

## UN Global Compact – Communication on Progress

### **Background**

The UN Global Compact (UNGC) is a strategic policy 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. GCM Resources plc (GCM) joined the UNGC in January 2009 and is a founder member of the Bangladesh network and also a member of the long established UK network. The principles are set out below:

### ***Human Rights***

#### **Principle 1**

Businesses should support and respect the protection of internationally proclaimed human rights; and

#### **Principle 2**

Make sure that they are not complicit in human rights abuses.

### ***Labour Standards***

#### **Principle 3**

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

#### **Principle 4**

The elimination of all forms of forced and compulsory labour;

#### **Principle 5**

The effective abolition of child labour; and

#### **Principle 6**

The elimination of discrimination in respect of employment and occupation.

### ***Environment***

#### **Principle 7**

Businesses should support a precautionary approach to environmental challenges;

#### **Principle 8**

Undertake initiatives to promote greater environmental responsibility; and

#### **Principle 9**

Encourage the development and diffusion of environmentally friendly technologies.

### ***Anti-corruption***

#### **Principle 10**

Businesses should work against corruption in all its forms, including extortion and bribery

## **Communication on Progress**

### ***GCM's business***

GCM's principal asset is the Phulbari Coal Project in North West Bangladesh. This is an undeveloped coal deposit for which GCM completed a Feasibility Study and Scheme of Development during 2004 and 2005. The Project has a unique role to play in addressing Bangladesh's electricity shortfall and will be a catalyst for regional development and will make a significant contribution to economic development both in the region and to the country as a whole.

The physical impact of the field activities during the exploration and feasibility study phase was limited to site preparation and drilling of 108 exploration holes together with associated hole capping and site restoration. Landowners were consulted throughout the drilling operations and appropriately compensated. In most cases landowners were employed to prepare the drill sites and carry out the site restoration work. Studies for the Social and Environmental Impact Assessment were being carried out in parallel with the drilling program.

Since that time activities have been directed to obtaining the approval of the Government of Bangladesh for the Project's Scheme of Development. GCM currently has physical operations in two locations, London (five employees) and Bangladesh (67 employees of which 96% are Bangladeshi Nationals). There has been no fieldwork since early 2006. In anticipation of receiving approval for the development of the Phulbari Project, GCM joined the UN Global Compact in January 2009 to ensure that the Project would be developed in accordance with the ten principles.

### ***Internal Controls and Procedures***

The existing values of GCM are consistent with the principles of the UNGC and over many years GCM has developed policies and procedures, appropriate for an organisation of its size and activities, to support those values.

GCM's activities are managed from just two locations, London and Dhaka (Bangladesh) and executive board members have day to day involvement in the activities at both sites. All transactions and business relationships, including the recruitment and termination of employees, are approved by at least one executive director.

Demonstrating their commitment to the Compact, the board have given responsibility for UNGC membership and compliance to Graham Taggart, GCM's Dhaka based finance director. Every employee has been given a copy of the ten principles in either English or Bangla and there have been a series of workshops to explain their significance and importance.

The major focus for GCM in 2011 continued to be seeking approval for the Phulbari Project. As such there has been little change in the company's operations or internal controls required to ensure compliance with the Global Compact Principles.

## **Ten principles**

### ***Human rights (Principles 1 & 2)***

GCM supports and respects internationally proclaimed human rights and is committed to compliance with the laws relating to human rights in the countries where it operates. All senior management have had training on human rights and the social and environmental management plans that have been developed to protect such rights. Human rights training has been incorporated into the induction programme for new managers.

GCM is committed to ensuring that employees work in a safe and healthy environment. The objective is that employees suffer no injuries as a result of working for GCM and there have been no Lost Time Injuries (LTI) since the Bangladesh field work commenced in September 2003, a period of over eight years. Health and safety risk assessments and training have been given to employees in both locations. The principal risks are those associated with office based work and with travel in developing countries and actions have been introduced to mitigate these risks. All incidents, and potential incidents, are reported on and remedial action taken if necessary.

### ***Labour (Principles 4,5 &6)***

GCM complies with all national labour laws in the countries in which it operates and supports the ILO's core labour standards. GCM upholds the freedom of association and recognises the right to collective bargaining. GCM does not

use forced or compulsory labour nor does it use child labour. GCM does not tolerate discrimination within the workplace in respect of employment, occupation, religion, disabilities, race, age and gender.

GCM values its employees and ensures that all employees have a valid Employment Contract which details the terms and conditions of employment which as a minimum comply with applicable laws. All Bangladeshi employees and their immediate family are covered by the company's medical insurance. Salaries are reviewed and increased periodically. When redundancies have been necessary, payments have been in excess of the national legal requirements.

The Company's employees have excellent working conditions. The office in Dhaka is spacious and has good lighting and air conditioning. There are two first aid rooms and each floor has first-aid boxes. The office cafeteria provides employees with a nutritionally balanced lunch and filtered drinking water is available throughout the building. The Company also provides transport to and from work which both saves employees time and cost, and is considered safer.

### ***Environment (Principles 7, 8 & 9)***

GCM recognises that its business operations can impact the environment and local communities both favourably and adversely. GCM is committed to developing the Phulbari Project to the highest international environmental standards and considerable effort has gone into studying the Project's potential impacts. The Environmental and Social Impact Assessment (ESIA) was prepared over a two year period and incorporates work by employees, consultants and academics from Bangladesh and overseas. The ESIA and resultant management plans have been extensively reviewed by independent third parties and revised/updated where appropriate. Both the ESIA and management plans were prepared in line with the Equator Principles. The current activities are office based and so the impact on their environments is minimal.

### ***Bribery and Corruption (10)***

GCM is against all forms of corruption, extortion and bribery and committed to operating in compliance with all anti-bribery laws to which it is subjected. All transactions in GCM require the approval of an executive director and all significant new commercial relationships are considered by the board. All payments require the approval of two people from a list of only four authorised signatories.

The UK Bribery Act has been explained to all Board members and incorporated into all new commercial relationships.

### ***Renewal of Commitment***

GCM remains committed to the UN Global Compact and its principles which it will continue to implement wherever the company operates.



Steve Bywater  
Chief Executive

