

August 4<sup>th</sup>, 2023

Ms. Beatriz Babin  
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Re: *Reference Letter* AL OTH 52/2023 – 2<sup>nd</sup> Response

Dear Ms. Babin,

The following letter is an official written response to your letter Reference # AL OTH 52/2023 regarding Ms. Tehmina Yenoqyan, dated June 12<sup>th</sup>, 2023.

I would like to assure you that Lydian Armenia has always been considerate towards any environmental or social concerns expressed by any stakeholder. For years any misinformation, or even defamation, expressed by groups opposed to the Amulsar Project, has been addressed with science and patience. Lydian has made comprehensive and consistent information disclosure, participated in countless discussions and interviews, and commissioned multiple technical reports provided by world-class experts which were made available to all.

Lydian Armenia strongly believes that human rights center around about equal treatment, the rule of law and responsibility towards all stakeholders. This has always been the guiding principle for all Lydian's activities. For years, unchallenged misinformation and defamation disseminated by different individuals and groups negatively impacted thousands of Project stakeholders, including communities, employees, contractors, and suppliers. As a result of the blockages that commenced in June 2018, thousands of people have lost jobs, livelihoods, and the ability to be able to sustain their families in their own communities due to unprecedented illegality lasting for over 2 years. Over 500 people had to out-migrate from affected communities after the start of the illegal blockades of the Amulsar Project in 2018.

As a result of the illegal blockades of the Amulsar Project instigated and supported by individuals and groups opposed to the project, many people whose lives have been severely impacted by these illegal actions have called for justice, and Lydian Armenia's support in seeking it. Many stakeholders have asked Lydian Armenia the same question over and over again - "Why don't you protect your rights, why

don't you take legal action against these people, if their statements are false?" As Lydian Armenia continued to be wrongly accused of corruption and other crimes by these persons opposed to the Amulsar Project, it was left with no other recourse than to seek the assistance of the courts to stop the defamation and falsehoods.

Lydian Armenia did commence defamation proceedings against a limited number of people whose comments clearly went well far beyond fair comment, or credible opinion, and were extremely damaging to the company. This included the case you reference in your June 12, 2023 letter regarding Tehmine Yenokyan. On July 22, 2022, the Armenian Civil Appellate court reaffirmed the previous lowest court decision and decided the case in favor of Lydian Armenia. The Armenian Appellate court found that the publicly offending statement made by Ms. Yenoqyan against Lydian Armenia had no factual basis, was defamatory and offensive in nature and significantly damaged Lydian's business reputation. Furthermore, the Court concluded "... Tehmine Yenokyan deliberately and intentionally defamed, publicly condemned, and tarnished the business reputation of the plaintiff, "Lydian Armenia". The Court ordered Tehmine Yenokyan to publicly retract the offending statement which was the only outcome the company was seeking.

#### **Lydians Environmental and Social Impact Assessment (EIA and ESIA)**

Lydian's Environmental and Social Impact Assessment documents (EIA and ESIA) were unprecedented in Armenia in terms of their volume and quality and followed Industry Best Practice. Under the ESIA, Lydian Armenia committed to follow:

- Equator Principles.
- IFC performance standards.
- EBRD performance requirements.
- Extractive Industries Transparency Initiative (EITI).
- The International Cyanide Management Code.
- The Voluntary Principles on Security and Human Rights.
- Guidance of the International Council on Mining & Metals (ICMM).

The performance standards and requirements of the IFC and EBRD were required in the lending agreements with all Senior Lenders of the project.

The ESIA and EIA was developed by several reputable western internationally based and local scientific institutions including Wardell Armstrong International, Golder Associates, Global Resource Engineering, Treweek Environmental Consultants, Environmental Resource Management, LUC and RA NAS Institute of Botany, and RA NAS Scientific Center of Zoology and Hydrology. The EIA was approved on April 29<sup>th</sup>, 2016, by the RA Ministry of Nature Protection following four public hearings as per the current Armenian Legislation.

#### **Independent Environmental and Social Consultant Reviews**

Following the approval of the EIA and after commencement of construction, a US consulting firm Knight Piésold was retained as the Independent Environmental and Social Consultant (IESC) representing the lenders of the project. Knight Piésold's tasks were to assess compliance with environmental, social, health and safety (ESHS) requirements to the above commitments and standards, report any non-compliant issues and opportunities for improvement, and identify any ESHS factors including human rights issues that may adversely affect the future performance of the Project.

Knight Piesold provided a letter to the Government of Armenia with the Conformance with International Lender Requirements (Sept 2018) -

*'This letter summarizes our role as IESC to the Amulsar Project in Armenia and presents our opinion regarding its current conformance status to the various lender requirements. Since we became involved with the Amulsar Project in 2014, our independent audits have consistently documented Lydian's conformance with lender expectations and industry good practice and its continued determination to develop a world-class, environmentally and socially responsible mine.'*

In addition to the IESC, an Independent Advisory Panel (IAP) comprised of Armenian and international experts from various sustainability fields, including water, cyanide management, biodiversity, public health and socio-economic specialists, and with experience of extractive industry best-practice standards. The IAP released its first annual report on the project in May 2018 covering activities during 2017. The report recognised that in some areas the Project is going beyond what are normal environmental or social practices in the Armenian mining sector.

The Project reviews from the above groups indicate that Lydian Armenia has assessed human impacts, engaged with affected communities and has a comprehensive record of stakeholder engagement. The reviews have shown that the company has developed acceptable policies reflecting human rights (such as those considered for HR hiring programs, child labour, grievance mechanism, occupational health and safety, etc.) and the UN guiding principles of Business and Human Rights.

### **Stakeholder Engagement**

In terms of Stakeholder Engagement, Lydian Armenia commenced informal engagements with interested stakeholders back in 2006, and as the Project progressed, this engagement was formalised. Since 2011, when the first formal Stakeholder Engagement Plan (SEP) was completed, it has evolved with the Project to the latest version of the Plan that was reviewed for this Report (SEP Update Version 12, June 2016 – Appendix 8.6 to ESIA and an additional SEP Update dated 31 January 2020). As part of this stakeholder engagement, Community Liaison Committees (CLCs) were created in these four communities between 2010 and 2011. The CLCs were intended to reflect the views and interests of the wider community and to provide an additional channel of communication between each community and Lydian. This is evidence that instead of only formal meetings hosted by the Project team to inform of the Project, Lydian Armenia has ensured community involvement on many levels and will continue to do so. Over the years, a good relationship has developed with local communities supporting the Project.

The most recent update of the SEP shows how even, under the circumstances since the blockades, the Company continued its engagement where practical, possible and safe – including with stakeholders in Jermuk. With respects to the report claims, the SEP illustrates how a total of 145 meetings have been held with Jermuk between 2017 and 2019 (only 14 of which have been CLC monthly meetings), and over 476 visit logs have taken place at the Amulsar Information Center (AIC) by Jermuk community members. It is evident that Jermuk is effectively included in stakeholder engagement. Stakeholder engagement is implemented through various platforms (not just CLC meetings), which has previously been the case, and Lydian was continuing to do so, through:

- Annual meetings in communities
- Public hearings and / or meetings around ESIA, EIA other topics
- Monthly CLC meetings in each affected community
- Other consultations / focus group meetings in communities
- Monthly community newsletters disseminated in the affected communities
- AIC visitors: logs for all visits, grievances and community requests.

Lydian's Updated SEP has established a sufficient grievance mechanism to receive and facilitate resolution of community concerns and grievances about the E&S performance. The grievance mechanism has also been split into Community Grievances to be run by the social team and Recruitment Grievances to be run by HR.

#### **Engagement with Human Rights Defenders**

When the project restarts, the company's Environmental and Social Management Plans (including for key sensitivities such as human rights), local recruitment commitments, and the social spending will require continued engagement with the local communities and all stakeholders to retain its SLO, and to legitimize the operations. It is not the objective of the company to interfere with any human rights initiative of work done by human rights defenders. The company will always seek engagement or consultation with these groups. In cases where consultation is not possible, the use of regional committees, local village committees, or the engagement through the independent environmental and social consultant (IESC) will be done to ensure effective and mutual communication.

I hope the above response addresses the matters you have requested on page 5 of your letter with respect to the Ms. Tehmine Yenokyan and the questions concerning human rights.

Kind Regards



Hayk Aloyan – Managing Director  
Lydian Armenia