



Dear Philippe Brassac – Crédit Agricole,

Greetings. We are writing from the Business & Human Rights Resource Centre to invite Crédit Agricole to respond to the findings of our recent report, 'Digging in the Shadows'. We recognise the value of Crédit Agricole 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, Crédit Agricole investments have been linked to allegations of severe abuse, including toxic emissions, retaliation against workers and labour activists, and torture and abuse of protestors.

Crédit Agricole's CSR policy features specific provisions for the oil and gas sector, including social, environmental, and environmental commitments. According to the bank's policies, these provisions extend to the bank's clients. However, evaluations of Crédit Agricole'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 CET, Friday 10 December 2021**.

Notable Rights Allegations Related to Crédit Agricole 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 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](#)

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[answers about its policies](#), and Karachaganak Petroleum Operating [responded to the allegations](#). KazMunaiGas and its other subsidiaries did not respond.

While Crédit Agricole's CSR policies 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 Crédit Agricole 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 [Crédit Agricole](#), 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 Crédit Agricole's public commitments to human rights and sustainability, and believe in the bank's potential role to ensure human rights are protected. We invite Crédit Agricole to respond by **5:00pm CET, 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.

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

If Crédit Agricole does not provide a response, we will indicate in the Weekly Update that we invited Crédit Agricole 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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**Business & Human Rights
Resource Centre – London**

**Credit Agricole response to the request about
The report “Digging in the shadow “**

Montrouge, January 27, 2022

Dear Ella Skybenko and Ashley Nancy Reynolds,

We thank you for your letter and for giving us the opportunity to comment your recent report “Digging in the shadow”.

Credit Agricole has implemented a policy and reasonable due diligence process to identify risks and prevent violations of human rights and fundamental freedoms, impacts on human health and safety, and damage to the environment in our investments and financing. The Vigilance Plan report is published each year by Crédit Agricole S.A. on behalf of Crédit Agricole S.A. and its subsidiaries in accordance with the French law of 27 March 2017 on the duty of vigilance of parent companies and contracting companies. The report on the implementation of our Vigilance Plan for the 2020 financial year is included in the Universal Registration Document (published on our website). Moreover, Credit Agricole is also committed with the Global Impact and the Equator Principles.

In terms of financing, the implementation of our duty of vigilance is based on our sector policies (published on our website <https://www.credit-agricole.com/en/responsible-and-committed/our-csr-strategy-be-an-actor-of-a-sustainable-society/our-sector-policies>) and on an analysis of the environmental or social sensitivity of transactions or customers regarding the management of environmental and social impacts related to the financed projects or the customers’ CSR approach, which is assessed in accordance with the principles of the sector policies of the Bank.

As part of its CSR assessment of corporate clients, Credit Agricole CIB (CACIB) identifies the nature of CSR commitments and the existence of an E&S risk management system. In case of KazMunayGas Group (KMG Group), CACIB had identified the following commitments according to the **information disclosed in open sources**:

- Information disclosure and ESG ratings:
 - Since 2012, the CSR reporting of KMG Group is published following the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) and GRI Oil and Gas Sector Disclosures.
 - KMG has been a member and active participant of the United Nations Global Compact (UNGC) since 2006 and is committed to 10 UNGC principles and 17 Sustainable Development Goals (SDGs).
 - In 2021, Sustainalytics has improved the risk rating of JSC NC “KazMunayGas” from 34.5 to 28.4 points.
- The company has formulated a human rights and an environmental policy

CACIB always investigates any allegations of companies brought to attention. KMG has provided comments to major allegations against KMG-related companies and the remediation actions taken by the operators of

Karachaganak Petroleum Operating (KPO), Tengizchevroil (TCO) and North Caspian Operating Company (NCOC). With KMG's agreement, these comments are attached to this letter.

You will find here more information about CACIB's CSR Policy: <https://www.ca-cib.com/about-us/committed-and-responsible/our-sustainable-financing-policy>

We thank you for drawing our attention to this specific issue and we hope to have answered to your request.

Kind regards,

Credit Agricole Group CSR dept.

KMG answers and comments on Credit Agricole request

Strategic priority for the implementation of sustainable development goals for KMG

The company pays special attention to sustainable development and integration of ESG factors into KMG's activities. In its Development Strategy of the Company until 2031, KMG has identified Sustainable development and progressive reduction of the carbon intensity of production as one of the priority goals.

The company strives to be in the top quartile on all ESG indicators and ESG integrated goals in the system of strategic and medium-term indicators.

KMG continues to work actively towards adherence to 17 global sustainable development goals (SDGs), the implementation of activities for which is divided into stages.

In October 2021, the international agency Sustainalytics improved KMG's sustainability risk rating from 34.5 to 28.4 points, which underscores the Company's strong position in managing ESG's significant risks in the international oil and gas market. The upgrade of the rating to the “medium risk” level is associated with the positive results of the Company in the field of sustainable development and with the active implementation of advanced ESG practices in the strategy and current activities of KMG.

It is also important to note that, according to the results of independent diagnostics of corporate governance in portfolio companies of Samruk-Kazyna JSC, the corporate governance rating of KMG has increased to a BBB rating compared to B rating in 2018. The main improvements were noted in such areas of corporate governance as “efficiency of the Board of Directors and the executive body” and “sustainable development”.

Environmental pollution

KMG supports modern global and state initiatives to minimize the impact of its activities on the environment.

The company adheres to the principle of zero tolerance for losses and damages associated with environmental pollution, while pursuing the path of an environmentally responsible business. The priority areas for the Company in terms of environmental protection are greenhouse gas emissions management, gas flaring reduction, water resources management, production waste management and land reclamation.

In order to speed up the implementation of environmental initiatives, 2021 has been declared the Year of the Environment for the entire KMG group of companies. In November 2021, the KMG Board of Directors approved the Low-Carbon Development Program for 2022-2031, which defines the Company's climatic ambitions, the main approaches and measures to reduce the carbon footprint. In particular, by 2031, KMG aims to reduce carbon dioxide emissions by 15% from the 2019 level (1.6 million tons of CO₂) through energy efficiency and energy saving measures, as well as the use of renewable energy sources.

Development of regions of presence and care for the local population

In order to promote the development of the regions, KMG actively interacts with local government bodies through the conclusion of memorandums and general agreements on cooperation in the field of socio-economic development. Within the framework of subsoil use contracts, KMG enterprises allocate certain funds for the development of regions of production activity, and provide social assistance to the needy segments of the population. The company transfers funds to local executive bodies, which distribute funds based on the needs of local communities.

In 2020, for the KMG Group of Companies, the volume of social investments under subsoil use contracts amounted to more than 4.5 billion tenge. Moreover, in 2020, KMG's subsidiaries in a situation related to the spread of COVID-19 could not stand aside: within the framework of sponsorship assistance to the national health care system and local executive bodies, about 6.2 billion tenge was transferred for the purchase of medical equipment and others. goods needed to fight coronavirus infection.

Equal opportunities for employees

KMG provides all its employees with equal opportunities for remuneration and career development. The approach to personnel motivation is based on the principles of ensuring a decent level of remuneration, transparency and observance of the legal rights of all employees. All changes to the remuneration system are made taking into account the opinions and suggestions of stakeholders.

In the KMG Group of Companies there are no differences in the base salary and in the remuneration system depending on gender, race, nationality, attitude to religion, beliefs, place of residence, age or physical characteristics, as well as membership in public associations. The level of wages in the organizations of the KMG Group of Companies is tied to the position, and not to the employee. Employees in one position receive the same salary and other payments provided for by the KMG remuneration rules.

The payroll system for senior management and management team focuses on performance, motivation, productivity and operational efficiency, and includes elements of short-term performance-based remuneration. In accordance with the best international practices, the performance indicators of executives reflect the economic, environmental and social objectives of KMG.

Respect for human rights and social support

The company strictly complies with the requirements of the labor legislation of the Republic of Kazakhstan, implements advanced international standards for the observance and implementation of human rights. No one can be subjected to any discrimination in the exercise of labor rights on grounds of origin, social, official and property status, gender, race, nationality, etc. KMG does not use child labor, does not practice forced labor, and recognizes the equal rights of all employees ... Each employee of the Company has equal opportunities to exercise their rights and

freedoms in the labor sphere. In addition, the Company actively participates in negotiations with employees to conclude, amend, and supplement a collective agreement, strictly adheres to the terms of negotiations and ensures the work of the relevant joint commissions, provides the information necessary for negotiations, strictly complies with the terms of the provisions of the collective agreement.

According to labor law, any employee has the right to participate through his representatives in collective bargaining and the development of a draft collective agreement, as well as familiarization with the signed collective agreement.

The Company does not provide for any restrictions on the rights to freedom of association and collective bargaining by type of activity or territorial basis. We, as a socially responsible company, fully support this right and create a favorable environment for the realization of the workers' right to freedom of association.

For the purpose of unification, a Standard form of a collective agreement has been developed, which establishes uniform principles for the organization of remuneration, provision of social support, working conditions, work and rest hours, etc. occurrence. Standard requirements for the development of collective agreements for the KMG Group make it possible to build labor relations on a legislative basis, to prevent unreasonable overestimation or reduction of benefits for employees, to recommend consistent actions in the event of labor disputes in order to prevent conflicts and relieve tensions.

Collective agreements have been concluded for the KMG Group to date in 35 production enterprises. In 2020, the number of employees of the KMG Group of Companies covered by collective agreements amounted to 56,066 people.

All collective agreements of KMG enterprises provide for 35 types of social support for employees and their families, as well as non-working pensioners.

KMG provides its employees with a guaranteed social package, which includes various types of social benefits and compensations: financial assistance for health improvement for labor leave, payments in connection with pregnancy and childbirth, monthly payments to employees who are on parental leave until they reach age 1.5 years, compensation for termination of an employment contract in case of impossibility of transfer to another job, due to general disability, disability, a lump sum payment in connection with the death of an employee to organize a funeral, a lump sum payment to the family of a deceased employee as a result of an industrial accident. The company also provides social guarantees for voluntary medical insurance in case of illness and organization of recreation for employees' children in children's health camps in Kazakhstan.

In addition, additional types of social support may be provided to employees. These types of social assistance are enshrined in collective agreements, or provided for by the internal regulations of the enterprise. Such payments include payments in connection with reaching the jubilee age, in connection with marriage, short-term leave upon marriage, in connection with the birth of a child, in connection with the death of relatives with the preservation of wages, for treatment and payment for medical operations, in the event of if the costs of treatment exceed the limit set by the insurance program, disabled employees, disabled children of the employee, large and low-income families of employees, and many others.

In 2020, the KMG Group retained all social benefits and guarantees and paid in accordance with collective agreements, which amounts to more than 21 billion tenge.

Supporting trade union work and constructive employee initiatives on working conditions

Within the framework of its production activities, KMG strictly follows the norms of Kazakhstani legislation, which fully applies to the activities of trade unions operating at the enterprises of the KMG group.

The Company's interaction with trade unions is carried out within the framework of social partnership established by labor legislation at the sectoral and regional levels. At the sectoral level, the main parameters of interaction (social guarantees, labor organization issues, principles of remuneration, employment, gender and youth policy, occupational safety and health, prevention and resolution of labor conflicts, etc.) are defined in the Sectoral Agreement in the oil and gas, oil refining and petrochemical industries of the Republic of Kazakhstan for 2020–2022, in the development of which representatives of KMG and its enterprises were actively involved.

The KMG Group has 38 trade union committees, taking into account local trade unions, which protect the interests of more than 47 thousand employees.

At the regional level, there are regional commissions for social partnership, within the framework of which, in addition to regional issues of employment and labor protection, specific collective labor disputes are also considered. Conciliation commissions have been established and are operating in all KMG companies.

The KMG group has a developed system of social partnership, that is, the interaction of the employer with representatives of employees - trade unions.

When solving the most significant issues for the enterprise, the practice has been adopted to hold consultation meetings with trade unions to discuss current production and social issues.

KMG creates conditions for increasing the competences of trade union leaders through seminars and training. For example, in August 2021, a joint project with Samruk-Kazyna JSC “Corporate School of Trade Union Activists” was launched, within the framework of which trade union leaders of KMG subsidiaries and affiliates in the Mangistau region undergo modular training. More than 40 people are involved in the project. It should be noted that infringement of the rights of trade unions by KMG at the enterprises of the group of companies is not allowed.

Inadmissibility of corruption

Any facts of manifestation of corrupt practices are completely unacceptable in the activities of KMG. The company declares its categorical rejection of dishonest and illegal ways of doing business and on an ongoing basis implements measures in the field of prevention and prevention of corruption, recommended by Kazakhstani, foreign and international bodies and organizations.

Large oil and gas projects (Tengizchevroil, North Caspian Operating Company, Karachaganak Petroleum Operating)

1. KMG commentary on “Mass poisoning of children in Berezovka (Karachaganak Petroleum Operating)”

KMG is one of the consortium members under a production sharing agreement with a 10% participation interest. The project operators are Shell and Eni, which are directly responsible for oil and gas operations and Karachaganak Petroleum Operating B.V. The companies carry out extensive work to ensure the safety of their activities, as well as consultations and interaction with all involved government bodies and non-governmental organizations.

An incident with mass poisoning of residents took place in 2014 in the village of Berezovka, Western Kazakhstan. 31 residents turned to the Burlinskiy regional central hospital with complaints of headache and weakness. The Republican Interdepartmental Commission was created to establish the reasons for the mass malaise of the residents of the village of Berezovka,. Based on the investigation results of the incident that took place in the village of Berezovka, the Republican Interdepartmental Commission there are no direct facts of environmental pollution with hydrogen sulfide as a result of gas flaring at the Karachaganak field.

Taking into account the abovementioned, the criminal investigation of this incident, which began in 2014, was recently terminated for lack of corpus delicti. Despite this, in 2015, as a result of changes in the boundaries of the Sanitary protection zone, together with the Akimat of the Burlinsky District of the Western Kazakhstan, KPO prepared a plan for the resettlement of residents of the village of Berezovka and the village of Bestau (Stage-1 and Stage-2). As a result, until 1 Jan. 2018 the residents of Berezovka and Bestau were completely relocated in 2 stages to safe areas - Uralsk and Araltal, for which 100 residential buildings, two 9-storey apartment buildings, a kindergarten were built in a capacity of 320 places, a school in a capacity of 300 places. Residents are now satisfied with the resettlement process and new living conditions.

KPO continuously monitors emission parameters through a data collection system and a monitoring mechanism integrated into the appropriate emergency response system. KPO confirms its commitment to comply with the current legislation of the Republic of Kazakhstan, as well as regulatory requirements.

2. KMG commentary on "Hundreds of deaths and thousands of diseases associated with the Tengiz oil field (Tengizchevroil)"

KMG is one of the shareholders of Tengizchevroil LLP (TCO) with a 20% interest, along with Chevron (50%), ExxonMobil (25%) and Lukoil (5%). TCO, being a direct subsoil user, is responsible for the safe conduct of oil and gas operations, which is the main priority of the partnership. TCO pays special attention to the health and safety of its own employees, business partners and residents of the region in its activities.

Over the past decades, TCO has done a lot to improve the environmental situation in the region:

- Since 2000, TCO has significantly reduced air emissions per tonne of oil produced by 71% from 8.3 kg / ton in 2000 to 2.42 kg / ton in 2020. Over the same period, TCO's annual oil production increased 2.6 times.
- TCO stopped the continuous routine flaring of associated gas in 2009 and achieved good results in gas utilization. More than 99% of the gas produced is sold and used for TCO's internal needs.
- Since 2020, TCO has invested 473.6 billion tenge in environmental protection measures aimed at minimizing the impact of production activities on the environment through the implementation of projects to reduce air emissions, stimulate the rational use of water resources and waste management.
- To date, TCO's main efforts are focused on maintaining the achieved results by improving the reliability of equipment and implementing projects to utilize gas and reduce the flaring of sour and sour gas.

3. KMG commentary on “Risks that tens of thousands of residents of Atyrau may be subjected to mass poisoning (North Caspian Operating Company)”

The consortium shareholders, represented by KMG, Shell, ExxonMobil, Total, Eni, Inpex and CNPC, delegated the oil operations to the North Caspian Operating Company N.V. (NCOC), which they established. As the Project Operator, NCOC makes safety and environmental minimization a top priority in its operations. The shareholders, together with state bodies, constantly monitor the activities of the Operator in this direction. NCOC conducts ongoing discussions and round tables with representatives of regulators and non-governmental organizations in order to meet the established priorities.

During 2020-2021, NCOC initiated a Comprehensive Air Quality Survey in Atyrau and West Esken) covering a 12-year period. A comprehensive study was carried out by "Republican Scientific Center for Atmospheric Air Protection" LLP (RNITSOA) by seasons and years, in order to determine the possible influence of NCOC sources or the influence of external factors. Within the framework of this work, the following were performed:

- Processing, systematization and analysis of historical data on air quality monitoring by NCOC, Atyrau regional branch of RSE "Kazhydromet" and other screening studies for the period 2009–2021.
- Comprehensive air quality monitoring within the city of Atyrau, nearby settlements to the Bolashak plant (Karabatan, Eskene, Taskesken railway stations) and on the border of the sanitary protection zone (SPZ).
- Trends and features of air quality were assessed.

The results of studies and the results of industrial environmental control show that the number of recorded excess of pollutants in the city of Atyrau has not increased since the launch of the ground complex of the Bolashak plant, and the

number of exceedances of maximum permissible concentration in West Esken is significantly lower than in Atyrau. This confirms the compliance of the actual data obtained with the design indicators and the absence of impacts exceeding the current standards from the production facilities located in West Esken.

NCOC is complying with emission standards and is implementing an action plan to further reduce its burden on ambient air quality in the area.