



Country: **Armenia**



Website



BHRRC company page

Lydian Armenia

Summary

Activists and community members have expressed concern about the following human rights allegations related to Lydian Armenia and the Amulsar gold mine:

➔ **Community Opposition, SLAPPs and Attacks on Activists:**

Strong community opposition has caused international investors to pull funding for the project, and it has ultimately led to the suspension of the mine. Protestors have allegedly experienced violence from police and Lydian's security guards. According to CEE Bankwatch, Lydian has filed at least fifteen lawsuits against protestors, critics, activists and journalists.

➔ **Pollution and Environmental Degradation:**

Jermuk residents complained to the EBRD that they have already experienced 'serious environmental harm' due to the mine, including water, air and land pollution. In a letter to the British and U.S. embassies, activists called Lydian Armenia's environmental and social impact assessment (ESIA) 'incomplete, inaccurate, and fraudulent'. The Armenian Environmental and Mining Inspection Body identified several violations of environmental law; in response, Lydian filed a legal claim against the inspectorate.

➔ **Right to Livelihood:**

Pollution from the mine would have severe impacts for agriculture, livestock and tourism in the area. Jermuk, which is located near the project site, is a spa town known for its pristine water; pollution from the mine would have devastating impacts for the local economy.

➔ **Right to Health:**

In a survey of local communities, 85.7% of respondents observed negative impacts for their health, including asthma, lung diseases and dry skin. Many community members believe these effects are related to Amulsar.

Human Rights Commitments

- ➔ [Environmental policy](#)
- ➔ [Security policy](#)
- ➔ [Occupational health and safety policy](#)
- ➔ [Social policy](#)
- ➔ [Code of Conduct](#)
- ➔ [Anti-corruption policy](#)
- ➔ [Whistleblower policy](#)
- ➔ [Sustainability reports](#)
- ➔ [Environmental and social impact assessment](#)
- ➔ [Stakeholder engagement plan](#)
- ➔ [Livelihood restoration plan](#)
- ➔ [Guide for land acquisition and compensation](#)
- ➔ [Land access and livelihood restoration plan](#)
- ➔ [Grievance mechanism](#)
- ➔ The company **provided answers** to our questionnaire of its human rights policies and commitments



Lydian Armenia has a number of public policies and reports about topics such as occupational health and safety, stakeholder engagement, security, anti-corruption, land acquisition as well as livelihood. The company responded to our questionnaire about its human rights policies and commitments; see the annex for the full response.

Company Information

Lydian Armenia is developing the Amulsar gold mine. The mine has not yet opened, and it is around 75% complete. Since mid-2018, construction has been suspended due to community opposition and blockades.[↗]

The Amulsar mine project has been financed by a number of international financial institutions, including the European Bank for Reconstruction and Development (EBRD) and the International Finance Corporation (IFC). EBRD has funded the project since 2009; since then, the bank received a steady stream of complaints about the project. One notable complaint during May 2020 claimed that Lydian Armenia failed to comply with EBRD’s environmental and social policy; protestors had also blockaded the entrance to the mine for several years, preventing it from opening. Even though EBRD responded that ‘environmental and social due diligence on the Project was undertaken’, the bank soon announced that it would terminate the investment.[↗] IFC similarly pulled from the project during 2017.[↗]

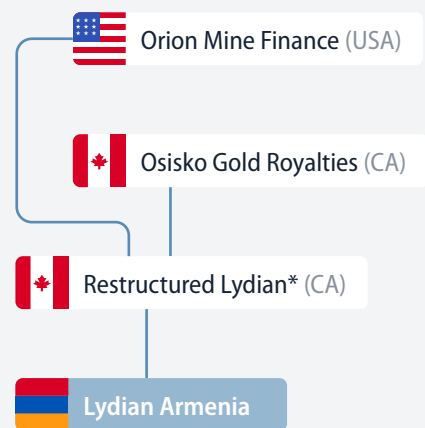
There have been multiple allegations of corruption and foreign pressure related to the Amulsar mine.[↗] An internal EU report claimed that the UK and U.S. embassies have pressured the Armenian government to find a ‘solution’ to the blockade of the mine.[↗]

During January 2020, Lydian International was delisted from the Toronto Stock Exchange and filed for bankruptcy protection.[↗] Lydian International was formerly based in Jersey, UK, but it is currently undergoing restructuring.

Human Rights Impacts

-  Health and safety
-  Environmental and water rights
-  Right to livelihood and adequate standard of living
-  Access to information
-  Community, cultural and property rights
-  Deaths and/or violence
-  Attacks on human rights defenders and labour activists

COMPANY OWNERSHIP



*formerly Lydian Canada Ventures Corporation (CA)

Human Rights Allegations

Community Opposition, SLAPPs, and Attacks on Activists

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 organizations 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, and this has ultimately led to the suspension of the mine.

Since the Velvet Revolution of 2018, local communities have blockaded roads leading to the mine in order to express their disagreement.² As a result, Lydian has been unable to access the site to finish construction.²

During 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 it had hired the security guards to ‘solve the security problem’.² The situation continued to escalate until August, when Lydian security guards moved caravans of protestors, putting their own in those places.²

Further protests erupted at 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 for demonstrations due to the Covid-19 pandemic.² The following month, Lydian’s security guards allegedly beat activists manning the blockade.²

The negative community response has been largely informed by Armenia’s history of environmental disasters related to mining. Local people rely upon agriculture and tourism, and they worry that the mine will destroy their livelihoods (see below). Activists have pointed to similar projects that have caused heavy metals pollution and have destroyed agriculture in the area near the mining site.²

Locals applied to the IFC’s ombudsman office during 2014, claiming that the project did not meet IFC standards, that Lydian did not hold sufficient public hearings as well as that the company underestimated risks to nearby communities, including the nearby tourist town of Jermuk—which is known for its pristine water and spas.² Locals say that public hearings about the mine have not been held in Jermuk since 2006, and Jermuk has not been recognized as an impacted community.²

According to CEE Bankwatch, Lydian has filed at least fifteen 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 the 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 the Jermuk foundation. 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 she cannot disclose information about the cases she has represented.²

In a response to the allegations, the company told the BHRRC, ‘Lydian has been wrongly accused of corruption and other crimes by persons opposed to the Amulsar Project. Since it is impossible to respond to accusations of crimes and allegations of corruption with science, Lydian has been left with no other recourse than to seek the assistance of the courts to stop the defamation and falsehoods ... [W]e believe that your readers will benefit from knowing that many community members claim that it is the activists and illegal blockaders that have consistently tried to silence the voice of the communities in support of the Amulsar Project. Many community members supportive of the Amulsar Project report violations of their human rights, intimidation and even assaults by those opposed to the Project’. ([See here for the full response.](#)) Lydian also denied allegations of engaging in a smear campaign against opponents to the project.²

Pollution and Environmental Degradation

Jermuk residents complained to the EBRD that they have already experienced ‘serious environmental harm’ due to the mine, including water, air and land pollution.²

The mine’s potential impacts for water are of particular concern. Mines in other parts of Armenia have caused heavy metals pollution in local waterways, and activists have expressed concerns about potential cyanide pollution.² Activists worry that the mine could pollute Lake Sevan, which holds 25% of Armenia’s fresh water.² They have also noted that the Amulsar mine is located near the headwaters of the Arpa and Vorotan rivers.²

Residents responded positively to Lydian’s infrastructure projects, including improvements to the irrigation system; however, the residents also said the water quality was low, as indicated by cattle refusing to drink it.²

In a letter to the British and U.S. embassies, activists called Lydian Armenia's environmental and social impact assessment (ESIA) 'incomplete, inaccurate, and fraudulent'.[↗] When NGOs reviewed the Amulsar ESIA, they found that there was no evaluation of the mine's impacts concerning several nearby areas, including Jermuk and Sevan National Park. The NGOs found a number of shortcomings in the ESIA, and they claimed that the project did not comply with the environment-related international standards and Armenian law.[↗] During 2019, an external consulting company found that the ESIA was incomplete with a number of violations, shortcomings and underestimations. In a statement, the consultants said, 'The EIA of 2016 and the project are not enough to safely exploit the mine'. The consultants went on to say the mine needed a new assessment and 'properly designed' mitigation measures.[↗]

The Armenian Environmental and Mining Inspection Body identified several violations, including inappropriate land use, unauthorized emissions, inappropriate handling of hazardous waste along with failure to pay environmental taxes. The inspection body had obliged the company to stop certain activities. In response, Lydian filed a legal claim against the inspectorate.[↗]

Lydian has denied the allegations, and it has insisted that it complies with environmental policies. In a response to the BHRRC, the company stated, 'The Amulsar project has been subject to an extraordinary amount of compliance oversight and review to ensure it meets or exceeds best international practice. The Environmental and Social Impact Assessment ('ESIA') has undergone ten iterations, over six years, to arrive at the current version. An Independent Environmental and Social Consultant ('IESC') appointed as third party, has regularly audited the project to ensure compliance with the standards and performance requirements of both the IFC and EBRD. Five external audits were carried out in 2017 alone and found the project to be compliant'. ([See here for the full response.](#))

Right to Livelihood

The aforementioned environmental impacts related to the Amulsar mine are also linked to actual and potential impacts for livelihood. Pollution from the mine would have severe impacts for agriculture, livestock and tourism at the area.[↗]

Jermuk, which is located near the project site, is a spa town known for its pristine water; pollution from the mine would have devastating impacts for the local economy. Many residents in local communities rely upon subsistence agriculture, which could be threatened by cyanide leaching.[↗]

Locals have expressed that apricot orchards and pastures are already being destroyed by dust from the construction of the Amulsar mine. Cattle allegedly also refuse to eat grass spoiled by the dust, making it more difficult to raise livestock.[↗]

Right to Health

Local community members say that their health has already been impacted by the project, even though mining has not yet commenced. In a survey of local communities, 85.7% of respondents observed negative impacts of their health, including asthma, lung diseases and dry skin. 71.4% noted nervous breakdowns, headaches and insomnia linked to crushing stations used during the mine's construction. More than half of residents worry that their health will become worse as the project continues.[↗]

Human Rights Commitments

Lydian Armenia and parent company Lydian International have a number of publicly available policies and reports, including:

- ➔ [Environmental policy](#)
- ➔ [Security policy](#)
- ➔ [Occupational health and safety policy](#)
- ➔ [Social policy](#)
- ➔ [Code of Conduct](#)
- ➔ [Anti-corruption policy](#)
- ➔ [Whistleblower policy](#)
- ➔ [Sustainability reports](#)
- ➔ [Environmental and social impact assessment](#)
- ➔ [Stakeholder engagement plan](#)
- ➔ [Livelihood restoration plan](#)
- ➔ [Guide for land acquisition and compensation](#)
- ➔ [Land access and livelihood restoration plan](#)

The company also has a [grievance mechanism](#) for affected rights-holders to submit complaints.

Lydian states that it supports human rights consistent with the United Nations Declarations on Human Rights. Additionally, Lydian states, 'The Company is committed to maintaining high standards of integrity and accountability in its business affairs while enhancing shareholder value'.

Lydian's Security Policy says it is 'committed to creating a safe and secure environment within which all personnel can deliver their full potential without hindrance from criminal activity, physical danger or disruption to their operations'. The security policy includes the protection of the company's assets, including 'its brand and reputation'. Additionally, 'Lydian recognizes that conforming to international best practice for security contributes to business performance'.

The company says it will:

- ➔ Seek to identify security risks to personnel, assets, operations and reputation—recognizing that risks may emanate from political, economic or social factors—and take appropriate measures to mitigate those risks.
- ➔ Monitor actions of the company and members of its staff to ensure security risk is considered in all aspects for business.
- ➔ Ensure that the company is compliant with local and international legislation in all regards. This includes strategic commitment to the IFC's Performance Standard 4, as well as the European Bank for Reconstruction and Development (EBRD) performance requirements.
- ➔ Follow the UN Voluntary Principle guidelines to maintain security while respecting human rights.

- ➔ Promote personal accountability by taking corrective and/or disciplinary action with personnel breaking the law or violating their terms of employment.
- ➔ Work with local law enforcement authorities to support the security requirements of our projects.
- ➔ Investigate security incidents appropriately and take necessary action to minimize the probability of recurrence.
- ➔ Investigate and manage expeditiously security related grievances that may be raised by employees, contractors or affected communities.

According to the Lydian Commitment to Sustainable Development, ‘Lydian International Ltd and its controlled affiliates (the ‘company’ or ‘Lydian’), aims for sustainable development outcomes, and is committed to the integration of environment, health, safety, social and security considerations into its procedures for project development and operation at all stages. As part of its commitment to sustainable development, Lydian has developed a security Policy which is an integral part of the International Finance Corporation (IFC) framework and approach to risk management. The security Policy describes Lydian’s roles, responsibilities and commitment to transparency and good corporate governance’.

Lydian’s Human Resources Policy states: ‘Lydian believes that its employees are the key resource in meeting its vision of being a respected and successful developer and producer of precious metal resources. Lydian will incorporate the values of teamwork, integrity, honesty, respect and empowerment in the execution of its Human Resource Policy. Lydian strives to be a good neighbor in the diverse communities where it operates and is committed to sustainable development which maximizes the benefits to the communities and countries in which it operates This is supported through the provision of training for local applicants. Employees will be selected based on their performance, professional behaviour and ethics and approach to safety. The Company’s recruitment policy gives priority for workforce development in the region, starting from the project influence area, and then followed by other surrounding villages, towns or cities’.

Lydian Occupational Health and Safety Policy says: ‘Lydian believes people are our key resource and aims to have zero lost time injuries (LTI’s). We believe that all accidents are preventable and have adopted a Zero Harm approach in the way we do business to ensure our people return home safely every day. This Occupational Health and Safety Policy applies to all employees, contractors, sub-contractors and members of the public who may be affected by our activities. It is the policy of the Company to provide and maintain, as far as reasonably practicable, a working environment that is safe and without risk to health. Lydian aims to achieve Zero Harm through effective management of health and safety’.

The health and safety policy goes on to say that the company provides:

- ➔ Appropriate health, safety and job-specific training to improve competence and confidence;
- ➔ Safe and healthy working conditions;
- ➔ Design and maintenance of safe systems of work;
- ➔ Properly maintained and guarded machinery;
- ➔ Implementation of emergency and evacuation procedures in case of significant incidents; and
- ➔ Arrangements for regular engagement and consultation with employees on day-to-day health and safety conditions.

Lydian 'requires all employees to recognize their own individual responsibility regarding occupational health and safety and to comply with all health and safety requirements relevant to their activities'. The company says it requires employees to:

- ➔ Following established standard operation procedures, guidelines and instructions;
- ➔ Wearing any Personal Protective Equipment (PPE) required for specific tasks;
- ➔ Accurately reporting all incidents, accidents and hazards in a timely fashion and in line with Company procedure;
- ➔ Beginning every task by first considering any health and safety risks;
- ➔ Asking questions of their supervisor when unsure of the procedures for any task.

The company also has a whistleblower policy that explains how to submit a report or concern.

Lydian says it 'will provide' a grievance mechanism for workers (and their organizations, where they exist) to raise workplace concerns. According to the policy, 'Workers will be informed of the grievance mechanism at the time of recruitment and this will be made easily accessible to them. The process will be to address concerns promptly, using an understandable and transparent process, without any retribution. The mechanism will allow for anonymous complaints to be raised and addressed, without impeding access to other judicial or administrative remedies that might be available'.

Lydian Armenia provided answers to our questionnaire of its human rights policies and commitments; see the annex for the full response.

Annex

Human rights policies and practice – questions for companies

Company name: Lydian Armenia

Respondent's department: Sustainability

Name of respondent: Armen Stepanyan – VP Sustainability

Email address of respondent: armen@lydianinternational.co.uk

We are a gold-focused mineral development company whose main venture is a gold development-stage project located in Armenia. Our mine development and construction plans for the Project are described in a government approved Mining Rights and EIA. Following a change in the Government of Armenia in May 2018, demonstrations and road blockades occurred sporadically throughout the country. These initial protests primarily targeted the mining sector, including our Project. Despite court rulings in our favor, a continuous illegal blockade of our Project has been in place since June 22, 2018 causing construction activities to be suspended. We have been dislocated from the Project site and its access has been limited to contractor demobilization, winterization and care and maintenance. Over 95% of our direct employees and service contractors have been made redundant and were retrenched over the past 2.5 years. The few remaining employees are involved in preservation of the asset and strategic, financing, and legal alternatives to continue the business.

Governance and Policy Commitments

1. Commitment to respect human rights.

a) Does your company have a publicly available commitment to respect human rights?

YES

If YES, please provide the web-link for this policy commitment: - [Security Policy](#) and [Human Resources Policy](#), it is also mentioned in different sections of the Environmental and Social Impact Assessment

If your company has a commitment to respect human rights, but it's not publicly available, please provide an attachment (*please note it will be published on our website*):

b) Does your company require that its business partners also commit to respecting human rights, including rights related to salient risks to communities' livelihoods, security, and health (such as the right to water and the ownership or use of land and natural resources)?

YES

If YES, explain how this requirement is implemented: - through contracts and contractor management plans and procedures.

2. Commitment to respect labour rights of workers.

Does your company have a publicly available policy commitment to respect labour rights that the ILO has declared to be fundamental rights at work (ILO Core Labour Standards) or a publicly available policy commitment to respect the ten principles of the UN Global Compact?

YES

If YES, please provide the web-link for this policy commitment: [Human Resources Policy](#)

Remedies and Grievance Mechanisms

3. Grievance mechanisms to receive complaints or concerns from workers, external individuals, and communities.

Does your company have one or more channels/mechanisms (its own, third party, or shared) through which workers, individuals, and communities who may be adversely impacted by your company can raise complaints or concerns, including in relation to human rights issues?

YES

If YES, please explain how this mechanism can be accessed:

[Grievance Mechanism](#) for Project site and Communities on Lydian Armenia webpage

A separate GM is developed for labour, which is available on site and communities in hard copies.

4. Remediating adverse impacts.

Does your company provide for or cooperate in remediation to victims, where it has identified that it has caused or contributed to adverse human rights impacts (or others have brought such information to the company's attention, such as through its grievance channels/mechanisms)?

YES

If YES, please provide examples: We have respective policies and procedures in place that allow people to raise their voices through Grievance Mechanism, Human Resources Policy (disciplinary committee for example) and [Whistle Blower Policy](#).

The Company has been tracking grievances periodically and reporting on findings: evidence-based tracking, categorization of grievances, actions taken, duration of actions taken, percentage of grievances addressed, gender segregation, etc.

Performance: Company Human Rights Practices

5. Living wage.

a) Does your company pay all its workers a living wage which is regularly reviewed and negotiated through collective bargaining with relevant trade unions?

YES

b) Do workers receive equal pay for equal work?

YES

6. Transparency and accountability.

(For Armenian and Kazakh companies) Does your company participate fully in the Extractive Industry Transparency Initiative (EITI) and publish information as required under the EITI?

YES

(for Georgian companies) Does your company promote transparency by reporting taxes, revenue payments and disclosing contracts?

YES / NO

If YES, please provide examples:

Armen Stepanyan the Vice President of Sustainability is the Multi Stakeholder Group member since 2016, and was re-elected again by the industry representatives in 2020 for the next 3 years.

7. Freedom of association and collective bargaining.

a) Does your company have a commitment to not interfere with the right of workers to form or join trade unions and to bargain collectively?

YES – in the [Human Resources Policy](#) and we do not have trade unions, in addition these rights are guaranteed by RA Labour Code

b) Does your company have measures in place to prohibit any form of intimidation or retaliation against workers seeking to exercise these rights?

YES

If YES, please provide details: The employees are inducted about their rights and the existence of [Whistle Blower Policy](#) and Grievance Mechanisms.

c) What percentage of your company's workforce is covered by collective bargaining agreements? - none

8. Workplace health and safety.

a) Does your company have health and safety policies and procedures, including accident prevention and remediation, which comply with industry, national, and international standards?

YES

If YES, what steps does your company take to ensure the health and safety policies and procedures are applied to workers?

The Company has developed National and International best practice compliant management system and respective procedures. All workers go through Health and Safety induction and medical check-up and they are just employed and they repeatedly on annual basis to the inductions again. The hard copies of respective procedures are available in different areas and sections of the Project. In addition regular trainings and workshops are organized in order to train employees (including contractors) on HS issues and matters.

b) Does your company disclose quantitative information on health and safety related to its direct employees, its workers, and on-site contractors, namely: injury rate, fatality rate, lost days, or near-miss frequency rate?

YES - through sustainability report and press releases and banners on construction and other sites that are not available through the web link.

If YES, please provide the web-link: [Sustainability Report](#), the reports for 2018, 2019 are not available because the Project is blockaded since June 2018 and the Company has not published reports for those years.

9. Land rights.

When acquiring, leasing or making other arrangements to use (or restrict the use of) land, does your company have a policy that recognizes legitimate tenure rights, with particular attention to vulnerable rights-holders?

YES

If YES, please provide a copy: Lydian Armenia has gone through a rigorous land acquisition process not only according to the Armenian legislation but also according to the EBRD performance requirements and IFC performance standards. Vulnerable households were identified in respective stages of the process and accounted for respectively in:

1. [Guide for Land Acquisition and Compensation](#)
2. [Livelihood Restoration Plan](#)
3. [Land Access and Livelihood Restoration Plan](#)

10. Security.

a) Does your company ensure that safety and security measures, such as the use of security guards, follow an operating framework that respects human rights and international humanitarian law?

YES

If YES, please provide details: The Company has voluntarily committed to follow the UN VPSHR and it is mentioned in the Environmental and Social Impact Assessment and respective policies and procedures. In addition to that the Contract that we sign with any guard services providing organization we have a special clause that makes the Contractor follow the VPs. Lydian also organized the series of trainings to both Lydian Security department and the Security contractor.

b) Are security and safety personnel required to act in a manner consistent with applicable international standards, particularly with regard to the use of force?

YES

11. Water and sanitation.

Does your company implement preventive and corrective action plans to address identified, specific risks to the right to water and sanitation in its operations?

YES

If YES, please provide examples: The Company is basically a one project organization. We have designed the Project based on pollution prevention approach which assumes zero discharge approach. In the areas where it is impossible respective treatment facilities are either already installed BioDisc sewerage treatment facility at the worker accommodation facility on site or being bench tested in laboratories and on site for the passive treatment for potential ARD. The commitment of the Company and the Project is to ensure that no impacted water will leave the site untreated.