



Dear Sergiu Cristian Manea – BCR,

Greetings. We are writing from the Business & Human Rights Resource Centre to invite BCR (a member of Erste Group) to respond to the findings of our recent report, ‘Digging in the Shadows’. We recognise the value of BCR 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, BCR investments have been linked to allegations of severe abuse, including toxic emissions, retaliation against workers and labour activists, and torture and abuse of protestors.

BCR follows Erste Group guidelines and commitments, including the principles for responsible funding. According to the bank, “We admit that due to our strong presence in CEE, our future is linked to the long-term social, environmental and economic success of the region. We aspire to become an active promoter for initiating and supporting real change in CEE through our commitment to sustainable development.” The bank has specifically focused on sustainability and human rights in the energy sector. However, evaluations of BCR’s projects in the region stand in stark contrast to these commitments.

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 EET, Friday 10 December 2021**.

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

- **KazMunaiGas:** 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 went on trial for their participation in the strikes against KMG subsidiaries; most of them asserted that they had been tortured or abused while in detention. Witnesses were allegedly coerced, threatened and tortured into giving false testimony against the

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striking workers. 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.](#)

We asked KazMunaiGas and the other companies noted above to respond to the allegations and provide information on their human rights policies. North Caspian Operating Company [submitted answers about its policies](#), and Karachaganak Petroleum Operating [responded to the allegations](#). KazMunaiGas and its other subsidiaries did not respond.

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

Investors like BCR 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 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.

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We are encouraged by BCR's public commitments to human rights and sustainability, and believe in the bank's potential role to ensure human rights are protected. We invite BCR to respond by **5:00pm EET, 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 BCR has already taken action with regards to any or all of the allegations, please feel free to include that in your response.

If BCR does not provide a response, we will indicate in the Weekly Update that we invited BCR 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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**10.12.2021**

**TO: Business & Human Rights Resource Centre**  
**REF: Allegations Related to BCR Investments**

Banca Comerciala Romana took note of your notification and expresses appreciation for the opportunity to clarify any misunderstandings, which, unfortunately, did occur with regard to BCR's investments.

We also express appreciation for the mission of your organization and consider it a matter of responsibility to provide further business information, despite BCR's lack of involvement in the matter you signaled to us.

As such, BCR has no investments nor financings agreements to any of the companies referred to in the investor summary and the report. BCR had had a previous years long business relationship with Rompetrol Group, a state company founded in 1974 in Romania, later privatized in 1998 and afterwards acquired by Kaz Munai Gas in 2007 and rebranded under the corporate holding identity (multiple business operations) as KMG International, while continuing Romanian market operations under its historical brand: Rompetrol (acronym of Romanian Petroleum).

Thus, neither BCR, nor its shareholder, has had business relationship with any of the companies and the issues mentioned in your report, nor has it encountered directly or indirectly any of the issues outlined in the report, since the business relationship pertains strictly to the Romanian entity, which has proven a sound and respectable corporate presence on the Romanian market.

As we value legitimate journalistic inquires and the citizens' right to accurate information, we can inform you our bank is part of a syndicate (group of lenders) together with other 3 international banks, which concluded a lending facility with the Rompetrol Group, for activities strictly concerning the Romanian market, in regard to strategic projects for the Romanian oil and gas industry.

In all activity BCR remains true to our statements and purpose, in the context where the bank and the majority shareholder are operating and investing within borders of the European Union, with an unabated commitment towards the observance of ESG guidelines, including human rights.

We hope to have been able to clarify our standpoint, as well as any misunderstanding on the matter.

## Email correspondence following the above letter

Dear Ashley,  
Dear Ella,

Thank you for the opportunity to clarify matters around allegations on BCR's involvement with KMG. Our response is attached, with further information on our relationship to Rompetrol, the Romanian subsidiary of KMG International N.V., at its turn a subsidiary of KazMunayGas.

In short, we do not finance, nor have a business relationship other than the Romanian operations of Rompetrol Group, which also fall under Romanian and EU legislation and requirements. Rompetrol (a company founded by the Romanian state in 1974) has proven sound and solid business behavior in terms of human rights and overall corporate conduct for almost 50 years, providing us with full confidence to engage a business relationship with them.

Kind regards,  
[BCR]

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Dear [BCR],

Thank you for your response; we appreciate the clarification on your previous relationship to KMG.

[KMG's financial documents](#) list BCR as a current investor, as part of a syndicate of banks. Could you please clarify further, from BCR's perspective?

Thank you,



**Ashley Nancy Reynolds**

Research Assistant, Eastern Europe & Central Asia

[Business & Human Rights Resource Centre](#)

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Dear Ashley,

the facility referenced in KGM financial report follows the international reporting standards, whereby the Group has certain obligations to report and consolidate subsidiaries where it holds controlling interests (*please see attached their reporting policy as per the referenced financial report*).

KazMunaiGas is the sole owner of Kaz Munai International, which is not the sole owner, but it is the majority shareholder of Rompetrol Rafinare (*shareholder structure also attached*), therefore holding a controlling interest which it has to report and consolidate.

As of the credit facility granted by a syndicate of Romanian Banks to the Romanian entity, please find attached the Romanian Stock Exchange financial disclosure posted by Rompetrol Rafinare. The facility has no utilization, nor does it command guarantees from companies outside the KMG International (the holding company for the Romanian operations) perimeter.

<https://www.bvb.ro/FinancialInstruments/SelectedData/NewsItem/RRC-Prelungirea-unei-Facilitati-de-credit/BFC5F>

As previously stated, we do not finance, nor have a business relationship other than the Romanian operations of Rompetrol Group, which fall under Romanian and EU legislation.

I hope this clarifies all matters.

Best regards,

[BCR]



**No. 6143/ October 28, 2021**

To: **Financial Supervisory Authority**  
**Bucharest Stock Exchange**

From: **ROMPETROL RAFINARE S.A.**

**CURRENT REPORT**

**prepared according to Law no. 24/2017 on issuers of financial instruments and market operations and the F.S.A. no. 5/2018 on issuers of financial instruments and market operations**

Report date: **28 October 2021**

**ROMPETROL RAFINARE S.A.**

Head office: Navodari, 215 Navodari Boulevard, Administrative Building, Constanta County

Phone number: 0241/506100

Fax number: 0241/506930; 506901

Serial number in the Trade Register: J13/534/1991

Unique Registration Code: 1860712

Subscribed and Paid-in capital: RON 4,410,920,572.60

Regulated market on which securities are traded: Bucharest Stock Exchange (RRC market symbol)

Important event to report: Signing of related documents for the extension until April 23<sup>rd</sup>, 2022 of Facility C in the amount of USD 75 million, component part of the existing Credit Facility in the amount of USD 435 million

**ROMPETROL RAFINARE S.A.** (hereinafter referred to as “**the Company**” or “**RRC**”) informs the Shareholders and Investors that on October 28<sup>th</sup>, 2021 it extended the duration until April 23<sup>rd</sup>, 2022 and amended accordingly a multicurrency credit facility (USD, RON, EUR) in the amount of USD 75 million (Facility C), component part of the Credit Facility concluded on April 23, 2015, with subsequent amendments and completions (“**Existing Credit Facility Agreement**”), in the total amount of 435 million USD. The extension of Facility C within the existing USD 435 million Facility was arranged by the following banks as Mandated Lead Arrangers and made available by



them as Creditors: Banca Comerciala Romana S.A., ING Bank N.V. through ING Bank N.V. Amsterdam – Bucharest Branch and Raiffeisen Bank S.A.

UniCredit Bank AG, London Branch acts as a Facility Agent, and UniCredit Bank S.A. plays the roles of Security Agent and Paying Agent.

Lending financial institutions were assisted by the international law firm Clifford Chance, through its Bucharest office, Clifford Chance Badea SPRL.

The Company together with KMG International N.V., acting on behalf of other Group companies, i.e. KMG Rompetrol S.R.L., Rompetrol Downstream S.R.L, KazMunayGas Trading AG, concluded on October 28<sup>th</sup>, 2021 with, among others, the Creditors who extended the above mentioned facility, namely, ING Bank N.V. through ING Bank NV Amsterdam – Bucharest Branch, Banca Comerciala Romana SA, Raiffeisen Bank S.A. and, respectively, with UniCredit Bank AG, the London Branch as Facility Agent and UniCredit Bank S.A. as Security Agent and Paying Agent a fifth Supplemental Agreement (the “**Fifth Supplemental Agreement**”) to the Existing Credit Facility Agreement to extend the maturity of Facility C and to reconfirm the guarantees established in relation thereto.

This credit is guaranteed by KMG International N.V. and, regarding facilities A and B, may also be used by other companies such as KMG Rompetrol S.R.L., Rompetrol Downstream S.R.L., KazMunayGas Trading AG. Moreover, to guarantee the Existing Credit Facility Agreement and the Second Supplemental Agreement and any related documents, mortgages are set up on several assets held by KMG International subsidiaries such as fuel distribution stations, warehouses, stocks of petroleum products, trade receivables but also bank accounts. The purpose of this loan is to cover the general needs of borrowers, excluding investment financing. With regard to Credit Facility C, its purpose is in the interest of the activity carried out by the Company, contributes to the Company's success, is to its advantage and is in no way disproportionate to the benefits of concluding the above-mentioned addenda and there is no conflict of interest between the interests of the Company and those of any of its Directors.

KMG International N.V., a wholly owned subsidiary of JSC National Company KazMunayGas, the national company of Kazakhstan, is an integrated oil company with most assets and operations based in Romania and other Southeast European countries.

The document will be posted on the RRC website, [www.Rompetrol-Rafinare.ro](http://www.Rompetrol-Rafinare.ro), in the Investor Relations/ Financial Results and Reports/ Current Reports section.

### **Rompetrol Rafinare S.A.**

**General Manager and  
Member of the Board of Directors**

**Economic Manager**

**Felix CRUDU-TESLOVEANU**

**Ramona-Georgiana GALATEANU**