

5 October 2011

To: Mr. Thomas Mirow,
President of the European Bank for Reconstruction and Development

Re: EBRD involvement in activities violating UNESCO Convention and EBRD policies

Dear President Mirow,

On 31 August 2011, the European Bank for Reconstruction and Development (EBRD) announced that it was acquiring a stake in GV Gold, one of Russia's top gold producers.

According to the quote included in the EBRD release¹, "...what makes GV Gold a good partner for the EBRD is its willingness to meet the Bank's environmental and social requirements".

The Gold Minerals company, which is partly owned by GV Gold, carries out prospecting and plans to mine gold on the territory of the Chudnoe deposit² which is located in its entirety inside the borders of the Yugyd Va National Park and in the 'Virgin Komi Forests' World Natural Heritage property.

The UNESCO World Heritage Committee has repeatedly raised the inadmissibility of geological works inside this property. According to its 2010 decision³, the World Heritage Committee "strongly regrets that the State Party appears to have licensed a significant open cast gold mining operation within the World Heritage property, and (...) that the State Party did not take into account the previous requests of the World Heritage Committee in taking these actions". It "urges the State Party of the Russian Federation to take all necessary steps, with provincial and local government as appropriate, to immediately halt mining activities within the property". The Committee finally "calls on all companies holding licenses for mining in the World Heritage property, with the support of their investors, to not proceed with mining activities, in line with the international policy statement of the International Council on Mining and Metals (ICMM) of not undertaking these activities in World Heritage properties, as also endorsed by the World Heritage Committee".

The World Heritage Committee adopted an additional plea⁴ in June 2011, noting that they consider "the excisions made to the property and the approved gold mine at Chudnoe represent a clear potential threat to the property's Outstanding Universal Value". This translates into a violation of the obligations under the UNESCO Convention regarding the Protection of the World Cultural and Natural Heritage.

Nevertheless, the explosion works have now started. As a result, pollutants could be identified on the adjacent parts of the National Park, including at the Verkhnee Balbanty Lake. These works are disturbing the hydrological cycle and could destroy habitats of fish and other fauna.

¹ <http://www.ebrd.com/pages/news/press/2011/110831.shtml>

² <http://gvgold.ru/en/about/article.aspx?article=468b7821-7f22-4fdc-b9b7-52be9023295b>

³ Decision 34COM 7B.25

⁴ Decision 35COM 7B.25 in <http://whc.unesco.org/archive/2011/whc11-35com-20e.pdf>

Given that EBRD investments indirectly support these activities, we consider the Bank as one of the parties responsible for violating the UNESCO Convention regarding the Protection of the World Cultural and Natural Heritage.

We would also like to note that these activities by a company partly owned by GV Gold directly contradict the Environmental and Social Policy⁵ of the European Bank for Reconstruction and Development, and in particular its article 9: «...The EBRD will not knowingly finance projects that would contravene country obligations under relevant international treaties and agreements related to environmental protection, human rights, and sustainable development as identified during project appraisal». They are also explicitly part of EBRD's Environmental and Social Exclusion list, as outlined in Appendix 1.

We ask you to demand that GV Gold Company abandons its support for the development of the Chudnoe deposit inside the Virgin Komi Forests World Heritage property. **If this demand is not met, we ask you to decide to immediately withdraw the EBRD's investment in this company.**

Thank you in advance for your attention to this important matter.

Yours sincerely,



Ivan Blokov,
Program Director,
Greenpeace Russia



Anelia Stefanova,
EU Affairs Coordinator,
CEE Bankwatch



Jorgo Riss,
Director,
Greenpeace European Unit

Also on behalf of:

Nikolay Rochev,
Chairman,
Council of "Izvatas" Public Movement of Komi-Izhemtsy.

Fedor Terentiev,
Chairman,
Save Pechora Public Committee.

cc: Mr Vassilis LELAKIS, EU Director in the EBRD

⁵ <http://www.ebrd.com/downloads/research/policies/2008policy.pdf>