



Dear Jane Fraser – Citigroup,

Greetings. We are writing from the Business & Human Rights Resource Centre to invite Citigroup to respond to the findings of our recent report, 'Digging in the Shadows'. We recognise the value of Citigroup investments, but write now to express concern regarding the human rights impacts of your investments in Eastern Europe and Central Asia.

'Digging in the Shadows' examined the human rights policies and performance of the 10 largest extractives companies in Armenia, Georgia and Kazakhstan. The report found grave abuses related to many of these companies, including those receiving foreign investment. You can find our investor summary [here](#) and key findings [here](#).

According to our findings, Citigroup investments have been linked to allegations of severe abuse, including hazardous working conditions, toxic pollution (including poisonous gases and heavy metals) and related health impacts on local communities, and severe environmental degradation.

Citigroup's statement on human rights says, "Advancing respect for human rights involves complex decisions with uncertain outcomes, but it is a task we embrace and work toward implementing every day." The company affirms its respect for human rights through its environmental and social risk management policy and due diligence requirements. However, evaluations of Citigroup's projects in the region stand in stark contrast to these policies.

We believe that it is important to give companies and investors the opportunity to respond when concerns are raised about their operations, so that our readers have access to their perspective. We would like to publish your response alongside this letter, and kindly ask for your response by **5:00pm EST, Friday 10 December 2021**.

### **Notable Rights Allegations Related to Citigroup Investments**

- **Agarak Copper Molybdenum Combine (via Citigroup Global Markets and Citibank London):** Workers at the mine say that conditions are unsafe and rockslides have occurred. Six accidents occurred at Agarak CMC from January to May 2019, resulting various levels of injury. Community members say explosions from the mine have caused cracks in homes, and some buildings are allegedly at risk of collapse. Additionally, tailings and wastewater from Agarak CMC have allegedly contaminated orchards of Kartchevan residents, making the lands and crops unusable. Boiling waste from the combine has allegedly been dumped into the Araks river for years, which has had negative health impacts for the residents who use the water. Despite this, villagers said they had never received compensation or support from the company, and no projects had been implemented at the village to mitigate environmental problems. [You can see the sources for the above allegations within the company profile.](#)
- **GeoProMining Gold (via Citigroup Global Markets and Citibank London):** Groundwater leaving the mine is allegedly contaminated with heavy metals and toxic substances, which can cause severe health conditions such as cancer, neurological issues and organ disease. The contaminated river empties into Lake Sevan, the largest body of water in Armenia and

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an important source of clean water for drinking, irrigation, fishing and other purposes. The company has been accused of violating environmental regulations and of operating without environmental impact assessments. Employees say managers have directed them to violate health and safety policies; such circumstances have allegedly contributed to two recent deaths. [You can see the sources for the above allegations within the company profile.](#)

- **KazMunaiGas (via via Citibank London):** KMG directly owns or has significant shares in nine out of the ten largest oil companies in Kazakhstan. Major allegations against KMG-related companies 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). KMG subsidiaries were also at the centre of the violent events at Zhanaozen in 2011, which resulted in up to 64 deaths and 400 injuries. (However, Kazakhstani authorities claim the fatalities were much lower, just 15.) Protestors and witnesses were allegedly tortured, detained, or abused. KMG and its related companies have been accused of corruption multiple times. [You can see the sources for the above allegations within the company profile.](#)
- **Tengizchevroil (via Citibank):** 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. According to Crude Accountability, Tengizchevroil accounts for 70% of emissions in the oil and gas sector of Atyrau, despite the presence of several other major fields and projects in the area. Hundreds of deaths and thousands of illnesses have been linked to toxic emissions from the Tengiz oil field, according to local community members. The village Sarykamys had to be resettled after 90% of the population fell ill. 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. [You can see the sources for the above allegations within the company profile.](#)

We invited the companies to respond to the allegations and provide information on their human rights policies. KazMunaiGas and its subsidiaries did not respond, with the exception of North Caspian Operating Company, which [submitted answers about its policies](#), and Karachaganak Petroleum Operating, which [responded to the allegations](#). Tengizchevroil, GeoProMining Gold, and Agarak CMC did not respond.

While Citigroup’s sustainability policies are welcome and have promise, continued investment in the above projects demonstrates that Citigroup should do more to ensure these policies are implemented in practice.

Investors like Citigroup play a critical role in ensuring business projects in Eastern Europe and Central Asia do not infringe on human rights or contribute to severe environmental destruction. Many governments in this region, including those of Armenia, Georgia and Kazakhstan, have failed to



address human rights issues, or are unable or unwilling to do so. In many cases, government officials have ownership or significant interest in business projects like those above, making it difficult or impossible to seek justice from the state. When states fail to protect, and businesses fail to respect, communities look desperately to investors for assistance and intervention.

In light of this, the Business & Human Rights Resource Centre has issued a few [preliminary recommendations](#) on responsible investment in the region, based on engagement with activists monitoring these extractives projects. Notably, these recommendations focus on public participation, due diligence, and grievance mechanisms. Early and timely access to information for affected rights-holders is also a key issue. Access to information is critical for preventing and addressing human rights impacts, as well as securing access to remedy for those who have been adversely impacted by extractives projects. However, such access to information is poor in the region as a whole, meaning investors should pay particular attention to this topic when making investments.

### **About the Resource Centre**

The [Business & Human Rights Resource Centre](#) is an independent non-profit organization that tracks the human rights impacts of over 10,000 companies, including [Citigroup](#), in over 180 countries. With an audience of more than 2 million users per year, our digital platform links to reports about positive initiatives by companies as well as reports about concerns that have been raised by civil society. For further details, please see the [“About us” section](#) of our website.

### **Invitation to Respond**

While socioeconomic development is greatly needed in the region and can play a critical role in the achievement of human rights, growth without human rights due diligence and remedy undermines the stated purpose of development: to improve the lives and well-being of the individuals and communities within a society.

We are encouraged by Citigroup’s public commitments to human rights and sustainability, and believe in the company’s potential role to ensure human rights are protected. We invite Citigroup to respond by **5:00pm EST, Friday 10 December 2021**. Please notify us if you need additional time. We hope to publish your response along with this letter. We are also inviting the other investors mentioned in the report to respond.

- Format: PDF, word document, or web link
- Must clearly indicate the date
- If Citigroup has already taken action with regards to any or all of the allegations, please feel free to include that in your response.

If Citigroup does not provide a response, we will indicate in the Weekly Update that we invited Citigroup to respond, but that it did not. Your response or non-response will be permanently registered in all relevant sections of our website.



Please do not hesitate to get in touch if you require any further information – we can be reached by email or telephone (see contact details below).

Kind regards,

Ella Skybenko (Eastern Europe/Central Asia Senior Researcher & Representative based in Kyiv) &  
Ashley Nancy Reynolds (Eastern Europe/Central Asia Research Assistant based in Croatia)  
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March 12, 2022

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*Sent by email to: [skybenko@business-humanrights.org](mailto:skybenko@business-humanrights.org) and [reynolds@business-humanrights.org](mailto:reynolds@business-humanrights.org)*

Dear Ms. Skybenko and Ms. Reynolds,

Thank you for your inquiry regarding the findings of your “Digging in the Shadows” report and the human rights policies and performance of extractives companies in Eastern Europe and Central Asia.

As you noted, Citi has had a stated commitment to respect human rights across our value chain since we first published our [Statement on Human Rights](#) in 2007. Human rights risks including labor concerns and community impacts are also addressed in our Environmental and Social Risk Management (ESRM) Policy. Within the scope of our ESRM Policy, we evaluate environmental and social risks associated with Citi financed client projects and activities against a common set of market standards grounded in international best practice, including human rights norms and the International Finance Corporation’s Performance Standards.

However, our ability to conduct due diligence and use our leverage with clients is closely related to the type of financing provided - with project finance and other project-related lending providing the ability for closer due diligence and more leverage, general corporate lending or bonds providing less opportunity, and activities such as cash management or holding shares in a company on behalf of an investor client providing the least.

We have looked into the concerns that you raised. While we have a policy of not commenting on specific companies, to the extent the companies referenced are clients, we will consider whether additional client engagement is appropriate.

We appreciate your raising these concerns for our awareness.

Sincerely,

A handwritten signature in black ink that reads "Val C Smith". The signature is written in a cursive, flowing style.

Val Smith  
Chief Sustainability Officer  
Citi