from strenuous working conditions and intense work schedules, with miners working 12-hour shifts, including nights, for 15 consecutive days. Miners told Human Rights Watch that because of exhaustion, workers are less alert. This schedule, combined with the dangerous conditions in the mine and the use of heavy equipment and explosions, contributes significantly to workplace accidents. [↗] In 2018, local trade unions documented 60 accidents, resulting in one death and several serious injuries. [↗] The Georgian labour inspectorate recognised that there are instances of unreported accidents and that official numbers are often low. [↗]

One miner stated that he was on his fourteenth consecutive night shift when exhaustion led to a workplace accident:

“I was fixing an electric chainsaw. Someone was sitting next to me and fell asleep and accidentally turned on the machine. I was cut, and my ribs were showing. I did not report it, because I didn’t want my colleague to get arrested.” [↗]

Another miner said the drilling machine he was using was defective, but since waiting for a repair would delay production by several hours, his supervisor ordered him to continue working. The employee lost his hand in the ensuing accident. [↗]

➤ See our company profile on [Georgian Manganese](#) for the full story and company response.

Environmental and water rights

A clean and healthy environment is crucial for the enjoyment of a number of rights, including food, water, health, and sanitation.[☞] Extractives projects carry inherent risks to the environment and surrounding communities. Toxic pollution can lead to poisoning, death, and grave illness. Environmental degradation can destroy local agriculture and livelihoods, making it impossible for communities to feed and sustain themselves. Tailings dams – dump sites that store mining wastes, including toxic substances – present particular problems, especially when they leak sludge into rivers. While many impacts can be managed – for example, with proper waste management and water cleaning facilities – companies in Armenia, Georgia, and Kazakhstan often violate environmental laws and/or contribute to environmental degradation.

In Armenia, the Geghanush tailings dump – recently acquired by [Chaarat Kapan](#) and previously owned by Deno Gold Mining – has allegedly resulted in serious environmental damages, including toxic contamination. Residents claim their crops have repeatedly failed, their orchards have dried up, their calves have died, and animal diseases among their livestock have increased.[☞] Researchers also found a threefold increase in cardiovascular disease, cancer, and endocrine disease in the Kapan community; rates of disability have also increased significantly.[☞] As the communities are also adversely impacted by several other mines and tailings dumps, it is hard to attribute how much each company is responsible.[☞]

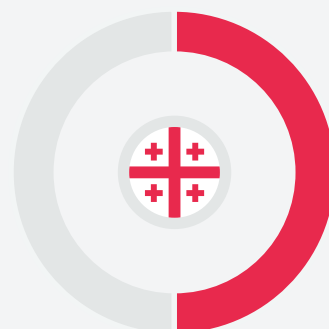
Significantly, all of the top 10 extractives companies in Kazakhstan and Armenia have been accused or found guilty of violating environmental standards, often to devastating effect. Five of the top companies in Georgia have also been documented as violating environmental rights. However, the other five may have environmental impacts that we did not find in our data collection, due to lack of information on environmental risks, impacts, reporting, and monitoring in the country. Researchers found little information on two of the Georgian companies included in this report – [Kavkaz Cement](#) and [Geostone](#) – including no publicly available data on environmental impacts, policies, assessments, or prevention measures.

Environmental disasters have had dire consequences for local communities. A blowout at the Ninotsminda oil field in Georgia (now operated by [Kura Basin Operating Company](#), but operated at the time by CanArgo), resulted in ‘oil rain’ and mass exposure to toxic gases.[☞] In the years after the disaster, residents said that the rate of death and serious illness had increased drastically and was higher than that of other nearby villages.[☞] Livelihoods were also severely impacted, and farmers lost their harvest and experienced decreased crop yields.[☞]

COMPANIES WITH ALLEGATIONS RELATED TO THIS ISSUE



10/10 Armenia



5/10 Georgia



10/10 Kazakhstan



Toxic gas emissions and poisoning of nearby communities (Tengizchevroil)

Location: Kazakhstan | **Human rights policy:** ●

Investor: European Bank for Reconstruction and Development (via indirect investments in infrastructure)

Western companies involved: Chevron (USA), ExxonMobil (USA)

Toxic pollution from Tengiz has had devastating impacts on local communities. By the early 2000s, doctors raised alarms that 90% of the nearby Sarykamys village was sick and the average life expectancy was only 46 years. 189 people – aged 24 to 53 – died in Sarykamys since development began at Tengiz, out of a population of 3,450. This is the equivalent of 5.5% of the entire population. A study found that the daily inhalation of emissions exceeded allowable concentration by up to 12 times, and in the company's production area, this amount increased to 40 times above the permissible limit. In 2002, the government of Kazakhstan ordered the resettlement of Sarykamys away from Tengiz oil field, in recognition of the adverse impacts on health and environment. ¹⁷

The Tengiz oil field has been characterised by emergency situations that have caused catastrophic harm to the environment and the health of local communities. Emergencies and technical failures have allegedly become a 'systematic phenomenon', and toxic sulphurous gases are regularly released into the atmosphere. ¹⁸ According to Crude Accountability, Tengizchevroil is the main polluter in the Atyrau region. The company accounts for 70% of emissions in the oil and gas sector, despite the presence of several other major fields and projects in the area. ¹⁹

Hundreds of deaths and thousands of illnesses have been linked to toxic emissions from the Tengiz oil field, according to local community members. ²⁰ Health impacts in nearby communities have been severe, and effects have been even worse on workers at the field. According to an anonymous witness,

“If, according to official data, since 1993, 250 workers died here, then that figure is an underestimate. They only count those who died at work. And how many people died from hydrogen sulphide poisoning at home? After all, there were many cases when people returned from their shift, fell asleep and never woke up. Information about what diseases the dead had, and what the workers are living with, remains hidden. The management says it is alright.” ²¹

In the broader Zhylyoi region, there has been a significant increase in circulatory and respiratory diseases, according to doctors and medical researchers. Experts believe that the rise in morbidity has largely come about as a result of sulphur pollution. The Interagency Coordinating Council on Sulphur determined that open storage of sulphur at Tengiz was in accordance with environmental laws and did not impact people in local communities. However, Tengizchevroil contributed \$1.4 million to the council; as such, local community leaders and members of the public do not accept the results or consider the study objective. ²²

➤ See our company profile on [Tengizchevroil](#) for the full story and company response.

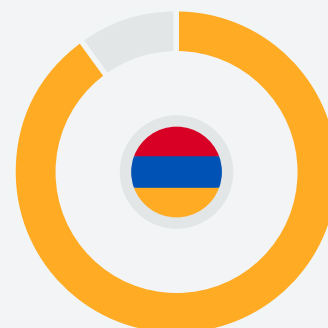
Community, cultural, and property rights

Communities near extractives projects often bear significant costs and damages while receiving few benefits. Environmental damages – such as toxic wastes in water supplies or heavy metals in soil – threaten communities' health and sometimes lead to mass death or illness. Property can also be destroyed by extractives projects; some villages near mining sites say their homes are damaged or at risk of collapse from explosions and shifting ground. In a 'tragedy of the commons', public spaces that previously benefitted communities – for example, forests where villagers gather food or pastures where farmers can collectively graze their livestock – are often endangered or destroyed by extractives projects. As these are common spaces and not private property, community members are not compensated for the true value of their losses. Extractives projects may also threaten or destroy important cultural heritage sites; for example, [RMG Gold](#) (Georgia) used explosives to destroy the archaeological site at Sakdrisi – the oldest known gold mine in the world, dating back 5,400 years.²⁷

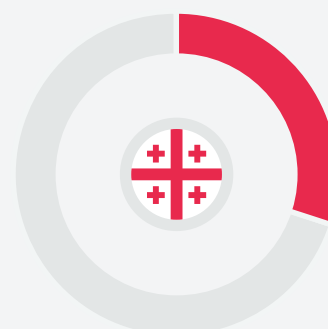
One of the main complaints from the communities impacted by the companies we researched was a lack of public hearings and community input in decision-making. This constitutes a violation of the Aarhus Convention, as well as local laws in all three of the countries in question. Even when companies do hold public hearings and community consultations, accurate and complete information may not be provided. Additionally, when communities oppose a project, it often proceeds anyway. For example, during public consultations about [Meghradzor Gold's](#) proposed gold processing plant in Armenia, community members were told that the use of cyanide didn't bear any risks. Workers also said they were pressured into gathering signatures in favour of the project, or else they would be fired.²⁸ Despite public opposition, the company claimed the village had issued a positive assessment of the project, and began construction on the facility before the meetings had been concluded.²⁹

When discussing the impacts of extractives projects, governments and companies often point to 'social investments' in local communities. Armenia, Georgia, and Kazakhstan all have laws that require extractives companies to contribute to socioeconomic development or some sort of 'social investment'. However, projects such as building schools do not 'cancel out' or 'offset' negative impacts that the business causes or contributes to. The UNGPs emphasise that companies should identify and address adverse impacts first and foremost, with positive contributions considered separately.³⁰

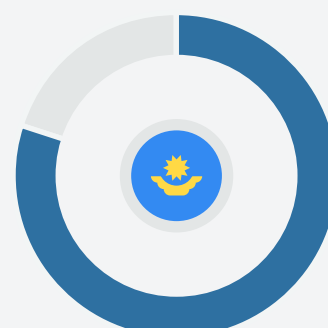
COMPANIES WITH ALLEGATIONS RELATED TO THIS ISSUE



9/10 Armenia



3/10 Georgia



8/10 Kazakhstan



‘Save Teghut’ campaign and European Court of Human Rights cases (Teghout)

Location: Armenia | **Human rights policy:** ●

Investor: Danish Export Credit Agency

For years, locals have been raising alarms about the dangerous conditions at Teghout’s tailings dam and the potential for it to collapse, resulting in a massive flood that would devastate local communities.

“*In 30 years of tailings dam engineering I have never encountered a more dangerous condition,*” warned David Hallman, a U.S. geologist-engineer who oversaw an inspection of the tailings facility in 2017.

Hallman compared the potential collapse to the infamous Brumadinho disaster in Brazil, which killed 206 people and led to widespread destruction.🔗

NGOs and activists, including members of the ‘Save Teghut’ civic initiative, have tried to challenge the project in court several times, to little success.🔗 The Shnogh River used to be one of the cleanest in Armenia; it is now one of the most polluted, and villagers can no longer use it to irrigate their fields and orchards.🔗 Heavy metals pollution has also contaminated residents’ orchards and agricultural land.🔗 Despite the risks associated with heavy metals, a resident of Shnogh village said that no monitoring had been conducted to evaluate impacts on the community’s health.🔗

Community members also said they were unable to move freely, due to company activity; for instance, the company had installed barricades on the road leading to a holy shrine. Locals also were prevented from accessing public lands they had previously used for subsistence and livelihood.🔗

Local residents, many of whom relied on their land for agriculture and income, were forced to sell their property and relocate.🔗 In 2019, the European Court of Human Rights ruled against Armenia in six cases linked to Teghout.🔗 In one case, the Court explained that the applicants had economically depended on their land, and the forced resettlement led the family to lose its only source of income.🔗

Activists and journalists also raised alarms that the project posed a threat to about 20 cultural and historical heritage sites, including ruins dating back to the Bronze Age. A historic Medieval church was located in an area that was eventually submerged by the tailings dam.🔗🔗 A cemetery with burials dating back 300-500 years was destroyed; a company representative said the graves did not have archaeological value.🔗

➤ See our company profile on [Teghout](#) for the full story and company response.

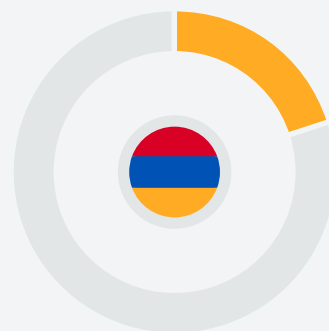
Resettlement

While our research did not uncover a large number of resettlement cases related to extractives projects in Armenia, Georgia, and Kazakhstan, they are worth mentioning for their strong human rights impacts, including on freedom of movement, private and family life, and property. Extractives projects are land-intensive and can have serious impacts on the environment and health of local communities. As a result, nearby communities are sometimes moved to other locations. Resettlement forces communities to leave their traditional lands and homes, which in turn affects their livelihoods, cultural lives, and spiritual attachments.⁴ At times, resettled families have to leave significant sites – such as religious shrines and graves of loved ones – behind.

Inadequate compensation for the loss of land and property was an issue in all four of the cases we documented. Companies and governments may inaccurately value the property, or may not take into account that the families living there rely on the land as their sole source of livelihood. Moving, therefore, can undermine a family's ability to earn an income and grow crops to eat, threatening a range of economic and social rights.

However, at times, communities experience such severe negative impacts that they actively seek to move away from a project site. In some cases, companies actively campaign against resettlement, as they do not want to pay for the costs. In Armenia, Georgia, and Kazakhstan, governments have often ignored health and environmental impacts caused by extractives projects; communities have claimed that this is so the government and company can avoid paying for damages and the costs of moving impacted residents into new homes. These risks are particularly heightened due to widespread corruption in these countries.

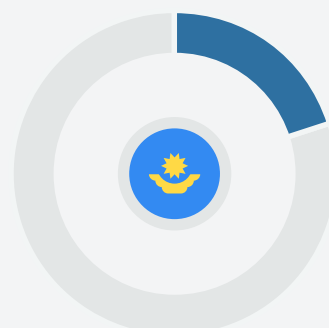
COMPANIES WITH ALLEGATIONS RELATED TO THIS ISSUE



2/10 Armenia



0/10 Georgia



2/10 Kazakhstan



The poisoning of Berezovka (Karachaganak Petroleum Operating)

Location: Kazakhstan | **Human rights policy:** ●

Investor: International Finance Corporation (concluded)

Western companies involved: Shell (Netherlands), Eni (Italy), Chevron (USA)

Residents of Berezovka had repeatedly raised alarms about the impacts of the Karachaganak oil field long before the mass poisoning incident. From the onset of the project, the government failed to establish an adequate sanitary protection zone – a protected buffer area around projects with potential environmental and health impacts – between the oil field and the village.[☞] By 2004, 45% of Berezovka residents suffered from chronic health problems, including cardiovascular illness, memory loss, vision loss, skin ailments, muscular-skeletal disease, tooth loss, and respiratory illness. Blood samples taken by an independent laboratory indicated villagers were exposed to hydrogen sulphide and other toxins associated with oil production.^{☞ ☞ ☞}

Villagers complained to the International Finance Corporation – which had funded the project – but received no response. Over the years, residents repeatedly requested to be resettled elsewhere, but were ignored.

Nineteen children and three teachers all simultaneously lost consciousness and collapsed in the local school on 28 November 2014. Other villagers had also fainted the day before, with a total of 31 people affected within two days. On 4 December, ambulances treated six more children for poisoning symptoms. The state prosecutor for western Kazakhstan issued a statement that emissions had been discharged from the oil field on the first day of the incidents.[☞] Over the course of the next six months, the episodes continued.

Years later, the poisoned children continue to experience loss of consciousness, seizures, numbness, and headaches. However, KPO has denied responsibility and refuses to pay for treatment.[☞] After years of struggle, experts concluded that two affected girls were exposed to toxic fumes from the oil field, and that they needed a highly expensive five-year treatment plan.[☞] Compensation for the mass poisoning was never issued.[☞]

Finally, in July 2015, the government announced Berezovka would be relocated and that the company, KPO, would pay the bill. However, the government claimed that the resettlement was due to the expansion of activities at the oil field, and denied that it was due to the mass poisoning.[☞] Shell – a major shareholder in KPO – tried to frame the relocation as a positive outcome while glossing over what caused the village to need resettlement in the first place. The statement conspicuously did not mention the deterioration of health in Berezovka, nor the mass poisoning of children that prompted the relocation.[☞] When activists investigated how the resettlement money was being used, they were harassed and threatened by authorities and anonymous individuals.[☞]

➤ See our company profile on [Karachaganak Petroleum Operating](#) for the full story and company response.

Right to livelihood and adequate standard of living

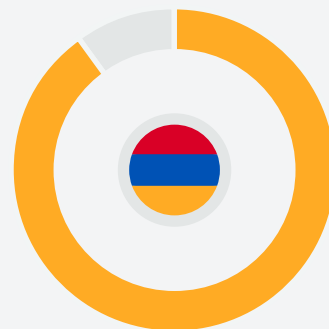
Although companies and governments argue that extractives projects create jobs, they often destroy existing employment and means of income for local communities. In Armenia, Georgia, and Kazakhstan, rural communities tend to rely on agriculture, fishing, and livestock in order to earn a living and feed their families. However, pollution and toxic waste from extractives projects can have severe negative impacts on these industries, leaving entire populations without work. In one example from Armenia, tailings from [Agarak Copper Molybdenum Combine](#) overflowed into the riverbed of the Kartchevan river and flooded the orchards of residents, leaving a thick layer of residue filled with toxic waste. Residents claim their land became unusable and their crops unsafe to eat after the incident. ²⁷

Contamination – particularly of water resources like Lake Sevan and the Caspian Sea – can also threaten tourism and resort industries. For instance, the tourist town of Jermuk, which is known for its pristine water and spas, has raised alarms that [Lydian Armenia's](#) Amulsar gold mine could pollute the water and destroy the city's economy. ²⁸

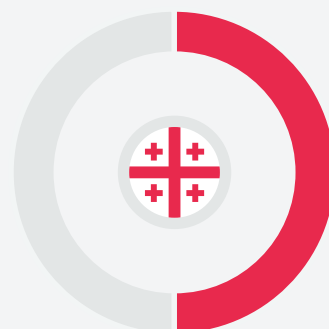
Similar allegations around loss of livelihood were found in 90% of researched extractives companies in Armenia, as well as 80% of companies in Kazakhstan and 50% of companies in Georgia.

Even when extractives projects create jobs for nearby communities – which is not always the case, as mining and oil projects may not focus on employment of local people ²⁹ ³⁰ ³¹ – layoffs can occur as mines close or companies withdraw from projects. When previous forms of employment no longer exist, these communities often find themselves worse off than they were before the start of the project.

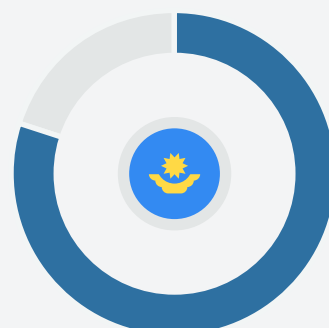
COMPANIES WITH ALLEGATIONS RELATED TO THIS ISSUE



9/10 Armenia



5/10 Georgia



8/10 Kazakhstan



Mass die-off of marine life in the Caspian Sea (North Caspian Operating Company)

Location: Kazakhstan | **Human rights policy:** ●

Investor: European Bank for Reconstruction and Development (via indirect investments in infrastructure)

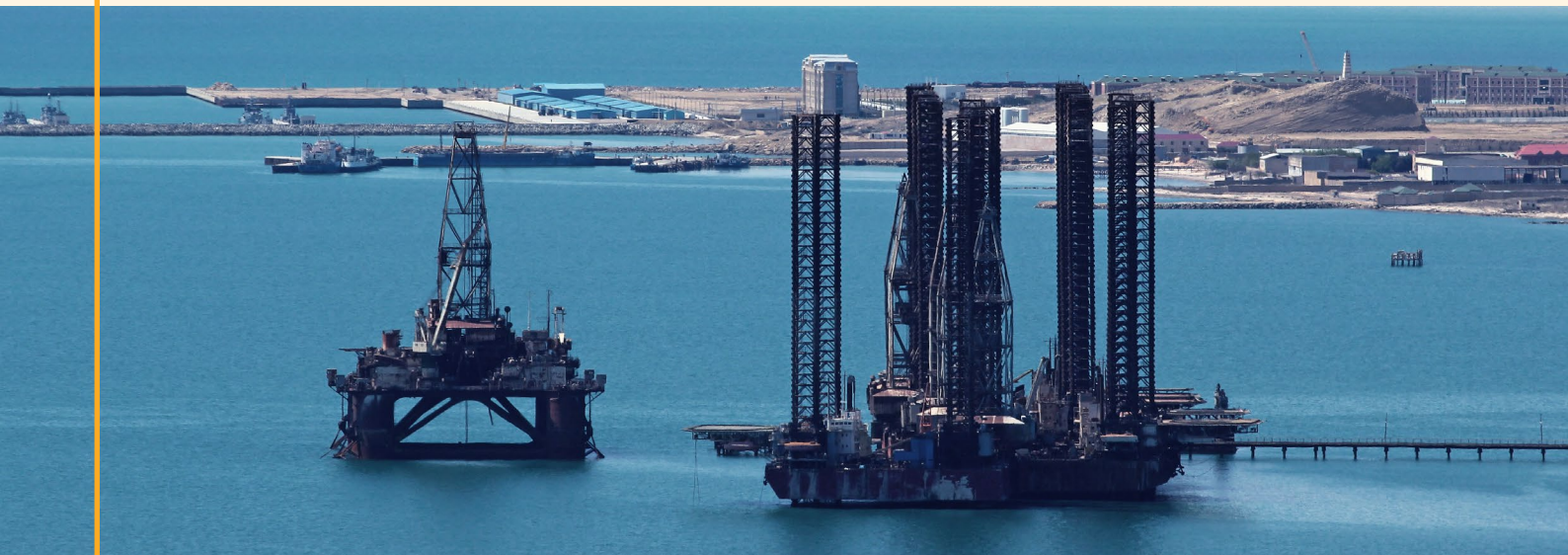
Western companies involved: Shell (Netherlands), Eni (Italy), ExxonMobil (USA), Total (France), KMG Kashagan (Netherlands)

North Caspian Operating Company (NCOC) is developing the Kashagan oil project, which is located within the Caspian Sea, the world's largest enclosed body of water. The Caspian Sea is extremely important to the economy, wellbeing, and socioeconomic status of surrounding countries. Consequently, pollution of the water can have devastating impacts.

Pollution, emissions, and disturbances from Kashagan have contributed to the mass die-off of marine life in the Caspian Sea, including 10,000 seals in the year 2000 and thousands more since then. One environmentalist warned that left unchecked, the oil industry could result in a 'total biological death' of the Caspian Sea in the coming decades, partially due to toxic pollutants from oil projects. These die-offs have already had severe impacts on local people, many of whom rely on the fishing industry. Villagers reported drops in their fish catch and skin diseases on the fish they did catch, making them unmarketable. This has presented considerable threats to livelihood, since in some villages, 40% of the population had been employed in the fishing industry. Further pollution of the waters in and around the Caspian Sea will likely lead to similar outcomes in other communities, who will no longer be able to use the historically critical waters in their daily lives.

While the Kashagan project has provided some employment opportunities to make up for these losses, residents say they face inadequate means to sustain their families. NGOs warned that once the construction phase concluded and facilities began operation, employment would drop, leaving the local population without employment while also unable to return to their previous forms of livelihood.

➤ See our company profile on [North Caspian Operating Company](#) for the full story and company response.



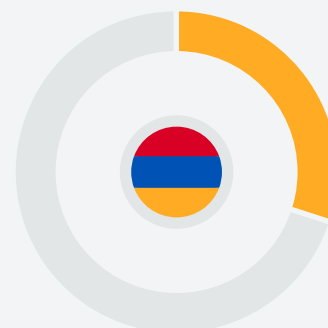
Attacks on human rights defenders and labour activists

Human rights defenders and labour activists work to identify, address, and prevent human rights abuses within their communities. Because this activism often puts human rights defenders in conflict with powerful companies and business interests, they can face severe threats and intimidation. Human rights NGO Kadyr Kasiet tracked 693 cases of persecution of human rights defenders working on business-related issues in Kazakhstan in 2015-2020. In more than half of all cases, defenders experienced judicial harassment. Government bodies were involved in 50% of the cases, and 42% of the total number of attacks took place in the oil sector.

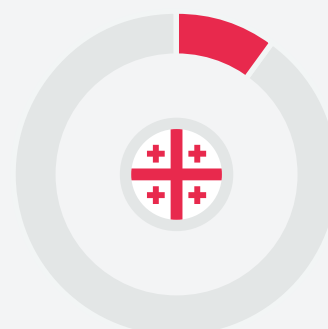
Sometimes, activists face [threats to their lives and physical well-being](#). In Kazakhstan, union leader Aslanbek Aidarbaev was beaten by a group of 20-40 men and warned to discontinue his activism at [Karazhanbasmunai](#). When he did not stop his union work, his home was set on fire.[↗] Companies may also place pressure on communities to oppose human rights defenders. After one environmental activist took soil samples to test for the presence of toxic substances near [Akhtala Ore Dressing Combine](#) (Armenia), employees started to spread rumours that he was trying to shut down the mine. Workers told community members that they should oppose the activist or the combine would be closed, endangering jobs in the community.[↗]

Human rights defenders can also face criminal charges and/or strategic [lawsuits against public participation](#) (SLAPPs). SLAPPs are intended to intimidate not only the human rights defenders facing the lawsuit, but any other activists who might work on similar issues, particularly when they pertain to businesses. In 2019, [Zangezur Copper Molybdenum Combine](#) sued journalist Gohar Hayrapetyan over her statement that ‘the mines plunder the soil and leave us tailings dumps as a gift’. Hayrapetyan believes that the lawsuit is intended to silence media outlets that report on problems related to mining in Armenia.[↗]

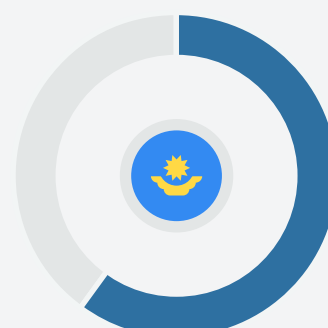
COMPANIES WITH ALLEGATIONS RELATED TO THIS ISSUE



3/10 Armenia



1/10 Georgia



6/10 Kazakhstan



Violence and lawsuits against anti-mining activists (Lydian Armenia)

Location: Armenia | **Human rights policy:** ●

Investors: European Bank for Reconstruction and Development (terminated), International Finance Corporation (terminated) | **Western companies involved:** Orion Mine Finance (USA), Osisko Gold Royalties (Canada), Restructured Lydian (Canada)

The Amulsar mine is an apt illustration of what happens when companies lose the ‘social license to operate’. The ‘social license’ refers to the idea that organisations need a basic level of acceptance from the local community and other stakeholders; without it, businesses risk blockades, legal battles, and opposition campaigns.[↗] In the case of Amulsar, strong community opposition has caused international investors to pull funding for the project. Since the Velvet Revolution in 2018, local communities have blockaded roads leading to the mine to express their disagreement.[↗] As a result, Lydian has been unable to access the site to finish construction.[↗]

In July 2020, environmental activists said that armed security guards overran their checkpoint and killed three puppies owned by the protestors. Lydian defended its actions by saying it had been ‘illegally deprived’ of access to the mine and had hired the security guards to ‘solve the security problem’.[↗] Further protests erupted in both Jermuk and Yerevan; the police used excessive force against protestors, according to the Armenian Environmental Front. Police arrested several activists and human rights defenders, citing restrictions on demonstrations due to the Covid-19 pandemic.[↗] The following month, Lydian’s security guards allegedly beat activists manning the blockade.[↗]

According to CEE Bankwatch, Lydian has filed at least 15 lawsuits against protestors, critics, activists, and journalists. Many of these cases relate to critics raising suspicions of corruption and bribery. One defendant, Nazeli Vardanyan, had been writing a legal analysis of suspected violations related to the Amulsar mine, after the government assigned her to do so. When she publicly presented her findings, she discussed an allegation of suspected corruption related to Lydian’s Jermuk Foundation. She was subsequently sued by the company. Vardanyan also worked as a lawyer defending activists facing suits from Lydian; since she was sued, she has faced significant difficulties, since she is restricted in what she can and cannot disclose about the cases she has represented.[↗]

➤ See our company profile on [Lydian Armenia](#) for the full story and company response.



Photo by Global Justice Now

Abuses related to supply chain and business partners

Our research did not reveal a high number of abuses related to supply chains and business partners. However, these are still worth mentioning, especially in the case of Kazakhstan where all of the top 10 extractives companies are interconnected with one another, and nine of the 10 are under partial or full government control.

Although companies may not be legally liable for human rights abuses perpetrated by their suppliers or business partners, they have the responsibility to identify and address such impacts. According to the UNGPs, businesses have the responsibility to prevent or mitigate adverse human rights impacts that are directly linked to their operations through their business relationships, even if they have not directly contributed to those impacts.² Many countries have begun passing laws addressing human rights violations, such as forced labour, in companies' supply chains.

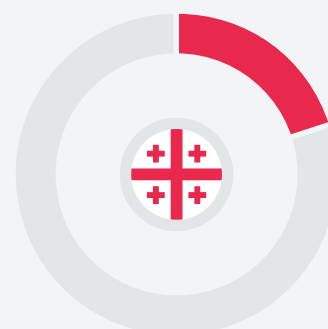
Companies which source minerals and oil from Eastern Europe and Central Asia should pay particular attention to the human rights risks. Even companies with strong human rights policies and performance can contribute to human rights impacts through their suppliers. According to [HeidelbergCement Georgia's](#) website, the company seeks compliance with the principles of the International Labour Organisation in its supply chain and emphasises the importance of responsible sourcing and supplier sustainability.² Despite these commitments, the company is a main purchaser of coal from [Saknakshiri's](#) Tkibuli coal mines, which have faced strong allegations of human rights violations and workplace deaths.² ²

Companies have a much higher level of responsibility when it comes to their subsidiaries, especially when they exert effective control over these subsidiaries. Companies also have a high level of responsibility when it comes to contractors, especially those working on extractives project sites.

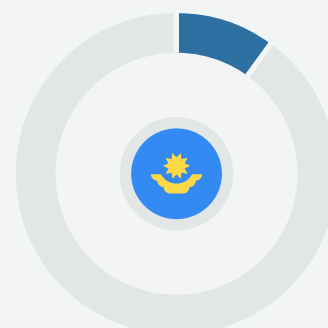
COMPANIES WITH ALLEGATIONS RELATED TO THIS ISSUE



0/10 Armenia

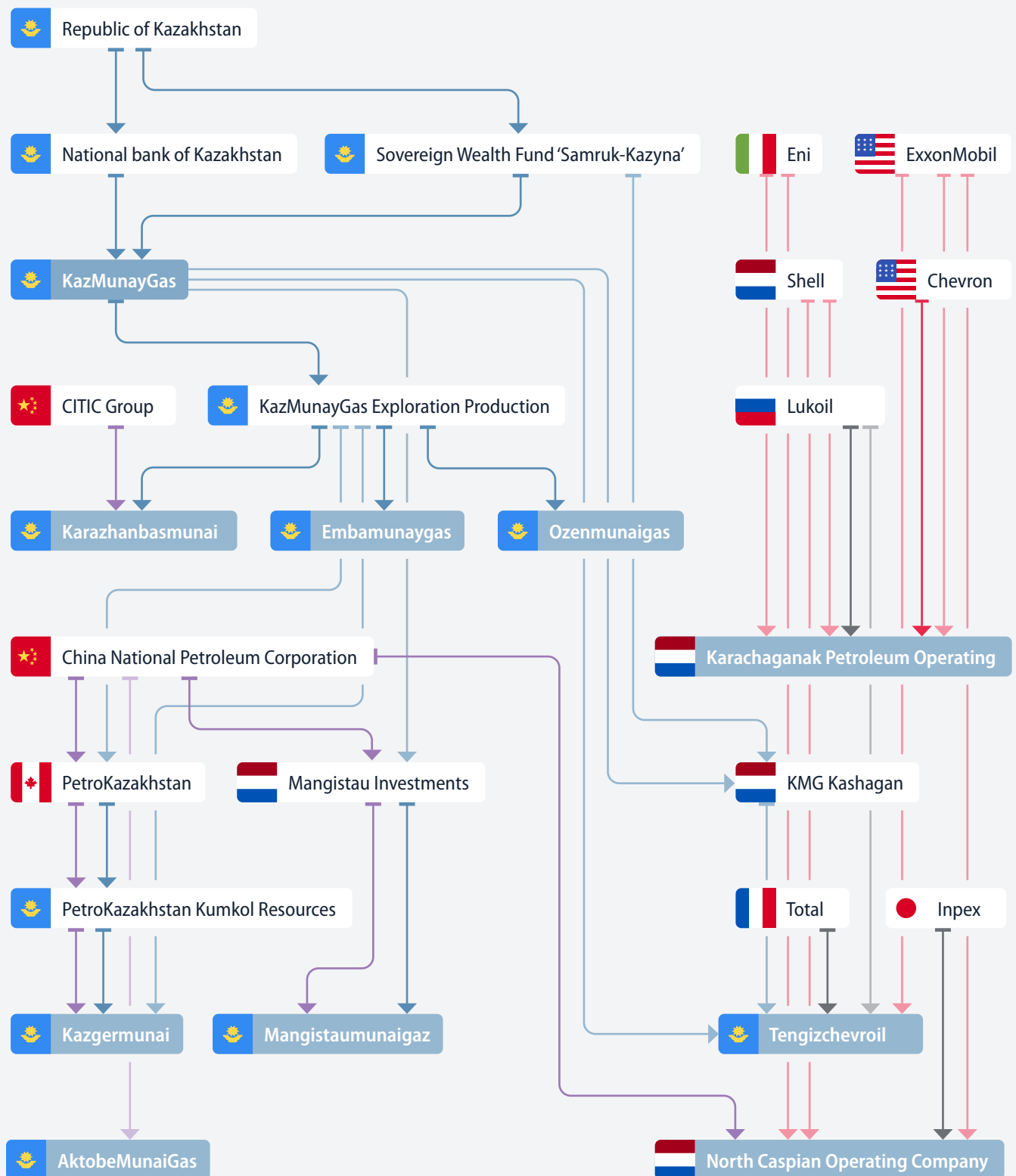
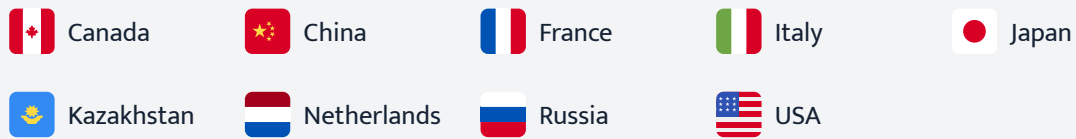


2/10 Georgia



1/10 Kazakhstan

HOW ARE EXTRACTIVES COMPANIES IN KAZAKHSTAN CONNECTED?





Links to human rights abuses via subsidiaries and shares (KazMunaiGas)

Location: Kazakhstan | **Human rights policy:** ●

Investors: ING Bank (Netherlands), Natixis (France), Royal Bank of Scotland (UK), J.P. Morgan (USA)

KazMunaiGas, Kazakhstan's state-owned oil and gas company, has an interest in nearly all major oil projects within Kazakhstan. Since KazMunaiGas exerts strong control over its subsidiaries, it is largely responsible for preventing and addressing human rights impacts that those subsidiaries cause or contribute to. Most notably, [Ozenmunaigas](#) was at the centre of the Zhanaozen strikes and subsequent violence. [Subsidiary Embamunaygas](#) has also been accused of corruption and violating union rights. [Subsidiary](#)

Additionally, KazMunaiGas holds shares in almost every major oil project in Kazakhstan. KazMunaiGas exerts control over these companies both through its shares and through its status as an operative arm of Kazakhstan's government. As such, the company has significant power to prevent and address human rights issues, even when it is not the sole owner. Major allegations include: the mass poisoning of children in Berezovka ([Karachaganak Petroleum Operating](#)); hundreds of deaths and thousands of illnesses related to Tengiz oil field ([Tengizchevroil](#)); risks that tens of thousands of residents in Atyrau could be exposed to mass poisoning ([North Caspian Operating Company](#)); criminal charges against labour activists ([Mangistaumunaigaz](#)); violations of union rights and retaliation against protesting workers ([Karazhanbasmunai](#)); and severe contamination of the environment ([Kazgermunai](#)).

➤ See our company profile on [KazMunaiGas](#) for the full story and company response.



Corruption

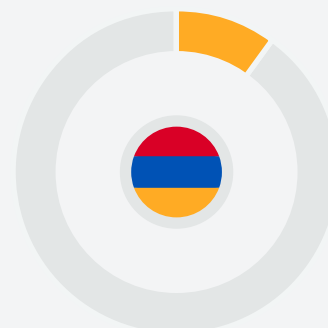
Corruption has significant negative impacts on human rights, especially as they relate to business and commercial interests.¹ Businesses that have engaged in corruption are less likely to face accountability and justice for human rights violations, as the relevant state parties are often ‘dissuaded’ from investigating, punishing, and preventing rights abuses by these companies. As such, human rights abuses are often allowed to continue and are left unremedied.² In the notable ‘Kazakhgate’ case, a U.S. court found Mobil – a parent company of [Tengizchevroil](#) – had paid millions of dollars in bribes to Kazakhstan’s former president, Nursultan Nazarbayev. These strong connections have allegedly helped Tengizchevroil escape serious consequences for illegal activity, including rights abuses.³

The company profiles note serious allegations around corruption which have been investigated by activists and journalists. Our researchers found several accusations of potential corruption among more of these companies; however, these reports were not included in the company profiles, as they had not been independently verified or supported with evidence. As a result, just because corruption isn’t noted in the profiles, doesn’t conclusively mean it doesn’t exist, especially in the absence of impartial investigations.

Armenia, Georgia, and Kazakhstan have all faced severe accusations of corruption at high levels of the government. Notably, public discontent over corruption contributed to Armenia’s Velvet Revolution in 2018.⁴ Oligarchs with strong business interests served in the government, creating an environment for corruption to flourish. Prior to the revolution, a lack of clear separation between private business and public office created significant barriers to effective anti-corruption efforts. As a result, 82% of people in Armenia believed that corruption in the public sector was a problem.⁵ Armenia’s score on the Perceived Corruption Index has since improved, and Prime Minister Nikol Pashinyan has launched anti-corruption efforts, but allegations of corruption continue to plague the country.

Georgia, which was previously accused of being one of the most corrupt nations in the region, enacted a number of significant anti-corruption initiatives after the 2003 Rose Revolution. International organisations have applauded these efforts and their effectiveness; however, Transparency International noted that complex forms of corruption persist, including cronyism among the country’s elites. Additionally, power remains concentrated in a ‘small, interwoven circle of individuals’ and there are still significant problems in terms of transparency and accountability of companies, including the lack of information on beneficial owners. The OECD stated that as of 2015, corruption risks in the private sector had not been properly addressed.⁶

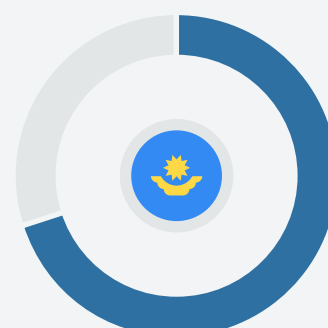
COMPANIES WITH ALLEGATIONS RELATED TO THIS ISSUE



1/10 Armenia



0/10 Georgia



7/10 Kazakhstan

Kazakhstan ranks as highly corrupt on the Corruption Perceptions Index. In 2016, respondents said corruption is one of the biggest problems facing the country, many people pay bribes, and it is not socially acceptable to report corruption.🔗 Activists, journalists, and NGOs have repeatedly raised flags about extensive corruption in the country, including allegations against former president Nazarbayev and his family members.🔗 President Nazarbayev, who was a co-conspirator in the Kazakhgate corruption case, served as leader of the country for nearly three decades until 2019. He currently holds office as the Chairman of the Security Council of Kazakhstan, and still exerts strong political influence over the country.



Bribes to prevent authorities from investigating company operations (Multi Group Concern)

Location: Armenia | **Human rights policy:** ●

Multiple company officials, including the owner of Multi Group Concern, have been charged with bribery and corruption. Events began to unfold in 2019 when Gagik Khachatryan – the former Minister of Finance and head of Armenia’s State Revenue Committee – was arrested for embezzlement and abuse of power. Khachatryan had been repeatedly accused of corruption before his arrest.🔗

Subsequent investigations into Khachatryan’s dealings found that he had received 8.142 billion AMD (\$22.4 million USD) in bribes in order prevent state tax and customs agencies from investigating the operations of Multi Group Concern. In June 2020, Armenia’s Prosecutor General announced that Multi Group Concern General Director Sedrak Arustamyan was arrested for money laundering and bribery related to the investigation. Arustamyan has denied the allegations.🔗

Soon after, Gagik Tsarukyan – the owner of Multi Group Concern – was also charged with bribery and corruption. Tsarukyan is the founder of the Prosperous Armenia political party, a significant political power within the country. He also serves as a deputy in the Armenian parliament.🔗🔗 In the past, Tsarukyan was accused of using his close relationship with former president Robert Kocharyan – who is also under investigation for corruption🔗 – to grow his business empire.🔗

Community members near Multi Group Concern’s Mghart gold mine had tried to get information from government officials and company management for years. The workers appealed to several tribunals and sent a letter to Prime Minister Serzh Sargsyan, which went unanswered. Notably, Sargsyan later became president before he was ousted in the 2018 Velvet Revolution. He is on trial for corruption charges.🔗 According to OpenDemocracy, Sargsyan was allegedly gifted shares in some of Gagik Tsarukyan’s businesses in the 2000s. The relationship between the two political leaders later soured.🔗

Not long after the bribery charges were announced, Armenia’s Minister of Environment sent a letter to the Prosecutor General over violations related to Multi Group Concern’s Mghart gold mine which had gone unaddressed for years.🔗

➤ See our company profile on [Multi Group Concern](#) for the full story and company response.



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Business & Human Rights Resource Centre is an international NGO that tracks the human rights impacts of over 10,000 companies in over 180 countries, making information available on our 10-language website.

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