

Date: 31th January 2013

Ref: AEN/CA/2013/10

Mr Olivier De Schutter

UN Special Rapporteur on the Right to Food
Office of the United Nations High Commissioner for Human Rights (OHCHR)
Palais des Nations
CH-1211 Geneva 10, Switzerland

Dear Mr Olivier De Schutter,

**RE: COMMUNICATION FROM SPECIAL PROCEDURES JOINT ALLEGATION LETTER AL
Housing (2000-9) Poverty (1998-11) Food (2000-9) G/SO 214 (67-17) Assembly &
Association (2010-1) Indigenous (2001-8) Water (2008-1) OTH 6/2012**

We have previously responded to the above faxed correspondence of 6th July 2012 in our letter dated 13th December 2012, which also included a soft-copy of the Project's Environment and Social Impact Assessment (ESIA). In this letter (see Attachment 2) we requested to meet you to discuss the issues raised, however, instead we were offered and took up the opportunity to meet with the Chief and a Human Rights Officer from the Special Procedures Branch, Office of the United Nations High Commissioner for Human Rights in Geneva on the 18th December 2012.

The meeting in Geneva with the Special Procedures Branch personnel was very productive but still left us concerned in relation to the process followed by the UN Special Rapporteurs leading up to the press release on 28th February 2012. This release contained unsubstantiated allegations in relation to the planned development of the Phulbari Coal Project. The "Phulbari Coal Project" is synonymous with our Company, GCM Resources plc, and this press release has damaged the reputation of our Project and our Company both in Bangladesh and internationally.

We acknowledge the good work of the UN Human Rights Commission and respect the independence of the Special Rapporteurs, however, we also understand from the UN website "*this independence does not militate against coordination and dialogue with other actors*". We feel it would have been appropriate (and sensible) to give GCM the opportunity to comment on the allegations made ahead of making a press release and we would have given our full cooperation.

Despite having undertaken a definitive Feasibility Study, including an ESIA, approval of the Phulbari Coal Project by the Government of Bangladesh has been pending since late 2005. We would like to understand why this heavily studied Project should be elevated by the UN Special Rapporteurs to an "urgent appeal" status which we understand is usually triggered by a serious human rights violation event.

You will appreciate that seven Special Rapporteurs acting together carries significant weight. This press release from the UN Special Rapporteurs has effectively given credibility to information that is factually incorrect.

In late December 2012 GCM became aware that the activist organisations World Development Movement (WDM) and International Accountability Project (IAP) had submitted a complaint under the OECD Guidelines for Multinational Enterprises concerning our Company. Significantly, the UN Rapporteurs are quoted liberally throughout this document with reference to the 28th February 2012 press release. More significantly, however, is the admission by the WDM and IAP in the documents delivered to the OECD UK Contact Point that they submitted "a background paper and Urgent Appeal to ten United Nations Special Rapporteurs in September 2011".

Given this admission by the WDM and IAP; given the tight timeline from their communication to the UN Special Rapporteurs through to the UN Special Rapporteurs' letter to the Bangladesh Government and following press release; and given the similarity of the spurious data being quoted, it appears highly likely that the WDM and IAP are the originators of the allegations which the UN Special Rapporteurs acted on without validation.

Spurious information has been passed to the UN Special Rapporteurs by the WDM / IAP, this spurious information has been publically released (without validation) by the UN Special Rapporteurs and the WDM / IAP quote the same spurious information as coming from the UN Special Rapporteurs. The result is the UN Special Rapporteurs' credibility has been used, albeit inadvertently, to give spurious information a sense of credibility.

Contrary to these allegations, the Phulbari Coal Project together with associated power generation is one of the very few projects in Bangladesh that will improve the livelihoods of Bangladeshis. The country is starved of commercial energy and implementation of the Project would provide the Government with the most rapid and economic route to increase Bangladesh's electricity supply by a very large amount using low cost reliable fuel.

Key Project benefits include:

- Coal production could supply new coal-fired power plants from 2016-17 and 4,000 MW of electricity for over 35 years.
- Government can achieve its aim of energy diversification with 50% coal-fired power generation quickly and take a large step towards meeting its Vision 21 objectives.
- The newly created Rangpur Division (where the Project is located) will become a major economic center with industries based on new power supply. Currently this is the poorest part of Bangladesh.
- A major expansion of the local (Dinajpur District's) economy through expanded agriculture from improved irrigation and new industries from uninterrupted power.
- The local community enjoying benefits such as new town and village developments, new housing, reticulated water for drinking and irrigation, training and jobs well ahead of any mine development.

We provided you with soft copies of the Phulbari coal mine's ESIA with our 13th December 2012 letter and it is also available on our Company website www.gcmplc.com and the Project's Bangla website www.phulbaricoal.com. At that time we drew your attention to sections within the ESIA that covered in detail your areas of concern regarding the Project, including:

- Consultation and engagement with affected communities
- Displacement of indigenous people
- Livelihoods and access to food
- Agricultural production
- Access to water
- Environmental impacts

GCM is committed to corporate and social responsibility and the principles of integrity and fairness. We have engaged Environmental Resources Management Pty Ltd (ERM) to review the Project's ESIA in light of the International Finance Corporation (IFC) *Performance Standards on Social and Environmental and Access to Information Policy* update released in January last year. GCM is continuing with the additional work to address the gaps identified.

In your faxed letter of 6th July 2012 you posed a series of questions in relation to the information you had received. Once again, we reiterate our concern regarding the accuracy of the information you have been supplied; question the motivation and capability of the sources for such statements;

and question the process followed by the UN Special Rapporteurs that led them to release a statement with allegations against our Project (and hence the Company) before any form of validation had taken place and before the Company was notified and given an opportunity to respond.

Our detailed response to these questions is provided in Attachment 1.

We hope our response assists the UN Special Rapporteurs to gain a better appreciation of the Phulbari Coal Project, its enormous benefits for the Government and people of Bangladesh and the commitment of GCM to implement this important Project adhering to the highest international standards.

We are happy to provide more information and again extend our offer to meet with you at your earliest convenience to clarify any matters.

Yours faithfully,
GCM RESOURCES PLC

A handwritten signature in black ink, appearing to read "G N Lye", with a horizontal line extending from the end of the signature.

GARY N LYE
EXECUTIVE DIRECTOR

Enclosed:

- ATTACHMENT 1:** GCM's response to questions raised by the UN Special Rapporteurs in the 6th July 2012 faxed letter.
- ATTACHMENT 2:** GCM's letter to Mr Oliver De Schutter (UN Special Rapporteur on Right to Food), dated 13th December 2013

Copied to:

| | |
|---------------------------------|--|
| Ms. Catarina de Albuquerque | UN Special Rapporteur on the human right to safe drinking water and sanitation |
| Ms. Raquel Rolnik | UN Special Rapporteur on adequate housing |
| Mr. Frank La Rue | UN Special Rapporteur on freedom of expression and opinion |
| Mr. Maina Kiai | UN Special Rapporteur on freedom of peaceful assembly and of association |
| Ms. Magdalena Sepúlveda Carmona | UN Special Rapporteur on extreme poverty and human rights |
| Mr. James Anaya | UN Special Rapporteur on indigenous peoples |
| Ms. Jane Connors | Chief, Special Procedures Branch, OHCHR |

ATTACHMENT 1

GCM's response to questions raised by the UN Special Rapporteurs in the 6th July 2012 faxed letter.

QUESTIONS AND ANSWERS:

YOUR QUESTION 1

“Are the facts summarised above (in the letter to GCM) accurate?”

This is a pivotal question. In general the answer is no, the information in the letter is largely incorrect.

Our comments are included beneath the paragraphs scanned from your faxed letter.

1. General description:

1.1

The Phulbari Coal Mine project is the result of a contract entered into between the Government of Bangladesh and GCM Resources (previously known as Asia Energy Corporation) for exploration and mining of coal. The Phulbari Coal Mine project will construct a large open-pit coal mine to the east of the Little Januma River in the township of Phulbari, located in the district of Dinajpur in northwest Bangladesh. The project plans call for the mine to extract 572 million tonnes of coal over the next 36 years, and possibly longer, at a maximum production rate of 16 million tonnes per annum. The mines and accompanying infrastructure will occupy approximately 5,933 hectares of land, of which 2,180 hectares will be the mine footprint. In addition to the mine, the project will construct at least one 500 Mega Watt coal-fired power plant, one new rail corridor and one new road, will realign an existing portion of railway and two existing roads, and will divert two rivers. The extracted coal is intended primarily for export with only one-fifth intended for domestic energy consumption.

Comment:

The facts presented in the paragraph are not correct.

The Phulbari Coal Project's total coal resource is 572 million tonnes. The current mine plan targets extraction of 475 million tonnes over a 35 year period. The Project aims to reach and sustain 15 million tonnes per year of saleable coal.

The mine area is not “in” the township of Phulbari. It is located at the junction of four Upazilas (sub-districts): Birampur, Nawabganj, Phulbari and Parbatipur. Mine development will need the very eastern extremity of the Phulbari Township to be relocated and most of the existing township will be outside the mine footprint.

The Project's Resettlement Plan details the blue print for development of the Phulbari Township with a new development on the western side to initially accommodate 20,000 houses which is more than required for a relocated eastern tip of Phulbari plus those from villages that have indicated they wish to move to the town.

It is correct that the Project's land requirement is 5,933 hectares (ha). However the figure given for the mine footprint in your letter is incorrect. As detailed in many of the Project documents (including the Resettlement Plan), the land requirement is split into: mine footprint 5,192 ha; rail and road realignments 79 ha; and the western extension of Phulbari and village resettlement sites 662 ha.

It is important to note that over 80% of the mine footprint is uninhabited open space. Also the mine requires only some 2,000 hectares at any one time and so does not need to access the entire 35-year mine life footprint area of 5,192 ha simultaneously. The mine production cycle involves:

<overburden removal exposing coal>→<coal extraction>→<backfilling void>→<land rehabilitation>

Backfilling the void after coal extraction is an on-going active part of the mining cycle. This allows continuous land rehabilitation and return of the land to a productive use which in the main is agriculture.

The Project will not divert two rivers. Rather there is a need to divert one small seasonal drainage channel known as the Khari Pul because it currently runs over the planned mining area.

The Project will require realignment of an existing rail track and three roads around the mine footprint.

Bangladesh is starved of commercial energy and the country's Power Sector Master Plan, facilitated by Japan International Cooperation Agency (JICA) and released in early 2011, calls for the country to diversify its energy and move to over 50% coal-fired power and over 17,000MW to be installed in the next 17 years. The Company did give the Government a Power proposal for a 1,000MW power plant (two 500MW units) at the same time as the Scheme of Development for the Phulbari Coal Project in October 2005. At the request of the Asian Development Bank in 2007 the Company commissioned studies to increase this to 2,000MW. GCM has recently updated its plan for a 2,000MW power plant (costs and technology).

The portrayal of the Phulbari Coal Project as predominantly export orientated is incorrect.

The Contract with the Government has provision for the export of coal, however, it also prioritises supplying the domestic market and gives the Government of Bangladesh the right to purchase all or part of the coal and obliges the Company to supply coal as required to any Government owned or joint-venture utility.

GCM's priority is the Bangladesh domestic market, but in 2005 our commissioned market surveys showed this to be some 3 million tonnes per year. GCM's proposed 1,000MW power plant would require 3 million tonnes per year and so it was necessary to find a market for the remaining 6 million tonnes. Hence the Scheme of Development was presented with some 6 million tonnes of thermal coal and 3 million tonnes of semi soft coking coal needing to be exported until industries grew and power stations came on line in Bangladesh.

The situation today is very different. In line with its Power Sector Master Plan Bangladesh is turning to coal-fired power generation as a way to solve the energy and power crisis and already are planning more power generating capacity than the Phulbari Coal Project can supply. GCM is confident that its mine development schedule and the rate of development of power plants will match and most if not all of the thermal coal will be used in the domestic market. The semi soft coking coal will still need to find a market until Bangladesh establishes a primary steel making industry.

1.2

The land where the mine will be placed is currently occupied, with the majority of this land used for subsistence agriculture and human settlements. The construction of the mine allegedly will destroy close to 12,000 acres of productive agricultural land and displace tens of thousands of people, and possibly hundreds of thousands over time. The agricultural lands and grazing lands, fruit trees, ponds, rivers and mangrove forests threatened by the Phulbari Coal Mine project each constitute a vital source of food in Bangladesh.

Comment:

This information is incorrect. There will be no permanent destruction of land, rather there will be temporary change in land use. The Project will require a total of 5,933 ha of land, out of which 4,763 ha is agricultural land. No more than 2,000 ha will be in use at time leaving a significant amount of land available for productive use, such as agriculture, until the time the land is physically required for mining.

The mine void will also be progressively backfilled to restore the land surface which will be rehabilitated and put back to productive uses including agriculture. The post mining land use as detailed in the Project's Mine Closure Plan will be a balanced mix of agricultural land (2,550 ha), forest (1,946 ha), water bodies (690 ha), settlement (662 ha) and infrastructure (79 ha).

1.3

The Phulbari Coal Mine project has been stalled pending the adoption of a national coal policy. Early drafts of the policy reportedly indicate that the Government of Bangladesh does not intend to place a ban on open-pit coal mining. The recommendation by the Parliamentary Standing Committee on Power and Energy in November of this year to construct a pilot project for open-pit coal mining in Barapukuria, just ten miles from Phulbari, is seen by many as an indication that open-pit mining will not be banned. Reports suggest further, that foreign investors allegedly are exerting pressure on the Government to not institute such a ban. If the policy permitting open-pit coal mining is adopted, we are informed that GCM Resources will go ahead with their plans for the Phulbari Coal Mine.

Comment:

Legally, adoption of a Coal Policy is not necessary for the approval of the Phulbari Coal Project. Bangladesh's Mining Law and Rules already provide the regulatory framework for coal mining (open pit development, royalty, reporting, etc.) and Bangladesh's Environment Conservation Law and Rules already provide the regulatory framework for environmental management for mine development. GCM has a contract with the Government of Bangladesh for exploration and mining of coal in Northern Bangladesh. Without these existing policies in place GCM would not have invested some £35 million (up to June 2012) on developing the Phulbari Coal Project.

The Bangladesh Government formed an Experts Committee in 2011 to make recommendations on the method of coal extraction and other associated social and environmental issues not to make recommendations on the Coal Policy. The Committee has completed its report and publically announced its findings in October 2012 that it recommends open pit coal extraction for the Phulbari coal deposit and the adjacent Barapukuria coal deposit (operated as an underground mine by a Government company using a Chinese contractor).

The Company continues discussions with the Government of Bangladesh to obtain approval for the Phulbari Coal Project. The Approval Process is completely in the hands of the Government of Bangladesh. GCM cannot proceed with its plans until such time the Government of Bangladesh's approval is received.

2. Allegation regarding potential impact on the local population as well as the people of Bangladesh in general:

2.1

Agricultural Production. The allegations received claim that, if built, the open-pit mine will have a significant impact on agricultural production in Bangladesh and, thus, will affect access to food of those residing in Phulbari as well as those across the country. First, the land scheduled for the mine is located in Bangladesh's most fertile and productive agricultural region. The farmers in this region cultivate multiple crops per year (including wheat, potatoes, maize, sugarcane, vegetables, fruits and multiple varieties of rice, the country's staple crop). These rice fields and farmlands reportedly serve as the nation's granary and are vital to its food security. Destruction of these farmlands allegedly will reduce national food production. Second, the building of the open-pit mine reportedly will be responsible for the destruction of other vital food sources including poultry farms, livestock grazing lands, a network of waterways that support over one thousand fisheries and nearly 50,000 fruit trees. In addition, due to the elevation and location of the region, Phulbari's land and food crops are uniquely protected from the annual flooding that regularly destroys crops elsewhere in the lowland nation. Destruction of Phulbari agricultural lands thus would threaten food security as well as food supply.

Comment:

The statements that the Phulbari Coal Project will have a significant impact (taken as implying negative) on agriculture production in Bangladesh; that this area is the most fertile and productive agriculture region in Bangladesh; and serves as its granary and is vital for food security are incorrect.

To give some context, the total cultivated land in Bangladesh is 8.44 million hectares (source – Bangladesh' Ministry of Agriculture). As shown in the Project's Resettlement Plan, based on detailed land use studies the existing agriculture land within the Phulbari Coal Project's 5,933 ha life-of-project footprint is 4,763 ha or just 0.06% of the Country's agriculture land bank.

Current forest areas in this footprint amount to 218 ha giving a footprint total area for existing "agriculture and forest" of 4,981 ha. As stated in GCM's response to paragraph 1.2 (above), the Project's Mine Closure Plan will see 2,550 ha returned to agriculture and 1,946 ha to forest cultivation or a total area under "agriculture and forest" of 4,496 ha. The nett loss of "growing land" will be just 485 ha, however, there will be a 690 ha freshwater lake that will be an on-going major community asset that will more than compensate the loss.

This area is not in the category of "most fertile" as the land's fertility is not replenished by natural silt. The area is located on slightly elevated land and is serviced by seasonal water courses. Not being part of a flood-plain it is generally flood free.

The soil fertility of the Project area is also not high. According to a study on soils of the Phulbari Coal Project area, the soils have low levels of soil organic matter and total and available nitrogen, due to minimal return of crop residues over time. GCM have a separate soil quality report completed as part of our ESIA which demonstrates this.

The area is not "the bread basket of Bangladesh" and from official Government data the yields in the area are not high compared to many other parts of the country.

Agriculture improvement studies have been done as part of the Project's ESIA. Based on official Sub-District agricultural figures the Project area has on average just over 2 crops per year. Under GCM's Agriculture Improvement Plan production will more than double and returns to framers will be greatly enhanced through the availability of year round irrigation, improved farming practices

(training and technical support), improved inputs (principally seeds and fertiliser), increased area under intensified farming, and strategic crop selection and marketing.

2.2

Livelihoods and access to food. Reports indicate that the open-pit mine will affect the ability of local populations to meet their food needs. Approximately 11,500 households, or more than 50,000 people, reportedly would be directly affected by the building of the mine, either through resettlement or the mine's economic impact. A majority of the small-holders in this region have land holdings of less than one hectare, and most of the families that would be reportedly displaced by the mine would lose their entire landholdings, since all of their current holdings are located within the mine footprint. Reportedly 80 per cent of all households within the project area currently derive their livelihoods from subsistence farming based on rice cultivation, and over a thousand households cultivate fish in local ponds, and report these fish sales as an income source. In addition, a high percentage of households own fruits trees and an even greater percentage have livestock that serve as a vital source of meat, milk, eggs, and cash income. Should these populations be displaced they not only would lose their food sources but also their livelihoods.

Comment:

It is not true that the Phulbari open pit mine will affect the ability of local populations to meet their food needs. The Resettlement Plan (available in the ESIA Volume 4, Part 1, Section-2) provides full details of the demographics of people living in and in the near vicinity of the Phulbari mine area and how the resettlement of people affected by the mine development will occur and their livelihoods restored and improved.

Over 25,000 households were interviewed as part of the Social Impact Assessment and over 10,000 during the Resettlement Survey. The Resettlement Plan will see the 9,160 households in the mine footprint area resettled in 6 phases over a 10 year period. This is in fact quicker than required to meet the mine development schedule, however, we anticipate that the people towards the end of the resettlement program will see the improved conditions experienced by people in the early stages and will want to access their benefits as quickly as possible. This is understandable given the Poverty Maps released in April 2009 by the World Food Program (in conjunction with the World Bank) showing that the Rangpur Division where the Phulbari Coal Project is located is one of the poorest parts of Bangladesh.

All residents and businesses impacted by the Project, both title holders and non-title occupants, will be fairly and fully compensated for all loss of land, property, and livelihood, and will be given rehabilitation support. Skills training and preferential employment will also be offered.

All those affected by the Project, who so require or wish, will be resettled in a new town development or in well-developed new village resettlement sites. The Project's town planning study team concluded the Phulbari West development was most appropriate as it built upon the existing host community at Phulbari and thus retained links to some of the social and economic fabric of the town. The plan for the Phulbari West new town development provides for staged development and will deliver:

- residential, industrial and mixed land uses with reticulated water and sanitation;
- establishment of a new regional transport corridor incorporating the Dhaka/Dinajpur highway and Dhaka/Parbatipur rail link;
- new feeder roads maximizing use of a new market place and a new railway station;
- new education and medical facilities for residents.

Thousands of new jobs will be created through both the Project and new business opportunities:

- 17,000 direct and indirect jobs will be created by the mine alone;
- Many thousands of additional jobs will be created by the power project and new industries that will develop due to the new source of commercial power;
- Preferential employment will maximize benefits to local community;
- Workforce will be predominantly Bangladeshi;
- Training will be provided to lift skills;
- Support will be provided for regional education facilities in science and engineering disciplines;
- Thousands more jobs will be created in industries using co-products (ceramics, pottery, glass, bricks, aggregates);
- Improved infrastructure (rail, port) will enable development of other industries.

The farming communities in the Project area are mostly marginal farmers, sharecroppers and wage laborers who are struggling to provide basic needs for their family members from income from the farmland-both direct and indirect. Those choosing to continue farming will also be provided with training, input support (seeds, fertiliser, and crop selection), technical supervision and marketing assistance and the availability of water all year for irrigation. The Project's Agriculture Improvement Plan will intensify farming on and around the mine area. This will deliver a net increase in food production as a result of the Phulbari Coal Project through delivery of higher yields and a genuine 3rd crop (currently the average is just over 2 crops per year).

2.3

Access to water. The Phulbari Coal Mine project allegedly would have severe adverse impacts on rivers and groundwater vital for household and agricultural use within the township of Phulbari, surrounding villages and local farming communities, in a region that reportedly already lacks sufficient water for the needs of the population. Concerns regarding potential desertification of the region and an alleged reduction in access to water or water quality have been raised. The project plans suggest that pumps will be drawing water continuously over the life

span of the mine, lowering the water table by 15 to 25 metres (affecting a region of land extending over ten kilometres beyond the mine's footprint) and reducing access to water for 220,000 people. In addition, there are reports signalling a high risk of acid mine drainage contaminating networks of rivers beyond the project area; that emissions and coal dust generated by the project will pollute water sources, as well as the soil and air with mercury, lead and other heavy metals and toxins; and that the diversion of two rivers and dredging of a third will threaten these river eco-systems and the communities that rely on them.

Comment:

The statements that the Phulbari Coal Project will reduce peoples' access to water; adversely affect water quality; lead to desertification; lower the water table by 10 to 25 metres for 10's of kilometres beyond the mine footprint; adversely affect water supply for 220,000 people; pollute water through acid mine drainage and coal dust; contaminate air and soil with mercury, lead and other heavy metals; and require the diversion of two rivers and dredging of a third that will threaten river ecosystems are all incorrect and alarmist. They appear to have been made to create sensationalism.

Most of Bangladesh is covered by clay (Paddy) which in the Project area is 6-10 metres thick. In general no animal, plant or human has contact with the groundwater in the aquifer system beneath the Paddy layer unless it is pumped by tube wells. In other words without tube wells and irrigation vegetation simply relies on the monsoon period to soak the Paddy layer and by the end of the "dry

season”, and just ahead of irrigation for the Boro rice crop, the area does look arid. Rather than create a desert, the Phulbari Water Management Plan (see ESIA Volume 2, Part 2, Section-08) will ensure availability of water for the community to ensure it is “green” all year round.

The impacts of dewatering have been carefully studied. Open pit mining for the Phulbari Coal Project requires the ground water level to be locally drawn down to maintain dry working conditions. This can be achieved by pumping continuously from deep tube wells (bores) around the mine area and is a common activity in open pits world -wide.

The Phulbari Water Management Plan demonstrates the area will not become a "desert", rather it will have an abundance of clean water for town and village reticulated water supply and industries and, agricultural production will receive a significant boost by the availability of all-year round irrigation.

Detailed water studies involving full scale pump tests at various locations over the mine area show about 200 bores will be required over the life of the Project and that 80-100 will be operational at any one time. In the early years, the combined extraction rate will be 6,000-7,000 litres per second and then drop back to 5,000-6,000 litres per second. Water extraction from aquifers is very common in Bangladesh. Dhaka's water supply has a combined extraction rate from bores over the city area of over 75,000 litres per second, i.e. over 10-times that required for the Phulbari Coal Project, and no desert has been created.

The area impacted by the water table drawdown will be limited to a few kilometres, not tens of kilometres. Approximately one-third of the extracted groundwater will be put back into the ground (via infiltration wells into aquifers) at a distance of a few kilometres from the mine to maintain natural water levels and therefore limit water level drawdown to the near mining area. Water will also be released in a controlled manner into water courses and ultimately wetlands to maintain the environment. There is the potential to establish a bottled water industry.

One of the best benchmarks for the Phulbari Coal Project is the coal mines of RWE, Cologne, Germany. RWE is a large coal mining and power company that's been operating for over a hundred years. Dewatering the overburden aquifer sequence in the mine area occurs at an extraction rate of 19,000 litres per second and no desert has been created. RWE's water management experts have undertaken a review of the Phulbari Water Management Plan and have been retained as consultants for Project implementation. The Water Management Plan has also been independently reviewed by international expert consultants SRK and URS that were appointed by Barclays Capital and the Asian Development Bank.

Specific studies have been done for the Project and it has been found there are very few materials that could contribute to acid mine drainage. For instance the Government of Bangladesh's Barapukuria underground coal mining operation, just to the north of the Phulbari Coal Project, has had a similar range of materials extracted during mine development sitting in surface dumps for years with no acid mine drainage problem. The Project plans to implement well tested methods to deal with any such materials including encapsulation within clay lined areas of the ex-pit and in-pit overburden dump areas. In addition there are provisions for dealing with surface water before it is allowed to be discharged from the Project site, e.g. settlement ponds and treatment processes.

The ESIA documents various tests done to check for heavy metals and other contaminants. Heavy metals and other contaminants are not a problem for the Project area. We also examined the potential for Arsenic contamination in the groundwater and also found this not to be an issue for the Project area, although it is a serious problem elsewhere in Bangladesh.

The Project will not divert two rivers. Rather there is a need to divert one small seasonal drainage channel known as the Khari Pul because it currently runs over the planned mining area. It is a misconception to refer to this as a ‘river” in the scheme of Bangladesh which has over 100 very large rivers and 4 mighty rivers. The ESIA lays out plans to improve the ecology of the Khari Pul.

We assume the reference to “dredging of a third river will threaten river ecosystems” is to one of the two rivers that are under the control of the Mongla Port Authority. Mongla Port has been operating for over a hundred years and dredging of its water ways are a regular activity and contracts for this activity have recently been let by the Government.

2.4

Displacement. Allegedly, an estimated 50,500 (figured cited in the October 2007 Resettlement Plan for Asia Energy's Phulbari Coal Mine) to 130,000 people will be directly affected, the majority by displacement, and up to 220,000 people displaced over time as wells and irrigation channels run dry. It is further suggested that the number at the lower end of this estimate fails to take into account several communities residing in the area and the different ways that people can be displaced. Accordingly, the draft Resettlement Policy for Asian Energy's Phulbari Coal Mine, drafted by Asian Energy Corporation (now Global Coal Management Recourses), allegedly fails to adequately account for the displacement that would occur.

Comment:

GCM's population displacement estimates (both physical and economical) have been made based on house to house resettlement survey in the demarcated mine footprint area. The total number of physically displaced people in the mine footprint area is about 40,000 (9,160 HHs) which will be implemented in 6 phases over a period of 10 years. The quoted figure of 130,000 is totally unrealistic.

The areas affected by the lowering of the water table by mine dewatering activity have also been identified based on predicted impacts using groundwater modeling. Clean water will be freely delivered to these areas for town and village reticulated water supply, sanitation, industry and irrigation water supply.

People will not suffer from a lack of access to water rather their water supply will be much improved and more reliable, making a significant improvement in their living standard.

2.5

Furthermore, according to information received, the Resettlement Plan contains provision for cash compensation for loss of land and housing, but does not include provision for resettlement and replacement of cultivation land.

Comment:

GCM's Resettlement Plan (see ESIA Volume 4, Part 1, Section-2) fundamentally provides people with choice. From our Resettlement Survey it was appreciated that many farmers want to move to the town and develop businesses and also overall there are some that want to leave the area altogether. Not all farmers are landowners and it is also difficult in Bangladesh to provide like for like replacement of agricultural land. However, there are other attractive opportunities to off-set this, such as skills training and preferential employment, and access to the approximate 4,000 ha of Project area that will remain under intensive agricultural production during the mining operations.

The Project compensation and support measures will cover both the title holders as well as those who are dependent on the land. Non-titled occupants, including those living on public land, will also receive compensation for their losses, including a house and land with title.

All Project Affected People will be informed on their eligibility, compensation options, Livelihood improvement programs, the income rehabilitation program and Project timing. They will play an active role in the implementation of the Resettlement and Rehabilitation plan.

Major Features of Rehabilitation and Resettlement Plan:

- All Project Affected People (irrespective of legal entitlements) will be entitled to fair, proper and adequate compensation and rehabilitation support.
- Compensation will be the full replacement value (i.e. market value plus transaction costs) of the property and provided to affected persons prior to the date on which they must relocate.
- Compensation for temporary losses of regular income and shifting and displacement allowance along with compensation for land and other assets.
- Additional rehabilitation allowances will be provided for vulnerable groups such as indigenous people, those below the poverty line, women headed households, the elderly and disabled.
- Payment of annual project assistance, a household rehabilitation grant and a cultivation disruption grant will be provided through the Household Rehabilitation Fund.
- Preferential employment opportunities for Project Affected People will be made available.
- Livelihood restoration measures will have land-based, wage-based and enterprise-based approach to restore, improve and diversify livelihood. Options for resettlement locations and rehabilitation measures will be provided (e.g. Project designated village sites, new township and/or an area of own choice).
- Cultivation and other productive uses of land can continue for an agreed period of time prior to the land being required for mining purposes.
- A Social Investment Fund to promote and support livelihood diversification and improvement initiatives will be established.
- A dedicated Resettlement Development Division will be established in order to implement the rehabilitation and resettlement activities smoothly. A Resettlement Steering Committee and Local Liaison Forums at union and municipality level will be formed to conduct the resettlement activities. Liaison Assistants will be appointed to incorporate village and household levels in the activity.
- There will be independent monitoring system in place to monitor resettlement and rehabilitation implementation.

2.6

Additional concern was raised that families with no formal legal title to land (estimated at 10.2 per cent of indigenous households) will not be entitled to any compensation for loss of housing and land.

Comment:

This is not true. GCM recognises indigenous peoples' customary right to land and other assets and they will be fairly and properly compensated. There will also be additional measures linked to their vulnerable status. The Resettlement Plan details compensation and support measures for non-titled occupants of land, including those living on public land. These families will also receive compensation for their losses and their package includes a house and land with a title in one of the designated resettlement sites.

2.7

Environmental impacts. The allegations received also suggest that if built, the mine will have negative environmental consequences. For example, according to various reports, the plans for the mine call for coal to be transported through the Sundarbans Reserve Forest to reach an offshore reloading facility. These transportation plans allegedly threaten the delicate ecology of the mangrove forest and put at risk the extraordinary range of biodiversity supported by the forest. This forest is a UNESCO-protected wetlands habitat and is the largest remaining mangrove forest in the world. Damage to the Sundarbans allegedly poses a grave risk to people in Bangladesh, where the forest serves as a buffer during tropical storms. Mangrove forests shield coastlines, prevent erosion and absorb carbon dioxide in their sediments. In this way, they help dampen the effects of climate change. The Environmental and Social Impact Assessment (ESIA) for the project published by Asia Energy in 2006 concluded that there is an “extremely high risk” that barge fuel could contaminate the Sundarbans, and identifies potential damage to this UNESCO-protected reserve as “one of the most significant issues associated with the project.”

Comment:

The Project is located about 450 km to the north of the Sundarbans Reserve Forest and so will have no direct impact on the area although the Project’s supply chain would involve shipping and barging through this area, using one of the longest established shipping routes in Bangladesh.

The waterways of the Sundarbans have been important trade routes for many centuries and Mongla Port, located on the Pussur River 48 km south of the river port town of Khulna, is Bangladesh’s second largest seaport.

Dredging is routinely carried out by the Government of Bangladesh to keep the country’s waterways open and to reduce the impacts of flooding. Supporting the requirement for dredging of its waterways the Government of Bangladesh announced on the 9th March 2011 that it had established collaborative arrangements with the Dutch Government for protecting rivers and developing its waterways.

The reference to the Project’s ESIA identification of “barge fuel contamination” impact on the Sundarbans is “selective use of information” and appears to have come from a specialist marine risk assessment consultants’ report commissioned by GCM. This reference is to the existing fuel barge traffic in the considerable waterways of the Sundarbans. This report confirmed the proposed coal barging had minimal risk, although as previously discussed the requirement to export coal has diminished significantly.

2.8

Rights of indigenous peoples. The land to be acquired for the Phulbari Coal Mine reportedly includes entire villages of indigenous households belonging to the Santal, Munda, Mahili and Pahan groups, who are considered to be the descendants of the oldest inhabitants of the South Asian sub-continent. Allegedly, up to 50,000 indigenous people belonging to 23 different tribal groups could be evicted or impoverished by the mine. Allegations have been also raised regarding efforts to push the Phulbari Coal Mine project forward without consulting with affected indigenous peoples, and without obtaining their free, prior and informed consent in relation to possible evictions.

Comment:

The statement regarding the number of and impact on “Indigenous people” people as a result of the Phulbari Coal Project is incorrect.

The Project's Resettlement Plan identifies (based on field surveys) that less than 6% of the households in the Project area are classified as indigenous groups (although the Government of Bangladesh no longer recognises this classification and refers to them as "ethnic minority groups"). This amounts to 529 families or some 2,300 people. It is not true that they belong to 23 different tribal groups. There are only three ethnic minority groups (Santal, Munda and Mahili) located in 23 villages. The Santal are the largest group comprising some 70% of the indigenous people. The largest concentration of indigenous villages is in the southern and south-eastern areas of the mine footprint, i.e. in the area to be mined towards the end of the 35-year mine life.

The "Pahan" is in fact the family title of the Munda group and not a separate group itself. These groups have been living in the Project area for the last couple of hundred years, not five thousand years. Largely they are the descendants of migrants from India.

GCM has consulted extensively with the indigenous groups. In fact as part of the ESIA (Volume 4, Part 2, Section-4), GCM prepared an Indigenous Peoples Development Plan which focuses on the specific development needs of this group. The resettlement preferences of indigenous households were obtained as part of the consultation program and through the Resettlement Survey, pointing to an overall preference amongst indigenous households to be relocated according to their groups to separate relocation sites/villages, or in clustered neighbourhoods in more mixed relocation villages.

2.9

Lack of adequate consultation and access to information. According to reports received, the affected communities have not been adequately consulted regarding the project's various aspects. Moreover, members of the affected population reported that information about the project has been either inaccessible or inadequate. For instance, the Resettlement Program, the Environmental Impact Assessment and the Indigenous People's Development Plan have not been circulated in the Bangla language or in Santal. In addition, no adequate provisions have been made to disseminate information about the project to non-literate community members, who make up about 60 per cent of the population in the region. Allegedly, the information distributed to the public has been limited and does not include information about environmental and social impacts of the project.

Comment:

There has been regular dissemination of Project information and consultation with stakeholders and this is an on-going process that continues today.

The ESIA details the Project's Public Consultation and Disclosure Plan (see Volume 4, Part 1, Section-1). The Social Impact Assessment involved surveys of over 25,000 households and the Resettlement Surveys involved over 10,000 households and businesses in the period 2004-06. The extensive consultation effort included: numerous Project information pamphlets, brochures and information sheets which were widely distributed in both Bangla and English; a movie in both Bangla and English describing all facets of the Project from mine development to rehabilitation being widely shown and distributed (including having it shown at the many "tea-stall" business in and around the Project area).

An Information Centre, well equipped with display and dissemination materials, and manned by experienced staff, was established at Phulbari. It enabled thousands from the community to obtain Project information and register comments and suggestions. Asia Energy is also disseminating Project related information through advertisements in both Bengali and English languages in the national, regional and local dailies, and weeklies. GCM welcomes queries and comments on the Project.

A Bangla version of the Resettlement Plan has been prepared in early 2006 but given the tensions around the Project after August 2006, it was not distributed and indeed it would have been inflammatory to do so. However, there is very detailed information on the Project available on the Project's Bangla website: www.Phulbaricoal.com . This includes a summary of the Resettlement Plan.

A good number of Project documents, particularly covering environmental and social studies have been translated in Bengali (uploaded in Project's website www.phulbaricoal.com) and copies of these are also available from Asia Energy upon request.

We are acutely aware of literacy rates over the Project area and details can be found in the Resettlement Plan (ESIA Volume 4, Part 1, Section-2, Page 3-5). Information obtained from the Demographic Survey is presented in tabular format giving a breakdown of education levels and literacy rates for all males and females over the age of 10 years. It shows that 19.36% of the males and 21.98% of the females are illiterate. Nearly one-third (31.1%) of the household heads in the Project area are illiterate.

GCM's intention was (and remains) to explain the Project via groups of experts in the Phulbari Information Centre and through meetings and workshops throughout the entire Project area.

In 2012 GCM began a program of re-engaging the local community and to date has met with community groups and individuals from the Project area both in the field and in Dhaka. It has also recently commissioned out a series of Focus Group Discussions, Agriculture Workshops and an Opinion Survey in and around the Project area.

2.10

Arbitrary arrest and violence against human rights defenders. Finally, allegations have been raised regarding continued efforts by the government to stop human rights defenders from protesting the Phulbari Coal Mine and other energy sector developments. According to the allegations received, these efforts to stop protestors have left many fearful of voicing opposition or concern regarding the Phulbari Coal Mine project. Most recently, between 05:30 a.m. and 12:00 a.m. on 3 July 2011, riot police in Dhaka reportedly carried out a mass arrest of more than 100 peaceful and unarmed protestors to prevent a half-day protest and strike about the recent contract between the Government and ConocoPhillips for gas exploration and extraction in the Bay of Bengal. The police allegedly used excessive force prior to and during the arrest including beating protestors. The protest was organized by the National Committee to Protect Oil, Gas, Mineral Resources and Ports, which has played a prominent role in supporting people resisting the Phulbari Coal Mine project. This incident reportedly has followed a number of other violent incidents targeting the National Committee and villagers fighting the Phulbari Coal Mine project. One such incident was on 26 August 2006, when the Bangladeshi Rifles, a paramilitary force, allegedly opened fire on 70,000 to 100,000 people marching in Phulbari to protest the proposed coal mine, killing 3 individuals and injuring many more.

Comment:

Bangladesh is a country that has regular demonstrations. At times these demonstrations take the form of "National strikes" which are colloquially referred to as hartals. The hartals are generally called by the various political parties and at times other groups, including the National Committee to Protect Oil, Gas, Mineral Resources, Power and Ports (OGPC). These hartals are often enforced by those calling them through the use of intimidation and violence and the community's rights are ignored.

GCM does not condone violence, intimidation or repression of anyone or any groups.

The incident of 3rd July 2011 had nothing to do with the Company or the Phulbari Coal Project. This was part of the OGPC's continual opposition to foreign investment and reflects their misunderstanding of the meaning of "access to" verses "ownership of" natural resources in Bangladesh.

To understand the 26th August 2006 tragedy one must understand the history and motives of the OGPC. The OGPC history and core message is as follows:

- OGPC is affiliated with Bangladesh's communist and left-leaning parties.
- In 1998 it started as "Oil Gas Protection Committee" with the aim of protecting national interests in oil and gas.
- In the period 2001-05 it protested against foreign companies in power generation, port development and mineral resources (coal) and hence its "all-encompassing name".
- The OGPC's core message is "no foreign company", especially in the energy sector.

Throughout 2006, GCM's focus in the Project area was continuing with its community consultation program to ensure all were fully informed regarding the Project. Main activities were running an Information Centre in Phulbari Township, the construction of prototype resettlement housing and the installation of a demonstration village reticulated water supply.

On 26 August 2006 there was a planned "seizure" of the Asia Energy premises by the OGPC. It was never planned to be a peaceful demonstration. Key dates and activities:

- 19th March 2006 the Member Secretary of the National OGPC warns at a press conference that "Kansat could come to Phulbari" referring to some 21 farmers in the Kansat area (far western Bangladesh) reported to have been killed during clashes with authorities over a lack of electricity and fuel to power pumps in the Boro crop irrigation period (1st Quarter 2006).
- 18th July 2006, the National OGPC announces a program to "seize" Asia Energy's premises in Phulbari on the 26th August 2006 to protest against mining by Asia Energy and demand expulsion of Asia Energy.
- 23rd August 2006, the National OGPC holds a press conference in Dhaka announcing its plans for a siege of Asia Energy's office in Phulbari.
- 25th August 2006, a gang of 40 to 50 motorcycles demolished the partially built demonstration village water supply project site in Patrapara (a village that supported mine development and which was located adjacent to where the mining would start).
- 26th August 2006, the National OGPC stages its rally in the generally crowded centre of Phulbari. Speeches on the day were clearly intended to incite riot and tragically it is reported that 3 people lost their lives when the rioters clashed with members of the military controlled BDR which apparently were brought in to assist police maintain law and order. Despite the tragedy Phulbari remained peaceful that night.
- 27th August 2006, the BDR were withdrawn leaving an apparently undermanned police contingent to maintain law and order at a very tense time. Soon truckloads of rioters returned to Phulbari and began a systematic campaign of assaulting people thought to have had associations with Asia Energy and in many cases their property was looted or destroyed. This anarchy was allowed to continue for two days. At the same time we understand there was a systematic intimidation campaign at villages throughout the Project Area. The intention was apparently to scare people so that they would not support the Project.

The full circumstances surrounding the events remain unclear as no official investigation was completed by the Government of Bangladesh. Estimates of the number of people attending the demonstration vary but are generally believed to be a few thousand, not 70-100,000 quoted. The rally was attended by local residents but also included many who were transported in from outside

the area. Only when the rally moved towards the offices and personnel of the Company did the law enforcers' tragic action occur. GCM played no part in the management of the protest or any law enforcement activity in Phulbari Township.

Although it is the Bangladesh Government that has the primary responsibility for maintaining law and order, it is in GCM's interests that the actions taken by the law enforcement agencies is consistent with the protection and promotion of human rights.

In January 2009 GCM became a signatory to the UN Global Compact. This involved a commitment to "embrace support and enact, within their sphere of influence, a set of core values in the area of human rights, labour standards, the environment and anti-corruption." GCM accepts that it has an obligation to engage with the law enforcement agencies and others, to exert what influence it has to support these values. Although as a foreign owned company awaiting Project approval, GCM currently has limited influence, as the Project develops that influence will increase, particularly in the Phulbari region but in a positive manner.

2.11

Concerns are expressed that the policy permitting open-pit coal mining will be adopted and will lead to the construction of the Phulbari coal mine. Further, concerns are expressed that the construction of the mine will affect the ability of local populations to

feed themselves, and to feed the entire population of Bangladesh that relies on agricultural outputs from the region, which is worrying, as nearly half of the population is food insecure, and nearly one quarter is severely food insecure. Moreover, concerns have also been expressed about the long term effects on access to water for both agricultural and personal and domestic use, the environmental impacts of the open-pit mine, the rights of indigenous populations and alleged violent tactics used against those who voice opposition to the mine. Finally, concerns are expressed that the mass arrest of peaceful protesters by the Government, and the alleged excessive use of force by law enforcement authorities against them, are related to the exercise of their rights to freedom of expression and peaceful assembly.

Comment:

Bangladesh is one of the most densely populated countries in the world. It has a population of over 160 million people living in an area two thirds the size of the United Kingdom. Less than half the population have access to electricity and those that do have very limited power supply and suffer from frequent power cuts.

Lack of available power is a barrier to the development of industry and job creation, and also impedes agricultural based food production due to restrictions on crop irrigation in the dry season, restricts fertiliser production as the Government has to ration gas between power plants and fertiliser factories, and limits the operation of cold storage facilities for agricultural products ahead of marketing. It is widely accepted that the availability of electricity is a necessary condition for sustainable economic and human development. For countries such as Bangladesh which have low per capita electricity consumption (Average 279 KWh/capita which is 4.8% of the UK), small increases in electricity consumption are associated with substantial improvements in education, life expectancy and income levels.

There are only two naturally occurring sources of commercial energy in Bangladesh – gas and coal. Current generating capacity is fuelled by natural gas (67%) and imported furnace and diesel oil feeding rental power plants (28%). Gas reserves are insufficient to support current demand let alone a meaningful increase in capacity and imports of fuel are a significant drain on the country's finances. In contrast, Bangladesh has substantial reserves of high quality coal and this provides the most feasible means of delivering a step change in electricity availability for the people of Bangladesh. The Phulbari Coal Project is the only project in Bangladesh that has been subject to rigorous study including a full Environmental and Social Impact Assessment.

The Government of Bangladesh has prioritised the increase in electricity availability as key to achieving many of its objectives including poverty alleviation and the Millennium Development Goals. Importing coal, oil or LNG will create few opportunities for Bangladesh to develop and will be very damaging to the country's balance of payments.

It is extremely challenging to propose sensible alternative solutions as to how the country may meet these objectives without the substantial increase in its generating capacity that the Phulbari Coal Project can deliver.

In 2011 the Bangladesh Government established an Experts Committee to make recommendations on the method of coal extraction and other associated social and environmental issues. The Committee has completed its report and publicly announced its findings in October 2012 that it recommends open pit coal extraction for the Phulbari coal deposit and the adjacent Barapukuria coal deposit (site of a small underground colliery owned by the Government of Bangladesh and operated by a Chinese Contractor).

In a follow-up statement the Energy Adviser to the Honourable Prime Minister of Bangladesh announced that the environmental and social issues for the proposed Phulbari and Barapukuria open pit mine developments were manageable.

As shown in the ESIA (Agriculture report in Volume 4, Part 2, Section-08B), GCM has undertaken detailed studies into improving the agricultural production and value to farmers in and around the Phulbari mine area. The Project will deliver a net increase in agricultural food production through the provision of irrigation water (available all-year), farmer training and technical support, assistance with crop selection and marketing, and the provision of better quality inputs such as fertiliser and seeds.

The Phulbari mine development will increase the availability of fresh water for the community. The Water Management Plan will deliver clean water for town and village reticulated water supply, to industries, to farmers for irrigation and some will be released to the environment to improve wetlands and injected into the aquifer sequence a few kilometres from the mine footprint to maintain groundwater levels in surrounding areas. There will be "no desert" but rather the area will be green and productive all year round. This Water Management Plan is based on proven techniques and has been extensively reviewed by international consultants RWE, SRK and URS.

GCM is acutely aware of the special needs of indigenous groups in the Project area. It has prepared an Indigenous Peoples Development Plan (ESIA Volume 4, Part 2, Section-4) and this together with the Resettlement Plan (ESIA Volume 4, Part 1, Section-2) will ensure these ethnic minority groups are well looked after.

The Phulbari Coal Project is not the basis for the increasing incidents of Hartals and demonstrations. Unfortunately it does happen in Bangladesh that violent demonstrations have become a means of expressing views. For instance Hartals are usually declared as "strikes for a day" and invariably commence the evening before with attacks on public transport and private vehicles, often with buses and vehicles being burned and people injured. These tactics do set the scene for unlawful behaviour and inappropriate actions by demonstrators and at times law enforcers who do have a challenging task. This impacts the general public's safety and rights.

YOUR QUESTION 2

How has GCM Resources sought to address its responsibilities as detailed in principle 13 of the guiding principles, and also reflected in the UN Global Compact?

Principle 13

The responsibility to respect human rights requires that business enterprises:

(a) Avoid causing or contributing to adverse human rights impacts through their own activities, and address such impacts when they occur;

(b) Seek to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts.

GCM RESPONSE

As described elsewhere, GCM's understanding of the impacts of the Phulbari Coal Project is based on its ESIA which was prepared to support the Project's Feasibility Study. This is a substantial piece of work (£35 million expenditure incurred up to 30 June 2012) which is also used to support data presented by the Company. This study (and hence the processes for collecting the underlying data) has been subject to external review by SRK a widely recognised firm of consultant experts on mining project evaluation and URS an engineering and environmental consultancy. As the study will be subject to further detailed review to support the raising of project finance, the Company ensured that this was a robust process. Similarly, the data has been analysed by experts in the relevant fields. For example, the plans for water management have incorporated recommendations from RWE (a major international power company) which operates mines in Germany that are similar to that planned for the Phulbari Coal Project.

Although the ESIA and associated management plans predate the most recent guidance on business and human rights, the ethos behind them was consistent with a respect for human rights. For example, the livelihood restoration plans reflect a respect for the right to work and the resettlement plans respect the right to housing. However, as part of the process of updating the ESIA, GCM will undertake human rights due diligence which will allow for impacts to be viewed through a human rights lens. In the meantime, GCM has developed, and continues to develop, policies and procedures to support its current human rights and other obligations as a signatory to the UN Global Compact. In common with other UNGC signatories, GCM reports these activities in its annual Communication on Progress which is available on the Company's website.

Below are responses to the specific questions you asked. These are relatively high level responses; more detail can be found in the ESIA, with which we have already provided you with a copy. This is a substantial piece of work and there are a multitude of studies to support it. As stated above, the ESIA and related management plans will undergo a thorough revision before project development.

Context

Bangladesh is one of the most densely populated countries in the world. It has a population of over 160 million people living in an area two thirds the size of the United Kingdom. Less than one third of the population live in cities, while the majority live in rural areas relying on a predominantly subsistence lifestyle. Although significant progress has been made in recent years, there is a strong need for further development. Life expectancy at birth is 70 years (UK 80), infant mortality 59 deaths per thousand births (UK 5/1000), literacy levels (proportion of population over 15 years that can write) is 57% (UK 99%). (*Source CIA Factbook*). For a significant proportion of the population, access to a number of human rights including development, adequate standard of living, work, education and health is currently restricted. The Phulbari Coal Project has the potential (and we would argue the obligation) to enhance the human rights of those that it affects

More specifically:

(2.a) If the Phulbari Coal Mine is constructed, what measures will be put in place to ensure that the local population will be able to exercise their right to food?

GCM RESPONSE

As a result of mine development, agricultural productivity will actually increase enhancing the right to food.

Over its life, the mine footprint will cover 5,192 ha. However, at any one time only about 2,000 ha of this will be used for mining and so the remaining land will still be available for productive use either before mining or following rehabilitation after mining. The rehabilitation uses well tested techniques that have been applied at similar mines throughout the world.

Productivity varies across the area but currently farmers are only able to average just over two crops a year, with the second generally limited by access to and availability of irrigation water. Studies conducted during the Feasibility Study demonstrate that as a result of access to year round irrigation, and improved inputs (and improved farming practices) it will be possible to produce additional crops per year with higher yields than for existing crops. Improved irrigation will also increase the area of productive land. (see the response to Q 2.(e) for details on water management).

GCM will support the local farmers through immediate and continuous training, competitive access to market and agricultural inputs (seeds, fertilizers, pesticides, technical know-how, information on cultivation methods and year round irrigation water). GCM will work with relevant Bangladesh government agencies like Department of Agriculture Extension, Department of Fisheries, and Department of Livestock; NGOs and CBOs and the local community in achieving the goals.

The chronic shortage of power also affects agricultural production throughout the country. Fertilizer production competes with power generation for the limited supply of natural gas and the frequent power cuts limit the availability of the irrigation pumps. The development of the Phulbari Coal Project and associated power generation will alleviate these problems.

Also refer to our comments in responses to Question 1.

(2.b) Is GCM aware of any previous assessments of the rights that the affected communities, and in particular the Indigenous Community might have to lands or natural resources in the proposed project area by virtue of customary use or traditional occupation?

GCM RESPONSE

GCM has taken a broad view of the rights of affected people. For example, the Government of Bangladesh does not recognize that there are any indigenous communities in the country although it does acknowledge that there are groups of ethnic minorities. In contrast, GCM has identified communities within the mine footprint that should be treated as indigenous people and acknowledging their vulnerability will respect their rights as indigenous peoples. GCM will also recognize the rights of squatters – people who are currently using the land but who do not have security of tenure.

We are not aware of any previous assessment of the rights of affected communities.

- (2.c) Have the indigenous communities concerned been consulted through their Representative institutions in order to obtain their free and informed consent to any significant impacts that the Phulbari Coal Mine might have on them or their rights over lands and resources?**

GCM RESPONSE

It is key to the success of any large scale mining project that there is a constructive relationship between the operation and the community in which it takes place. This relationship starts in the exploration phase and continues through the life of the operation until its eventual closure.

GCM acknowledges its responsibility to engage with our stakeholders about the Project, its impacts and how these impacts will be managed prior to the operation commencing. This allows us to improve our plans for managing the Project's impacts. Engaging with local communities is a substantial and on-going task that will be required throughout the life of the Project.

The resettlement program will recognise the right of indigenous people to free, prior and informed consent for any development project. There has been much debate in the industry and the NGO community around the meaning of "free, prior and informed consent" (FPIC), how it is obtained and how it can be proved. The revised IFC Performance Standards have given additional guidance. *"FPIC will be established through good faith negotiation between the client and the Affected Communities of Indigenous Peoples. The client will document: (i) the mutually accepted process between the client and Affected Communities of Indigenous Peoples, and (ii) evidence of agreement between the parties as the outcome of the negotiations. FPIC does not necessarily require unanimity and may be achieved even when individuals or groups within the community explicitly disagree."*

GCM recognises the special circumstances of indigenous peoples both in the way it interacts and negotiates with them and in the way the plans are implemented.

The Indigenous Peoples Development Plan was completed in February 2006. This was prior to the creation of the IFC Performance Standards and the subsequent revision of the Equator Principles (June 2006). As such, when the Project is approved by the Government of Bangladesh, a renewed process of consultation will take place with all affected people and good faith negotiations will take place with the indigenous people affected by the Project.

As part of the feasibility study, GCM initiated a consultation process with the people who will be affected by the Project. This included consultation with indigenous people and therefore we already have an insight into their concerns and preferences which are very similar to those of the non-indigenous population. We will support and seek assistance from organisations and NGOs already working with indigenous groups in the Project area to help us develop constructive relationships with those groups and so support a successful resettlement program.

As described above, following the events of August 2006, GCM withdrew its employees from the Project area and so the ongoing engagement activities associated with such a Project were interrupted. Activities in the Project area from then until mid-2012 were limited to high level PR directed at opinion makers (local mayors, MPs, business partners) and not the population at large.

The engagement activity in the Project area was reinvigorated in mid-2012 and initiatives include direct meetings with individuals and community groups, focus group discussions, agriculture workshops and an opinion survey. GCM is therefore having a growing dialogue with the Project communities while being mindful of the strength of feelings that people have both for and against the Project.

In summary, GCM is only part way through what will be an ongoing communication and engagement process and so it is extremely premature to be judging the outcome of that process.

Also refer to our comments in responses to Question 1.

(2.d) If the Phulbari Coal Mine is constructed, what measures will be taken to ensure that the open-mine project does not have disproportionate negative impacts on the livelihoods of displaced and neighbouring communities?

GCM RESPONSE

GCM is committed to improve living conditions and restore the livelihoods of all affected people.

A successful resettlement program will be key to the success of the Project and is also one of its major challenges. Reflecting this, around a third of the initial development costs relate to resettlement, infrastructure and community programs and several hundred million dollars will be spent with the community before any mining physically starts.

The feasibility study includes management plans for resettlement and rehabilitation, livelihood restoration and indigenous peoples' development (the only such plan in Bangladesh). The Project Resettlement Plan was prepared in accordance with the international standards set by the Equator Principles and the ADB safeguard on involuntary resettlement which existed at that time. An update of the Resettlement Action Plan will take place following approval of the Project by the Government of Bangladesh to bring it into compliance with current Standards and best practice.

Living conditions will be improved. For example, replacement housing of a higher standard will be provided; a reticulated water supply and sanitation system will be developed. The development plan also includes civic amenities such as schools, hospitals, places of worship and government offices. The power supply will also be improved.

All affected persons will be appropriately compensated. Where possible and where requested this will include replacement on a like-for-like basis. The process will be fair and transparent and no one will be required to move before receiving the appropriate compensation package.

The neighboring community (Host Community) will have equitable access to employment opportunities, skill and training programs. Pilot programs particularly around agri production, livestock/dairy farming, and fisheries will be implemented to improve the production capacity and management. The Host Community will get compensation for loss of their assets (if any) according to the provision of Project's Entitlement Matrix. GCM expects such measures will negate any disproportionate impacts on the livelihoods of displaced and neighboring communities.

Livelihoods will be enhanced. The Project will provide up to 17,000 direct and indirect jobs. The workforce will be predominantly Bangladeshi and training will be given to affected people to enable them to take advantage of the opportunities offered. The development of industries based on the mine's industrial minerals co-products (china clay, silica sand, aggregates) has the potential to create many thousands more jobs.

People will be given a choice. Experience on previous resettlement projects is that financial compensation alone cannot restore livelihoods and so, where possible and practical, alternatives to financial compensation will be offered including preferential opportunities for employment. When consulted as part of the preparation of the ESIA, a significant proportion of the affected people expressed a preference for moving to the Phulbari Township and starting their own businesses over continuing in subsistence agriculture.

Priority will be given to providing like-for-like compensation. However, Bangladesh is a densely populated country and it will not always be possible for like-for-like compensation. In such cases cash compensation will need to be provided together with sufficient additional support measures to enable livelihoods to be restored. There will also be people who refuse like-for-like compensation and opt instead for cash compensation. In such circumstances, the Company will ensure such people fully understand the pros and cons of cash and are supported to make the best use of their capital.

Also refer to our comments in responses to Question 1.

(2.e) If the Phulbari Coal Mine is constructed, what preventative, mitigation and remedial measures will be taken to ensure water resources will be protected from risk of leakage, and pollution as a result of the transportation of coal, and ensure that mining wastes will be disposed of properly?

GCM RESPONSE

The Project's Water Management Plan, Hazardous and Non Hazardous Waste Management Plan have been developed in line with Good International Industry Practice (GIIP) to manage environmental and social impacts of mining and transportation of coal. There will be an extensive monitoring system in place to monitor air and water quality, noise levels and the quality and effectiveness of mitigation measures. GCM is committed to continuous improvement of its environmental management following the Deming Plan-Do-Check-Act cycle.

Recognising the importance of managing the effects of mining on water (and vice versa) this aspect of the Project has been extensively studied as part of the feasibility study and subsequent work. As is common practice with mining operations throughout the world, it will be necessary to maintain dry working conditions by pumping water continuously from deep tube wells around the mine site. GCM's Water Management Plan has been based on the work of a number of internationally recognised hydrogeological consultants and subject to extensive independent peer review by RWE who operate mines and substantial power stations in a similar geological and hydrogeological environment in Germany, SRK a widely recognised mining consultancy firm and URS an engineering and environmental consultancy.

The Project will improve the availability and quality of water for people in and around the Project affected area. GCM's comprehensive Water Management Plan will ensure clean water extracted to facilitate mining is a community asset. This water will be freely distributed for irrigation, village and town reticulated water supplies, local industries, power stations and riparian uses. To ensure that ground water levels are not unduly affected in the surrounding areas, following well proven standard practice some of this water will be re-injected into the aquifer sequence via a ring of wells positioned a few kilometres from the mine.

The processing of coal, involving crushing, washing and sorting is relatively simple and does not produce toxic by-products. "Rejects" from the coal washing process will be dewatered and encapsulated within the in-pit and ex-pit overburden dump areas. In addition there are provisions for dealing with surface water before it is allowed to be discharged from the Project site involving settlement ponds, treatment processes and water quality testing. Any water leaving the Phulbari mine site will meet acceptable standards.

The feasibility study also included an environmental impact assessment for the inward shipment of materials and outward shipment of coal. This will use existing trade routes and the proposed improvements to navigation aids on the route will benefit all shipping that uses these waterways.

Also refer to our comments in responses to Question 1.

(2.f) What preventative, mitigation and remedial measures have been foreseen to ensure that persons threatened with eviction will not become homeless? What has been foreseen in terms of relocation? If locations have been designated for relocation, please provide details on exact locations, including details on the area and quality of land, access to public services and livelihood sources. If Indigenous peoples will be relocated, please describe any measures to consult with them and obtain their free and informed consent prior to such relocation.

GCM RESPONSE

As stated above the Project will require the resettlement of approximately 40,000 people who currently live on the planned mine site. Roughly a third of these is already living in a semi-

urbanised environment in the eastern end of the Phulbari Township and will move to an extension to the township to the west.

It is widely accepted that if possible resettlement should be avoided or, if necessary, minimised. The Project has already been redesigned to reduce the impact on the eastern part of the Phulbari Township and so reduce the number of people to be resettled. The feasibility study considered alternative mining methods that would reduce the need for resettlement but these are not technically or economically feasible. In particular, the geology will not support safe underground mining which would, in any case, result in over 80% of the resource remaining in the ground and result in surface subsidence which would render land permanently unsuitable for farming. Sadly, this has been the experience at the Government's Barapukuria underground coal mine to the north of Phulbari.

A successful resettlement program will be key to the success of the Project and so substantial resources will be allocated to it. Around a third of the initial development costs relate to resettlement, infrastructure and community programs and several hundred million dollars will be spent with the community before any mining physically starts.

GCM will not forcibly evict people from their homes. The process will take place within a legal framework defined by the laws of Bangladesh and in line with international standards, as they apply at the time of the resettlement.

The feasibility study includes management plans for resettlement and rehabilitation, livelihood restoration and indigenous peoples' development (the only such plan in Bangladesh) which will be updated to reflect new Standards and Principles.

Living conditions will be improved. For example, replacement housing of a higher standard will be provided; a reticulated water supply and sanitation system will be developed. The development plan also includes civic amenities such as schools, hospitals, places of worship and government offices. The power supply will also be improved.

All affected persons will be appropriately compensated. Where possible and where requested this will include replacement on a like-for-like basis. The process will be fair and transparent and no one will be required to move before receiving the appropriate compensation package.

Project resettlement sites have been selected based on consultation with affected community, community representatives. Each site will have provision of all basic amenities including water supply, sanitation, electricity, health and educational facilities. (Ref: RP 2006, Chapter 8, Resettlement Framework).

In consultation with the groups themselves, sites have been identified for those indigenous groups who have expressed their desire to be relocated as a group (Ref: Indigenous Peoples Development Plan).

No one will be displaced by the Project without having proper compensation, rehabilitation measures and a place to move (housing). Project affected landless people will have plot with security of tenure in the Project's resettlement sites.

Also refer to our comments in responses to Question 1.

(2.g) To what extent has the land and housing subject to potential expropriation been duly evaluated? To what extent have measures of compensation been put in place for all concerned persons, with a due assessment of the loss of their farming activity/ What measures have been taken to ensure that those who may be losing their land are offered alternative sustainable means to access sufficient and adequate food?

GCM RESPONSE

The physical, economic and social circumstances of the communities in the mine site and the surrounding area are well understood. The Social Impact Assessment is based on a survey of over 25,000 households of which over 10,000 were in the mine footprint itself. The affected land and housing has therefore been fully evaluated. In addition GCM has prepared a ‘Land Ownership Data Base’ and completed a Land Acquisition Plan (as required by the Government process). This plan will be updated upon approval of the Project by the Government of Bangladesh.

The Project Resettlement Plan was prepared in accordance with the international standards set by the Equator Principles and the ADB safeguard on involuntary resettlement which existed at that time. An update of the Resettlement Action Plan will take place following approval of the Project by the Government of Bangladesh.

The commitments in relation to living conditions (that they will be improved) are given in question 2(f) and in relation to livelihoods in 2(e).

Also refer to our comments in responses to Question 1.

(2.h) Is there any ongoing consultation with the persons threatened with eviction? If so, please give details, date and outcome of these consultations.

GCM RESPONSE

No one is under threat of eviction due to the Project.

GCM acknowledges its responsibility to engage with our stakeholders about the Project, its impacts and how these impacts will be managed prior to the operation commencing. This allows us to improve our plans for managing the Project’s impacts. Engaging with local communities is a substantial and on-going task that will be required throughout the life of the Project.

There was extensive communication and consultation with affected people between 2004 and the middle of 2006 and all meetings have been documented. These meetings are summarized in the ESIA. As described above, following the events of August 2006, GCM withdrew its employees from the Project area and so the ongoing engagement activities associated with such a Project were interrupted. Activities in the Project area from then until mid-2012 were limited to high level PR directed at opinion makers (local mayors, MPs, business partners) and not the population at large.

The engagement activity in the Project area was reinvigorated in mid-2012 and initiatives include direct meetings with individuals and community groups, Focus Group Discussions, agriculture workshops and an opinion survey. GCM is therefore having a growing dialogue with the Project communities while being mindful of the strength of feelings that people have both for and against the Project.

Also refer to our comments in responses to Question 1.

(2.i) What steps have GCM Resources taken to use its leverage to address adverse actual and potential human rights impacts caused by other entities that are directly linked to the existence of operations, including adverse impacts to the rights to peaceful assembly and association, and to freedom of opinion and expression, and particularly with regard to the situation of human rights?

GCM RESPONSE

GCM respects human rights of all concerned and expects that others would do the same, when it comes to the persons involved with GCM. GCM never supports those in any way, who violates human rights in any form.

The Project touches a number of sensitive issues – inward investment in Bangladesh, ownership and development of a nation's resources, management of social and environmental impacts of large scale mining – and so attracts strong views both for and against.

We do not expect there to be unanimous support and we respect the rights of all people to express their views about the Project whether supportive or not. GCM has no role, either in public or private, official or unofficial, in policing demonstrations whether in favour of or opposed to the Project. We do not support intimidation, repression and violence against anyone, whatever their views and certainly do not participate in such actions. Our managers in Bangladesh have all received training on human rights and business. The social and environmental management plans have been developed and will be revised as required to protect such rights.

Bangladesh society at times has a volatile element and there are frequent public demonstrations. Having a huge population, any gathering can draw a large number of people and it's reported that people are sometimes paid to attend. General strikes, or hartals, are organised principally by political parties and are a traditional part of the political process. In the lead up to elections demonstrations become more frequent, destabilising life and unfortunately often involve violence with participants vandalising vehicles and property, assaulting people and in some cases detonating crude bombs. The policing of demonstrations is challenging for the authorities. Organisers undoubtedly use intimidation to enhance attendance at demonstrations and both attendees and non-participants are sometimes subject to intimidation afterwards. It is important to view reports of anti-Phulbari demonstrations, including attendance numbers, in this wider context.

Although it is the Government of Bangladesh that has the primary responsibility for maintaining law and order, it is in GCM's interests that the actions taken by the law enforcement agencies is consistent with the protection and promotion of human rights.

In January 2009, GCM became a signatory to the UN Global Compact. This involved a commitment to "embrace support and enact, within their sphere of influence, a set of core values in the area of human rights, labour standards, the environment and anti-corruption." GCM accepts that it has an obligation to engage with the law enforcement agencies and others, to exert what influence it has to support these values. Although as a foreign owned company awaiting Project approval, GCM currently has limited influence, as the Project develops that influence will increase, particularly in the Phulbari region but in a positive manner.

Also refer to our comments in responses to Question 1.

YOUR QUESTION 3

How has GCM Resources sought to address its responsibilities as detailed in principle 15 of the Guiding Principles, and also reflected in the United Nations Global Compact?

Principle 15

In order to meet their responsibility to respect human rights, business enterprises should have in place policies and processes appropriate to their size and circumstances, including:

- (a) A policy commitment to meet their responsibility to respect human rights;*
- (b) A human rights due-diligence process to identify, prevent, mitigate and account for how they address their impacts on human rights;*
- (c) Processes to enable the remediation of any adverse human rights impacts they cause or to which they contribute.*

GCM RESPONSE

Although the ESIA and associated management plans predate the most recent guidance on business and human rights, the ethos behind them was consistent with a respect for human rights. For example, the livelihood restoration strategy reflects a respect for the right to work and the resettlement plans respect the right to housing. However, as part of the process of updating the ESIA, GCM will undertake human rights due diligence which will allow for impacts to be viewed through a human rights lens.

In common with other UNGC signatories, GCM reports its activities in its annual Communication on Progress which is available on the Company's website

Also refer to our comments in responses to Question 1.

(3.a) Has GCM Resources publically adopted a policy statement, indicating its commitment to fulfill its responsibilities to respect human rights? If so, can you please provide us with a copy of this statement?

GCM RESPONSE

GCM has made a public commitment to fulfill its responsibilities when signing up to the UNGC.

(3.b) Has GCM Resources conducted a human rights impact assessment regarding Phulbari Coal Mine Project? If so, could you please provide us with the conclusions of the assessment with what steps GCM Resources has taken to address any concerns raise in the assessment?

GCM RESPONSE

Although the ESIA and associated management plans predate the most recent guidance on business and human rights, the ethos behind them was consistent with a respect for human rights. For example, the livelihood restoration plans reflect a respect for the right to work and the resettlement plans respect the right to housing. However, as part of the process of updating the ESIA, GCM will undertake human rights due diligence which will allow for impacts to be viewed through a human rights lens.

In common with other UNGC signatories, GCM reports its activities in its annual Communication on Progress which is available on the Company's website.

Also refer to our comments in responses to Question 1.

(3.c) Have any plans been put in place to ensure the continuous tracking of performance and the monitoring of human rights throughout the life of the Project? If so, how often will these assessments be conducted and who will conduct them? What provisions are in place to alter conduct and project plans based on concerns raised and recommendations made in future assessments?

GCM RESPONSE

Although the ESIA and associated management plans predate the most recent guidance on business and human rights, the ethos behind them was consistent with a respect for human rights. For example, the livelihood restoration plans reflect a respect for the right to work and the resettlement plans respect the right to housing. However, as part of the process of updating the ESIA, GCM will undertake human rights due diligence which will allow for impacts to be viewed through a human rights lens.

There is a Grievance Management and Dispute Resolution mechanism incorporated into the Resettlement Plan and this too will be reviewed in light of more recent human rights guidance.

Also refer to our comments in responses to Question 1.

(3.d) Have any operational-level grievance mechanisms been included into the plans for the Phulbari coal mine? If so, could you please provide us with details of this mechanism?

GCM RESPONSE

There is a Grievance Management and Dispute Resolution mechanism incorporated into the Resettlement Plan and this too will be reviewed in light of more recent human rights guidance. (Details in RP 2006, Chapter 9.5: Grievance and Dispute Resolution).

Also refer to our comments in responses to Question 1.

YOUR QUESTION 4

To what extent have the concerned communities been allowed to participate in the planning of the mine? What mechanism has been put in place to ensure the effective and meaningful participation of affected stakeholders?

GCM RESPONSE

The consultation during the preparation of the ESIA was substantial and has been described in response to earlier question. The community related aspects of the Project have been developed as a result of these consultations. For example, the proposed resettlement sites for those indigenous groups that expressed a wish to resettle together were chosen by them. Also the proposed designs for new houses incorporated the wishes of the people who will be living in them.

The process for Community Liaison is set out in the Resettlement Plan. Affected communities will have involvement in planning and management of Project activities. (Ref: RP 2006, Chapter 9.3: Community Liaison and Participation).

YOUR QUESTION 5

Have complaints been lodged by local communities, including Indigenous communities, in Phulbari either through official grievance mechanisms or other means? How have these complaints been responded to?

GCM RESPONSE

The local community can submit questions through a variety of means - letter, email or by physically visiting Project Information Centre or the Company's offices in Dhaka and Phulbari. All questions receive a response (in writing, by email or by reference to existing materials such as fact sheets, maps and videos).

YOUR QUESTION 6

It is our understanding that the Environmental and Social Impact Assessment has been conducted. Could you please provide us details of who conducted the assessment and a copy of the Assessment itself? Can you please provide details of how the concerns raised and recommendations made in the Assessment have affected the plans for construction of the mine?

GCM RESPONSE

Environmental and Social Impact Assessment (ESIA) was carried out by SMEC International Pty Ltd, a leading Australian consulting firm with over twenty years experience in Bangladesh. Concerns raised and recommendations made in the Assessment helped to formulate the management plans to make the Project socially acceptable and environmentally compatible. This also shaped the mine design where modification has been made to leave most of the Phulbari Township outside the mine foot print to reduce the number of people to be resettled by about 14,000 sacrificing 20 million tons of coal to be extracted.

A copy of the ESIA was provided to you and your fellow UN Special Rapporteurs in December 2012.

Also refer to our comments in responses to Question 1.

YOUR QUESTION 7

In your letter you state that “GCM continues to embrace, support and enact, within its sphere of influence, these UNGC principles – all of which are consistent with core values of GCM. To this end GCM’s staff both in London and Bangladesh have participated in human rights training and fully understand how the Company’s social and environmental management plans for the Project have been developed to protect such rights”. Can you please describe how these plans have been developed to protect such rights and what is covered in the plans?

GCM RESPONSE

The ESIA and associated management plans predate the most recent guidance on business and human rights but the ethos behind them was consistent with a respect for human rights. For example, the livelihood restoration strategies reflect a respect for the right to work and the resettlement plans respect the right to housing. However, as part of the process of updating the ESIA, GCM will undertake human rights due diligence which will allow for impacts to be viewed through a human rights lens.

In common with other UNGC signatories, GCM reports its activities in its annual Communication on Progress which is available on the Company's website.

YOUR QUESTION 8

What mechanisms have been put in place to ensure transparency and access to information for those potentially affected by the potential construction of the mine? We would be grateful to receive details of the information provided to the local communities about the Phulbari Coal Mine Project, including the means of distribution of the information, the languages in which the information was distributed and whether any efforts have been made to ensure access to information and participation for non-literate persons.

GCM RESPONSE

GCM has developed a variety of materials for disseminating information about the Project. Thousands of Project brochures, information sheets and leaflets on various issues including water, agriculture, land requirements, rehabilitation and the mining method and few hundred copies of video DVD (targeting illiterate people) on the Project both in Bengali and English languages were distributed among the local community and other stakeholders.

An Information Centre equipped with display and dissemination materials and Project experts was established at Phulbari and was available to provide information, register comments and suggestions and was attended by thousands of visitors. GCM is also disseminating Project related information through advertisements both in Bengali and English languages in the national, regional and local dailies and weeklies.

A Bengali website: www.phulbaricoal.com has been introduced to give the people who have access to internet an opportunity to get information, and ask questions, make suggestions and recommendations. A significant number of Project documents, particularly dealing with environmental and social studies have been translated into Bengali and also uploaded. Copies are also available from Asia Energy upon request.

ATTACHMENT 2

GCM's letter to Mr Oliver De Schutter (UN Special Rapporteur on Right to Food), dated 13th December 2013

Mr. Olivier De Schutter

UN Special Rapporteur on the Right to Food
Office of the United Nations High Commissioner for Human Rights (OHCHR)
Palais des Nations
CH-1211 Geneva 10, Switzerland

13th December 2012

Dear Mr. Olivier De Schutter,

COMMUNICATION FROM SPECIAL PROCEDURES JOINT ALLEGATION LETTER AL Housing (2000-9) Poverty (1998-11) Food (2000-9) G/SO 214 (67-17) Assembly & Association (2010-1) Indigenous (2001-8) Water (2008-1) OTH 6/2012

We are writing in response to your letter dated 6 July 2012. As stated in our letter to you on 20 March 2012 (enclosed), and in earlier email correspondence on 29 February 2012 and 4 March 2012, GCM Resources plc (GCM) would welcome the opportunity to discuss the Phulbari Coal Project (the Project) with you in more detail and to respond directly to the allegations and what we believe to be incorrect information contained in your letter and press release.

GCM is a signatory to the UN Global Compact (UNGC), a UN initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption. The UNGC principles are consistent with the core values of GCM. We are committed to developing the Project and managing its environmental and social impacts in line with the highest international standards.

Once again, I must reiterate GCM's concern regarding the accuracy of the information with which you have been supplied and question the motivation and capability of the sources of such statements. We want to ensure that you are provided with accurate information in regard to your areas of concern regarding the Project, including:

- > Consultation and engagement with affected communities
- > Displacement of indigenous people
- > Livelihoods and access to food
- > Agricultural production
- > Access to water
- > Environmental impacts

As a starting point please see enclosed a copy of the Project's extensive Environmental and Social Impact Assessment (ESIA) prepared in consultation with the Asian Development Bank. The ESIA sets out in detail the large number of independently audited studies which we believe address the issues you have

raised. We consulted widely throughout the ESIA process with the local communities in the Phulbari region and other interested stakeholders. In particular we draw your attention to the following reports:

- > Public Consultation and Disclosure Plan (Volume 4, Part 1, Section-1)
- > Resettlement Plan (Volume 4, Part 1, Section-2)
- > Indigenous Peoples Development Plan (Volume 4, Part 2, Section-4)
- > Agriculture Report (Volume 4, Part 2, Section-08B)
- > Town Planning Report (Volume 4, Part 1, Section-03) for Town and Village water supplies
- > Mine Water Balance (Volume 2, Part 2, Section-08)
- > Irrigation Report (Volume 3, Part 2, Section-12)
- > East Phulbari Water Supply (Volume 3, Part 2, Section-13)

GCM is committed to corporate and social responsibility and the principles of integrity and fairness. We have engaged Environmental Resources Management Pty Ltd (ERM) to review the Project's ESIA in light of the International Finance Corporation (IFC) *Performance Standards on Social and Environmental and Access to Information Policy* update released in January this year. GCM is committed to doing the additional work to address any gaps identified.

We would like to meet with you in Geneva to discuss the issues raised in your letter of 6 July 2012. Are you available to meet on 17 or 18 December 2012? We believe it is important that we have the opportunity to discuss and address your concerns and provide you with accurate information in relation to this Project.

Yours sincerely,



Graham Taggart
Finance Director

Copied to:

Ms. Catarina de Albuquerque

UN Special Rapporteur on the human right to safe drinking water and sanitation

Ms. Raquel Rolnik

UN Special Rapporteur on adequate housing

Mr. Frank La Rue

UN Special Rapporteur on freedom of expression and opinion

Mr. Maina Kiai

UN Special Rapporteur on freedom of peaceful assembly and of association

Ms. Magdalena Sepúlveda Carmona

UN Special Rapporteur on extreme poverty and human rights

Mr. James Anaya

UN Special Rapporteur on indigenous peoples

Ms. Jane Connors

Chief, Special Procedures Branch, OHCHR