



Jan.18, 2015

Mr. Lowell Chow
Mrs. Annabel Short
Mr. Phil Bloomer
Business & Human Rights Resource Centre

Dear Representatives of the Business & Human Rights Resource Centre,

On behalf of our Chairman Mr. Wang Jing, our International Team, Partners and Associates of HKND Group, we want to thank you for your interest and for the opportunity to share information about the development of the Interoceanic Canal of Nicaragua.

For over a century, to build a canal in Nicaragua has been a dream of the nation. Nicaragua has been considered ideal for an interoceanic canal due to its privileged topography, natural waterways, and its geographic location in the center of the Americas. Consequently, given continued growth trends in both trade volumes and ship sizes, a Canal through Nicaragua will be strategically beneficial for world commerce by creating a cost-effective alternative for maritime transportation.

Furthermore, Nicaragua Interoceanic Canal will be a catalyst for economic growth in the region. By building critical infrastructure and further integrating Nicaragua and Central America into the global economy, the Project will spur significant economic and social development, job generation and it will bring numerous business opportunities for companies around the world.

As the concessionaire of the Interoceanic Canal of Nicaragua, we are developing the project based on the principles of legality, transparency and fairness; we work in close collaboration with the national, local and regional authorities, business leaders, the communities who are located at the areas of direct and indirect impact, including indigenous groups, and the Nicaraguan people in general.

We certainly are very grateful for the kindness and support the project has received from the vast majority of the population in the country.

The latest survey by M&R Consultores, an independent Nicaraguan research agency, conducted between December 13 through 29, 2014, among 1,720 people, states that 64.1% of respondents living in the municipalities of the departments (Rivas, Rio San Juan and the Autonomous Region of the South Caribbean Coast) where the route of the Grand Canal of Nicaragua will go through, consider that it "is a serious project." This same opinion rises to 74.2% among residents living in the municipalities of the departments near the route: Managua, Carazo and Granada.

The Monitoring System Public Opinion also details that 44.9% of respondents residing in municipalities where the route of the Grand Canal of Nicaragua will go through, consider that the project represents an opportunity to preserve Nicaragua Lake. This support increases to 61.1% among people resident in the municipalities of the departments near the route: Managua, Carazo, Granada, Boaco and Chontales.¹

We would like to reassure you that HKND is firmly committed since day one to guaranty that all our work is based on the principles of best international practices in all matters concerning the project, from the phases of the studies and construction to, in the near future, the operation of the Interoceanic Canal. Best international practices are also a priority, and a fundamental pillar, in our relationship with the labor force that is already participating in the project, and that includes the respect for the Universal Principles of Human Rights.

Since we first arrived in Nicaragua, we have encouraged all the stakeholders to express openly their concerns and questions in a respectful and harmonious way. HKND Group strongly condemns the events that have developed into acts of violence and that have equally put at risk the life of civilians, policemen and our workers.²

We are quite aware of the great responsibilities and that there is a long way to walk through. But we are confident that with the engagement of serious and ethical national and international organizations and companies, and our continuous commitment with the wellbeing of Nicaraguans, the groups who have been choosing violence as opposed to dialogue, will share our vision that with close collaboration, best international practices and respect for human rights, we will be able to develop a Project that will raise the living standards of Nicaraguans, in a harmonious manner with the environment, and their cultural heritage, and most importantly with high responsibility for the future of the people.

¹ Source: Sistema de Monitoreo de la Opinión Pública Edición XLIII. SISMO. M&R Consultores

² Source: <http://www.laprensa.com.ni/2014/12/03/nacionales/1434727-danan-vehiculo-de-chinos-del-gran-canal-dananvehiculo-de-chinos-del-gran-canal>.

As Chairman Wang Jing expressed to the Nation “Dear friends, achieving the goal of the Canal operation in late 2019, needs you, needs me, and needs them. We need everyone to join these efforts and to work hand by hand (....). Through actual actions, we can demonstrate to the world that we are builders, not destroyers; what we bring is wealth and dignity, and what we drive off is poverty and backwardness. Today through the television transmission, I’d like to express that Chinese companies and Chinese have arrived to this beautiful country to build it and not to destroy or damage it. We vow to respect all the rights and interests of the Nicaraguan people. The resettlement work will be based on the principles of being equitable, fair, public and transparent. Without the consent of the owners, or the satisfaction with the compensation, not a single plant on their land will be touched”.

Last, we would like to take this opportunity to share with you, a list of selective examples of our efforts to achieve transparency and inclusiveness of all stakeholders, specially the population of Nicaragua:

- HKND keeps publishing the key information of the environmental and social impact assessment of the Project on its corporate website, including the Project Description, the Project Overview Map, the Public Consultations Overview, Terms of Reference and the ESIA report for the Temporary Access Road.
- From December 2 to December 9, 2013, HKND and its advisors had a series of meetings with International Finance Corporation, Inter-American Development Bank, Wildlife Conversation Society, Fauna & Flora International, RAMSAR and International Union for Conservation of Nature in the US, UK and Switzerland. During the meetings we informed these international organizations on the latest developments relating to the Project and sought their comment on environmental and social considerations.
- On April 23, 2014, we presented a comprehensive update of the Project to a group of experts at the World Bank. The audience of experts provided constructive opinions and questions.
- We held a press conference on July 7, 2014 to announce the route of the canal and we and our advisers made presentations on the technical, geological, cultural and environmental impact of the Project. The conference was broadcasted in real time to the public.
- From July 14 to July 16, 2014, we held six briefing seminars about the Project across the country in Managua, Rivas, Bluefields and Nueva Guinea. Our team shared project details and its implications with local government agencies, community representatives and university students. The briefing seminars were widely covered by local media.
- From July 21 to July 30, 2014, we and our environmental and social impact advisor, Environmental Resources Management (ERM), held scoping meetings across

Nicaragua. Approximately 5,000 people participated in the scoping meetings, including housewives, students, professionals, agricultural producers, fishermen, artisans, businessmen and scholars.

- From October 13 to October 31, 2014, HKND and ERM conducted a series of activities involving direct dialogue with 9 indigenous communities. More than 720 indigenous people participated in these activities.
- On November 20, 2014, HKND, together with the Nicaraguan Canal and Development Project Commission, presented the Technical Engineering and Environmental and Social Impact Studies of the Project in the auditorium of the Secretariat of the Presidency. More than 300 representatives from the various sectors of the country attended the event, including representatives of the diplomatic corps in Nicaragua, environmental groups and the Autonomous Regional Council of the South Caribbean Coast.

The Advance Report of the Feasibility Studies and the Environmental and Social Impact Assessment of the Project is available in our website. The Studies will be finalized during the 1st quarter of 2015 and they will be submitted to the Government, the population and other interested parties in due course.

In the meantime, we welcome you to visit our web site where we update on regular basis the information about the Project, the Company and our Partners. <http://hknd-group.com>