

№ 03-05/350

Warsaw, le 10 March 2021

Mr. Klaus R. Michalak,  
CEO of KFW IPEX-Bank and  
in charge of Finance, Products  
and Corporate Affairs  
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Dear Klaus R. Michalak,

We, the Member of Presidium of Coordination Council of Belarus and economic body of National Anti-crisis Management, are writing to you regarding your recent loan of 101 mil. euros to Belarusian governmentally-held entities “Minskenergo” and “TEC-5”. As it is stated on the website of Eurasian Bank of development<sup>1</sup> they are planning to borrow 101 mln euros to aforementioned entities. Your company KFW IPEX Bank played a major role in raising funds for this loan (and not only in this deal, but many others).

We would like to inform you that any financial institutes involved in relationships with the regime are at risk to get into violation of ESG policies, work against their reputation, make business practices look at least questionable to stakeholders and put themselves into additional credit default risk. We truly believe, that after considering information provided in this letter you will refuse to finance any projects involving illegitimate government of Belarus.

According to terms of this loan agreement, proceeds should be used to purchase Siemens equipment. Considering the fact that COO of Siemens Energy LLC, Belarus Shishko Seregey, is a close relative of Lukashenko’s close friend Dmitri Baskov, winning numerous contracts for power grid renovation from Belarusian government during last year by this organisation looks shady and might raise a question of Siemens being a part of corruption schemes. Needless to remind, that against Baskov and Lukashenko sanctions are imposed. Any affiliation with them can be of serious negative consequences for your company.

As the situation with human and labor rights abuse has been escalating after the presidential elections in August 2020, we ask you to follow the steps of Major international companies such as Commercial Vehicle Group (exclusive supplier of

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<sup>1</sup> <https://eabr.org/en/press/news/the-edb-provides-eur-101-2-million-to-minskenergo-to-build-a-peaking-power-plant-that-will-improve-t/>

seats for “MAZ”- Minsk Automobile Factory), that stopped their relations with “MAZ, Yara international - initiated process of contract reconsideration; Nivea, Skoda and Liqy-Molly- refused to sponsor ice-hockey championship due to unprecedented human rights crisis that happens in Belarus.

We would appreciate if **you could fulfill your international obligations as well as your corporate obligations on human rights due diligence** when it comes to the relations with the company, which supports the regime of A. Lukashenka. Reconsidering your financing strategy of Belarusian regime’s projects should be the minimum action that you you could consider as you have expressed your “continuing commitment to respect human rights and uphold international standards, including the United Nations Guiding Principles on Business and Human Rights and the Organization for Economic Cooperation and Development Guidelines for Multinational Enterprises”<sup>2</sup>.

### **Human rights violations after rigged elections**

To provide additional context for your consideration, Belarusian authorities have been violating human and labor rights for decades. However, since falsified elections Belarus deteriorated even further - killings, unexplained disappearances, tortures, arbitrary and excessive prison sentences. You can find details appended (Appendix I).

### **Labour rights violations on “Minskenergo”**

Reportedly, labour rights were violated continuously in Belarus, since 1996<sup>3</sup>. The International Labor Organization, body of UN, since 2020 elections has called upon Mr Lukashenko to respect worker’s right, confirming the fact that those rights are violated crudely. There have been unprecedented repressions, detentions and arrests of trade unionists in Belarus for people’s purely political beliefs<sup>4</sup>.

IndustriALL Global Union’s affiliates released their recent report on violations in Belarus, and underlined that the situation around labour rights worsens each day. “The Supreme Court’s verdict on the strikers is a dangerous precedent and a clear sign that Belarusian authorities are not ready for a real dialogue with workers and people of the country. “<sup>5</sup>

<sup>2</sup> <https://www.kfw-ipex-bank.de/About-us/Social-responsibility/Equator-Principles/>

<sup>3</sup> [https://www.ilo.org/wcmsp5/groups/public/---ed\\_dialogue/---actrav/documents/pressrelease/wcms\\_112358.pdf](https://www.ilo.org/wcmsp5/groups/public/---ed_dialogue/---actrav/documents/pressrelease/wcms_112358.pdf)

<sup>4</sup> [https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS\\_754965/lang--en/index.htm](https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_754965/lang--en/index.htm)

<sup>5</sup> <http://www.industrialunion.org/workers-and-human-rights-violations-in-belarus-must-stop>

The “Minskenergo” and its subsidiary “TEC-5” are among a long list of factories that are continuously acting against internationally accepted labour rights<sup>6</sup>. We have received a huge number of reports from employees who have suffered repressions (massive pay cuts, labour penalties, fines, layoffs and etc.)<sup>7</sup> because of their active political position. After the elections more than 75 employees stated their active position by taking part at protests and nation-wide strike. Later, all of these employees suffered repressions: massive pay cuts, labour penalties, fines, layoffs and pressure from the administration of the factory and the KGB.

## **Nuclear threat & Lack of authority of the current government in Belarus**

Since equipment bought as a result of this deal will be used in power grid that includes nuclear plant, we are feeling obliged to inform you that EU is in the middle of testing Ostrovec Nuclear Plant, since it is potential nuclear danger right on the border of European union. Euro parliament stated resolution with their deepest concerns about this plant on 11<sup>th</sup> of February<sup>8</sup>. NSREQ still hasn't reported that Belarusian Nuclear Plant is up to European safe protocols according to stress-tests. Currently this object is a potential nuclear threat and anyone remotely affiliated with this plant now shows their negligence to nuclear safety protocols.

Neither a vast majority of people in Belarus nor the international community (including the EU<sup>9</sup> and its member states, the US<sup>10</sup>, the UK, Canada) recognize the legitimacy of Alyaksandr Lukashenka or the government appointed by him (e.g. the person holding the position of the Prime Minister was appointed on 19 August by Alyaksandr Lukashenka without approval of the Belarusian parliament in violation of art. 106 of the Constitution of the Republic of Belarus).

This means that the authority of the current government to enter into and perform financial obligations is questionable and is subject to challenge. This relates to performance of the obligations under the EABR loan.<sup>11</sup>

The Coordination Council is seeking to ensure a peaceful transition of power through a new and fair election. We can give no assurance however that the new

<sup>6</sup> <https://finance.tut.by/news719483.html>

<sup>7</sup> <https://docs.google.com/spreadsheets/d/1Jkdh-ii9RDLx6Cwvkmnqscy86-tG2kZ3UJkObnSLTxo/edit#gid=0>

<sup>8</sup> <https://www.europarl.europa.eu/news/en/press-room/20210204IPR97126/meps-call-for-suspension-of-the-launch-of-the-belarus-nuclear-plant-in-ostrovets>

<sup>9</sup> whereas the European Union and its Member States did not recognize the results of the presidential elections due to substantial doubts about the fairness of the election and widespread reports of falsification; whereas incumbent President Lukashenka's current term ends on 5 November 2020” [https://www.europarl.europa.eu/doceo/document/TA-9-2020-0231\\_EN.pdf](https://www.europarl.europa.eu/doceo/document/TA-9-2020-0231_EN.pdf)

<sup>10</sup> “(28) Following Alyaksandr Lukashenka's September 23, 2020, secret inauguration, the United States, the European Union, numerous European Union member states, the United Kingdom, and Canada announced that they did not recognize Mr. Lukashenka as the legitimately elected leader of Belarus.” <https://rules.house.gov/sites/democrats.rules.house.gov/files/BILLS-116HR133SARCP-116-68.pdf>

<sup>11</sup> Please note that under Belarusian law, only the President of the Republic of Belarus or the government, in agreement with the President of the Republic of Belarus, has the right to make a decision on attracting government loans. The illegitimacy of the president turns all such decisions being void.

Belarusian government would honour all obligations of the current regime (especially those that are contrary to the interests of the Belarusian people and are used to finance the repressive machinery.

Since EABR is a pro-Kremlin institution we are drawing your attention to the fact, that according to the latest Act on Democracy in Belarus approved by US congress<sup>12</sup> all actors involved in attempts of forcing Belarus to merge with Russia into so-called “Union State” might get into US sanctions list.

Considering all the aforementioned facts we would be deeply concerned and surprised if you won't react to the information stated in this letter properly. If we don't receive a satisfactory response from your company, we will consider engaging the business press and regulators to draw their attention to this case.

We would appreciate it if you could kindly acknowledge the receipt of this letter and keep us informed on the follow-up actions you will be undertaking. If you require any further clarifications or explanations of the above, please feel free to contact me by tel. +48 730190298 or email- [p.latushka@belarus-nau.org](mailto:p.latushka@belarus-nau.org) or Mr. Yauheni Bury, responsible for Economy at National Anti-Crisis Management (tel. +48884331107, email- [e.bury@belarus-nau.org](mailto:e.bury@belarus-nau.org))

Yours faithfully,

Pavel Latushka,

Member of Presidium of Coordination Council,  
Head of the National Anti-Crisis Management



Yauheni Bury

Responsible for economics and finance  
of the National Anti-Crisis Management



To expedite the exchange of correspondence, please send letters in reply to the National Anti-Crisis Management ([p.latushka@belarus-nau.org](mailto:p.latushka@belarus-nau.org)), which was set up by the Coordination Council

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<sup>12</sup> <https://www.congress.gov/bill/116th-congress/house-bill/8438/text>

## Appendix I

While Belarus has been the most repressive country in Europe for several decades, it has reached a new low since August 2020. Killings, unexplained disappearances, tortures, arbitrary and excessive prison sentences have shocked the international community and resulted in the imposition of sanctions by the UK, US, EU, Canada and other countries.

The sanctions were imposed on the illegitimate president Alyaksandr Lukashenka personally, a number of high level state officials, some state enterprises, other legal entities and individuals. The 2020 repressions are unprecedented for the entire history of Belarus and testify to the profound human rights crisis in the country. Since the beginning of August 2020, every day, people who express their civil or political position are being illegally fired, detained, arrested, beaten, tortured, abused morally and physically.

Opposition leaders and the civic society representatives founded the Coordination Council in August 2020 as a part of the massive peaceful protests in response to the fraudulent outcome of the 2020 Belarusian presidential election. The UK, EU, and the US have all recognized the Coordination Council as the legitimate institution for the peaceful transition of power in the Republic of Belarus. The work of the Coordination Council includes, among other things, putting pressure on the illegitimate regime of Alexander Lukashenko, securing the release of political prisoners, stopping political persecution and violence unleashed by the Belarusian authorities on its citizens, and bringing all responsible for human rights violations to justice.

At least nine people were presumably murdered by the security forces. More than **36,000 persons** were detained for “violation of legislation on mass events”. More than 4,000 claims were filed with the police and prosecutor’s office against violence of law enforcement authorities, yet, not a single case has been initiated to investigate the brutality, violence, tortures and murders of police and other forces.

According to the Human Rights Center “Viasna”, there **are 287 political prisoners** at the moment and the number continues to increase. The total number of people targeted by **falsified criminal cases in the election and post-election period is more than 2300 people**. In response to the beginning of strikes, or attempts to hold them, the authorities intensified the pressure on people who were involved in the striking activities or calling to join them. There were numerous cases of arrests, dismissals and expulsions of active members of striking initiatives.

**Women play a significant role in the protests.** The UN Committee on the Elimination of All Forms of Discrimination Against Women (CEDAW) noted that “the fight for democracy in Belarus has a female face”. Women have become deliberately targeted by the police and have been subjected to inhuman and degrading treatment, consistent and routine gender discrimination in the detention centers.

The consistent use of abusive language, torture and discriminatory and humiliating practices in the detention proves to be an internal policy as women are clearly punished for their active citizenship – even if they were not protesting but were detained arbitrarily. **Children are seen as an additional tool** for exercising pressure and threatening women because of their political views and participation in protests, with forced separation from parents threatened if parents continue to be involved in protests.

“Intimidation and persecution of political activists, candidates, journalists, media actors, lawyers, labour activists and human rights defenders, as well as the detention of prospective candidates; election fraud; restriction on access to information, including internet shutdowns; excessive use of force against peaceful protesters; arbitrary and unlawful arrests or detentions; beatings; sexual and gender violence; abductions and enforced disappearances; torture and other cruel, inhuman or degrading treatment or punishment, and widespread impunity for all of the above.” have been proven beyond doubt [...].<sup>13</sup>

“whereas the Belarusian authorities have reacted to the legitimate and peaceful protests with violence, repression, systematic intimidation, harassment, restrictions on fundamental freedoms, and inhumane treatment, including torture and sexual violence against people detained during protests, human rights defenders included; whereas human rights defenders have documented more than 500 cases of torture and ill treatment, while several people are missing or have been found dead, including Alyaksandr Taraykouski, Konstantin Shishmakov, Artsyom Parukou, Alexander Vikhor and Gennady Shutov; whereas Belarus is the only country in Europe that still carries out capital punishment;”<sup>14</sup>

“ Alyaksandr Lukashenka has ruled Belarus as an undemocratic dictatorship since the first presidential election in Belarus in 1994...The Government of Belarus, led illegally by Alyaksandr Lukashenka, continues to subject thousands of pro-democracy political activists and peaceful protesters to harassment, beatings, and imprisonment, particularly as a result of their attempts to peacefully exercise their right to freedom of assembly and association.”<sup>15</sup>

The appeals and recommendations of the European Union, the United States, the United Nations, the OSCE, other international organisations, multiple NGOs and human rights groups addressed to the Belarusian authorities with the demands to cease all forms of violence, ill-treatment, gender-based violence and torture against

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<sup>13</sup> The OSCE Report, 5 November 2020

<sup>14</sup> The European Parliament resolution, 26 November 2020

<sup>15</sup> the Belarus Democracy, Human Rights, and Sovereignty Act of 2020, adopted in the US

Belarusian citizens and detainees, to grant them access to medical and legal advice, and to release immediately and unconditionally all persons arbitrarily detained, have

been completely ignored by the Belarusian authorities. For more information on the gross human rights violations committed by the regime in Belarus since August 2020, please refer to the following reports / resolutions / statements of the US and EU governmental authorities, the OSCE, the UN, non-governmental organizations (the list is not exhaustive):

[https://www.europarl.europa.eu/doceo/document/RC-9-2020-0271\\_EN.html](https://www.europarl.europa.eu/doceo/document/RC-9-2020-0271_EN.html)

[https://www.europarl.europa.eu/cmsdata/215709/TA-9-2020-0331\\_EN.pdf](https://www.europarl.europa.eu/cmsdata/215709/TA-9-2020-0331_EN.pdf)

<https://rules.house.gov/sites/democrats.rules.house.gov/files/BILLS-116HR133SA-RCP-116-68.pdf> (pages 5040 - 5074)

<https://www.osce.org/files/f/documents/2/b/469539.pdf>

<https://www.ohchr.org/en/NewsEvents/Pages/NewsSearch.aspx?CID=BY>

<https://belarus.un.org/en/103727-statement-michelle-bachelet-un-high-commissioner-humanrights-situation-belarus>

<https://www.amnesty.org/en/countries/europe-and-central-asia/belarus/>

<http://spring96.org/en>

[https://drive.google.com/file/d/1O7KmY9QIJNT3dlUZOYJHOWIHB\\_IHrikk/view](https://drive.google.com/file/d/1O7KmY9QIJNT3dlUZOYJHOWIHB_IHrikk/view)

[https://www.bbc.com/russian/news-55148452?at\\_custom4=92C5383E-5003-11EB-9FEE97453A982C1E&at\\_custom3=BBC+News+Russian&at\\_custom1=link&at\\_campaign=64&at\\_custo](https://www.bbc.com/russian/news-55148452?at_custom4=92C5383E-5003-11EB-9FEE97453A982C1E&at_custom3=BBC+News+Russian&at_custom1=link&at_campaign=64&at_custo)

OSCE Rapporteur's Report under the Moscow Mechanism on Alleged Human Rights Violations related to the Presidential Elections of 9 August 2020 in Belarus (<https://www.osce.org/files/f/documents/2/b/469539.pdf>)

EP resolution on the continuous violations of human rights in Belarus, in particular the murder of Raman Bandarenka, November 2020 ([https://www.europarl.europa.eu/cmsdata/215709/TA9-2020-0331\\_EN.pdf](https://www.europarl.europa.eu/cmsdata/215709/TA9-2020-0331_EN.pdf))

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