

UN Global Compact – Communication on Progress 2015

Background

The UN Global Compact (UNGC) is a strategy 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) has been a signatory to the UNGC for six years. In keeping with that commitment, GCM is pleased to submit its fifth Communication on Progress.

GCM is a founder member of the Bangladesh network and also a member of the long established UK network.

GCM's business

GCM's principal asset is the Phulbari Coal Project (the Project) in North West Bangladesh. GCM has a contract with the Government of Bangladesh to explore and mine coal in Northern Bangladesh. Under this Contract and granted exploration licences and a mining lease GCM completed a Feasibility Study and Scheme of Development for the Project over the period 2004 to 2005. The Project has a unique role to play in addressing Bangladesh's commercial energy and electricity shortfall and will be a catalyst for economic development both at national and local levels. Furthermore the benefits in terms of job creation and infrastructure development will make the Project one of the most significant Regional Development Projects ever undertaken in Bangladesh. 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 given the Company's small size, every transaction and business relationship, can be closely monitored by senior management. 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 2014 continued to be seeking final approval for the Phulbari Project and building its relationship with the local community. As such there has been little change in the Company's operations or internal controls required to ensure compliance with the Global Compact Principles. Key performance indicators on activities will be formed as the Company moves closer to development of the Phulbari Project.

In addition to the ten principles of the UN Global Compact, the Company is also committed to the Equator Principles and to the social and environmental standards of the International Finance Corporation.

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. Internal training events on human rights have been organised for all senior management and human rights training has been incorporated into the induction programme for new managers.

The Company's social and environmental management plans have been developed to protect human rights. GCM was found to be in compliance with the human rights guidelines stated within the OECD's Guidelines for Multinational Enterprises after a thorough examination in the Company's activities by the UK National Contact Point to the OECD (NCP) in 2014. The examination was made after the NCP received allegations of breaching human rights guidelines, which were found to be incorrect.

Senior management, including the in-country CEO, monitors the performance of the Company in regards to compliance with the laws relating to human rights and regular meetings provide an opportunity to discuss any practical or policy issues related to human rights.

Labour (Principles 3, 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 medical insurance.

The Company's employees have excellent working conditions. The office in Dhaka is spacious and well furnished. It has good lighting, air conditioning, sanitation and filtered drinking water.

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 eleven years. Health and safety risk assessments and training have been given to employees. 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.

At GCM all employees have direct access to the in-country CEO who monitors their welfare as well as compliance with the laws and the Company's values. All incidents, and potential incidents, are reported on and remedial action taken if necessary.

Environment (Principles 7, 8, 9)

GCM recognises that its business operations can impact the environment and local communities both favourably and adversely. As the Company's current operations are broadly office based, there is minimal impact on the environment.

Extensive studies have been conducted into the potential impacts of mining at the Phulbari Coal Project as well as associated activities. Detailed management plans have been developed to mitigate potential adverse impacts and to advance outcomes which enhance the environment. Specifically, in addition to the ten principles of the UN Global Compact, the Company is also committed to the Equator Principles and to the social and environmental standards of the International Finance Corporation. In January 2012 the International Finance Corporation released an update of its *Performance Standards on Social and Environmental and Access to Information Policy*. To ensure continued compliance GCM has engaged international consultants to review the Project's Environment and Social Impact Assessment in light of these new standards.

The Company's current and past activities have had minimal impact on the environment. The Board of the Company has committed to ensuring that the Phulbari Project will be developed to the highest international standards and the Board will monitor the performance of the Company in relation to environmental matters as the Project develops, through its executive directors and senior management.

Bribery and Corruption (Principle 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. At GCM all transactions and business relationships are monitored closely by senior management.

The Company is subject to and complies with the UK Bribery Act and during the year senior management were trained on matters relating to the Act. The Board is responsible for compliance with the Act and the Company Secretary and in-country CEO, monitors the performance and operations of the Company.

Renewal of Commitment

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



Michael Tang
Executive Chairman

