

Sent 22 June 2011

## QUESTIONS FROM THE NORWEGIAN NCP TO THE COMPANY

Please be assured that these questions do not imply any breaches of the OECD Guidelines, but is merely an exercise to establish facts. If the information has already been provided by the company, we would like to apologize for any inconvenience caused.

### Relating to OECD Guidelines Chapter II :

1. Please inform when and for which area Kabilogan, Sadaki, Sanama and Kamti have Certificate of Ancestral Domain (preferably by indications on a map, and if possible documentation).
2. What possible adverse impacts other than soil erosion were presented to the indigenous groups and local communities that might be affected by the mining project, such as impacts of the transportation of people, material and soil to/from the mining site, use of water?
3. How many persons will be relocated and to where (please indicate on a map)?
4. How many hectares of land will the relocated get and how many hectares of land do the persons have today?
5. Will the families that are relocated enjoy the same or better standard of
  - a. housing
  - b. living
  - c. arable land
  - d. other livelihood options, such as hunting grounds
6. What date will the situation of the persons to be relocated be assessed so that a comparison between the situation pre- and post-relocation may be made?
7. Will the company or the indigenous people from their royalty pay for the construction of any of the following buildings at the relocated area
  - a. houses, other buildings or homes that the relocated family had at their previous locations
  - b. school(s)
  - c. community hall
  - d. others?

Relating to Chapter V:

8. Could you please provide a map with plotting of the mine site, conveyor route, processing site and port exit?
9. When are the EIS and the ECC estimated to be complete and public?

Mine site:

10. Since Mindoro is among the most prone countries to landslides in the world <sup>1</sup> and the mine is planned in or close to a watershed, how can you be sure that the technique that you are planning to use by sequential mining, diversion channels and settling ponds will effectively mitigate the risk for polluting the rivers downstream? Please provide examples of mining where these techniques have been used effectively in equally sensitive areas.
11. How will surfacing ground water entering the mine pit be handled (treated, discharged)?
12. Will height and quality of the groundwater be monitored to avoid polluting downstream wells and drinking water? How will this be done?
13. Which potential pollutants is this water expected to contain?

Conveyor route

14. What kind of associated infrastructure will be required along the conveyor route during construction and operation?
15. Please indicate where the conveyor route is planned on a map. Will the conveyor route run through wetlands or primary forests or disturb endangered species such as the Tamaran, Mindoro crocodile etc?
16. Will the conveyor route run through any of the Key Biodiversity Areas such as No. 61(Mt. Calavite), KBA No 62 (Puerta Galera), KBA No 63 (Mt. Halcon), KBA No. 64 (Lake Nau jan National Park), KBA No. 65 (Siburan), KBA No 66 (Iglit-Baco Mountains)

Processing site

17. Which chemicals will be applied during the processing?
18. What does The Company expect that the tailings will consist of potentially harmful substances?
19. Has The Company developed a water balance model for the entire MNP?
20. What will released water contain of heavy metals and other potentially harmful matter?

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<sup>1</sup> i.a. report from Centre for Research on the Epidemiology of Disasters (Cred), the Citizens' Disaster Response Center of 9 March 2011

#### Residue facility

21. What kinds and amounts of toxic matter, heavy metals and other potentially harmful matters does The Company expect the tailings to contain?
22. How often will The Company “mitigate through water flow and quality monitoring, effluent quality monitoring and others to be named upon review of the ongoing construction parameter”. Will there be done any geochemical ground water and surface water modelling to assess the transport of pollutants?
23. How will the residue be contained and monitored? (stability, infiltration, overflow etc).
24. What will the discharge at the residue facility be, if any?

#### Sea and port

25. What is the distance from where potential pollutants from the MNP is discharged to corals, turtle nesting sites, mangrove, sea grass beds and other sensitive marine life?
26. Roughly, what is the frequency of shipments related to the MNP expected to be during construction and operation?

#### Traffic on Mindoro

27. Please indicate on a map where the roads between the mine site, the processing site, the living quarters, the residue facility and the port? Please show which of these roads are old, which will be expanded and which will be new constructions in relations to the MNP?
28. How much personnel is expected, roughly, to be employed at the most, where are these expected to live and work and what will the possible implications for traffic be on Mindoro?
29. Will increased traffic affect the area of the relocated indigenous peoples?

#### Decommission of the MNP

30. How often will the decommissioning plan be updated?
31. How much residue is likely to remain at the residue facility in  $m^3$ , in  $m^2$  and  $m$  in height.
32. Will any other than the MNP own and bear the costs of maintenance and monitoring of the residue facility after the decommissioning of the MNP? If yes, who will this be, and if available please provide a copy of the agreement with the party that will take over the residue facility.
33. Please provide any details related to consultations with the local population relating to the decision on where to locate the residue facility and what to do with it after the MNP is completed.

#### Security issues:

34. The Company is planning to have security patrols on 24 hour patrol guard along the corridor. Will there be armed patrol?
35. What are the security requirements at the mine site, the processing site, the residue facility and the port expected to be?
36. How will the selection of the security providers be done? How will the company mitigate possible risks of human rights related abuses by security forces contracted by the MNP?

#### General

37. The name of the company that owns the MNP has changed many times. We would be grateful if it is possible to provide reasons for the name changes, if any, though we would like to, on the same token, inform that the Norwegian National Contactpoint has recently changed name itself (NCP/"Kontaktpunktet for ansvarlig næringsliv").

#### Relating to Chapter VI:

38. The company Resources (hereafter The Company) informs that it is legally obliged to provide for logistical support to the NCIP under Section 3.2 (1) of the 1999 MOA between the Kabilogan ng Mangyan and Mindex Resources Development, Inc. – the predecessor-in-interest of Crew Minerals /The company Resources. Where in the MOA does it state that the company (defined as the first party in the MOA) is required to provide support to the NCIP (defined as the third party in the MOA)?
39. The company informs that the PHP 2 million budget allocation was spent in accordance with a Work and Financial Plan (WFP) that was prepared by the NCIP. Could The Company please send us a copy of the Work Plan? What does the Work Plan say about logistical support?
40. What is the basis for agreeing on this very amount and not another amount?
41. Does the Work Plan cover the ancestral claims of the Kabilogan or also the Sadaki or are there two separate Work Plans for each of these two groups? If so, please send a copy of both.
42. Please provide the accounts for the drawdown from the budgetary allocation of PHP 901,399.60, and inform when and which years these payments were done and for what type of logistical support
43. If there are no bank specifications available, please inform if the payments were done in cash or in kind, how, when, where, to whom and by whom in The Company?
44. Please inform what kind of expenses "logistical support" cover
45. What are The Company policies on issues relating to corruption and bribery, and when was this policy adopted? Please provide a copy if available. For additional questions related to company policy, please see annex.

46. Has The Company changed policy or practice relating to payments to the NCIP after the NCIP Fact Finding Team in 2008 found irregularities and asked NCIP officers to explain why NCIP procedures were not followed?
47. Has the MNP given gold watches, leisure travels or other gifts to public officials in Mindoro the past decade? Does the company practice regarding gifts to public officials differ today from practice in the late 90s?

Since the Philippines is ranked among the most corrupt countries and the mining sector is ranked among the high risk sectors for corruption according to various indexes, including Transparency International due diligence is required relating to corruption. Please send a copy of The Company anti-corruption (compliance) programme (policy and procedures), if any. Attached a list of issues based on Transparency International's recommendations.

**List of issues based on Transparency International's recommendations considering the risk of corruption in the country and the relevant sector.** Please respond to as many questions as possible:

1. What are the additional tasks for the compliance officer at the local level of the operation? Does the company ensure that there is appropriate separation of duties?
2. In developing the compliance programme, was a risk assessment carried out to determine the extent of the risk of bribery to the business and to the country?
3. Who developed the programme?
4. Does the company have controls and procedures to implement its policy on facilitation payments, and when was this programme introduced?
5. Are there procedures and controls including thresholds and reporting procedures, to ensure that the company's policies relating to gifts, hospitality, expenses are followed?
6. Who is responsible for the programme? Please describe the company's organization for implementation of the programme.
7. Is there a policy to implement the company's programme in all business entities over which the company has effective control?
8. Who will be held accountable for the implementation of the programme in the different units of the company?
9. Is there a procedure to conduct due diligence before entering into the MNP? In case that the MNP policies and practices are inconsistent with its own programme, is there a procedure for the company to take appropriate action?
10. Please describe the procedures to ensure that the company does not channel improper payments through agents?
11. Is there a procedure to have contractual right to terminate a contract in the event that the agents pay bribes?
12. Is there a policy not to make payments to agents to off shore accounts?
13. Is there a procedure to monitor the conduct of the agents, are they met with sanctions?
14. Will surveys of employees awareness and understanding of the programme be conducted? How will the results be handled?
15. What will the protection of employees for refusing to pay bribes?
16. Has there been any employees disciplined or dismissed for breaches of the anti-corruption programme of the company?
17. Are there procedures to ensure introductory training to recruits so that they understand The Company's programme, and knows the sanctions?
18. Does The Company disclose an assessment of the effectiveness of internal controls within the company?
19. How do you ensure that there are no off-the-record-books accounts, inadequately defined transactions or fake entries?

