

Human Rights Watch
350 Fifth Avenue, 34th Floor
New York
NY 10118-3299
USA

**For the attention of: Mr Daniel Bekele, Africa Director, and Arvind Ganesan,
Director, Business & Human Rights**

30 May 2014

FOR PUBLICATION

**This letter and accompanying annex is to be published in full with your report
and on your website**

Dear Sirs

We write in regard to the report that you have advised us you are in the process of preparing and we trust that you will consider and include this contribution in full in any report you seek to publish. We would like to stay in touch with you and any firm information you are able to give us to assist our investigations would be appreciated.

At the outset, you should be aware that there have been a substantial number of false and inaccurate allegations levelled against SOCO International plc in recent years and particularly in the last month. Sadly, a number of these allegations have arisen as a result of inaccurate, false, distorted and/or exaggerated accounts of our activities in the Democratic Republic of Congo (the 'DRC'). It also increasingly seems to be the case that anyone engaging in alleged questionable and unethical conduct are immediately branded 'SOCO representatives' and 'SOCO supporters' even when they simply are not and have nothing to do with our company.

Our actual and planned activity on Block V comprises scientific studies, including environmental and geophysical surveys, culminating in a seismic survey on Lake Edward. The seismic survey represents the Company's final operational activity onsite Block V under its current work programme. No drilling has been planned or is warranted at this stage. Ultimately, operating in a region such as the DRC comes with a number of inherent sensitivities and difficulties as you are aware. Be that as it may, as a company, we are committed to operating and maintaining the best international standards of working practices. As with all of our projects we have implemented a substantial social impact programme in the DRC to help to improve the living conditions for the local population around Lake Edward. These follow consultation with the local communities and include medical aid, potable water, communications and infrastructure projects. Our goal is to be a positive presence wherever we have operations and we have an excellent history in this regard in Africa and South East Asia.

The Allegations presented by Human Rights Watch

We have not been provided with sufficient information in order to fully investigate the allegations you have presented. However, from those investigations we have been able to conduct to date, we have not found the allegations raised to be substantiated or justified. We note that in your letter, you do not allege that the Company is involved or complicit in the alleged incidents identified, or present any evidence demonstrating such involvement, and therefore it would not be fair or appropriate for the Company to be linked, either directly or indirectly, in any report that refers to the alleged incidents. Such conduct would represent a breach of the Company's Code of Business Conduct and Ethics at the most fundamental level.

A. Allegations of Bribery

Allegations

Your enquiry contains various allegations which we summarise below:

- That human rights and environmental activists and a Virunga Park Warden alleged that SOCO representatives had attempted to bribe them to discourage them from speaking out against oil exploration in the park and to facilitate the company's activities in the park;
- That one activist alleged that SOCO representatives offered him US\$20,000 and told him he would be able to hire five people to work for him;
- The warden said that he was offered a "large stack of cash" to allow SOCO representatives to move freely within the park;
- Several months later the warden said he was offered \$50 upfront and then \$3,000 at the end of every month if he agreed to give SOCO information about the zone where the company wanted to enter the park, and allow its agents free movement in the park without informing the warden's supervisor.

Our Response

As stated above, we strive to ensure the best working practices and set out below the steps that we take to deter and investigate alleged infringing practices.

We operate on a strict Code of Business Conduct and Ethics (our "Code") which was approved by our Board of Directors in 2004 and updated in 2011. A summary of the Code is provided at the Annex. We are fully committed to conducting our business in an honest and ethical manner and we expect and require that our contractors, suppliers and agents will conduct themselves in the same manner.

Moreover, the Company operates in accordance with the UK Bribery Act 2010 and as part of our required Bribery Risk Governance, we have a formal process to mitigate risks of corruption, and financial management systems aimed at ensuring that payments cannot be made unless they are made properly and legally and with there being explicit auditable documentation. Our processes to assess and mitigate risks ensure that the Company has appropriate procedures in place to prevent bribery and that all employees,

agents and other associated persons are made fully aware of the Company's policies and procedures (including our Anti-Bribery and Corruption policy). These procedures include training and awareness briefings of all direct hire personnel, whether employed or contracted, and a whistle-blowing procedure.

Our approach to dealing with allegations

Our approach for dealing with allegations of breaches of our Code of Conduct and Ethics is a process of determination, investigation and evaluation as set out below:

- determination—identification and confirmation of the allegations by whom, to whom, when;
- investigation— assessing the facts of the allegations;
- evaluation— applying appropriate measures, including referrals to the appropriate crime prevention authorities.

With regard to the specific allegations, at noted above, there is insufficient information and particulars in your letter to allow us to fully respond at this stage. We have no information as to whether or not the incidents actually took place, and if so, what happened. However, based on the information available, we have instigated the procedures in our Code.

B. Attacks and threats against activists and park staff

Allegations

You have made various allegations concerning:

- Arbitrary detention, assaults and threats to park rangers and activists by Congolese authorities, including an attack on Mr de Merode by unidentified assailants;
- The detention and arrest of a warden of Virunga Park from 19 September 2013 until 7 October 2013, including beatings and unlawful threats to his life; and
- Death threats and harassing texts to human rights and environmental activists from unidentified numbers.

You have stated that these incidences have arisen as a result of opposition to oil exploration and specifically SOCO's "activities".

Our Response

These are of course abhorrent instances of human rights abuse and should be taken extremely seriously. We condemn the use of violence and intimidation, and in particular were disturbed to hear of the attack upon Mr de Merode.

It is however a clear fact that the general security status in the DRC is unstable and tense. The wardens themselves as well as other activists in the region face much opposition, not least from rebel forces and poachers who are seeking to exploit the resources of the Virunga Park. For example, Mr de Merode is not, as you describe him, simply a "*critic of oil exploration*". He is in fact the Chief Warden of Virunga National Park and his responsibilities and interests go far beyond anything to do with oil exploration

and include dealing with rebel forces, poaching, fishing quotas and overfishing, local social and economic issues amongst no doubt a host of other concerns. To put matters into perspective the National Geographic reported that *"years-long string of violence has plagued a part of the Democratic Republic of the Congo,"* and quoted a source describing the area as *"the most dangerous place in the world to try to practice wildlife conservation..."*¹ The Guardian likewise described the area as *"one of the most unstable corners of Earth"*, noting that *"[n]early every rebellion in eastern Congo in the past 30 years has started in Virunga"*, and that the area is beset with *"poachers and armed militias"*.²

Be this as it may, we are committed to the protection of human rights and endeavour to encourage the same in all our activities – a promise that is clearly reflected on our website.

With regard to the specific allegations, insofar as we are able, we address these below:

The attack on Mr de Merode in April 2014

The attack on Mr de Merode was denounced by us on our website on 16 April 2014.³ Our deepest sympathies continue to lie with Mr de Merode and to re-iterate, we do not condone violence of any kind. It should be noted that it has been reported that Mr de Merode unfortunately has a number of enemies. For instance, the Independent pointed out that *"Mr De Merode was not without enemies as many locals were unhappy with his rigorous efforts to stop poaching and enforce the ban on charcoal production"*.⁴ The BBC similarly reported that *"Mr De Merode's work attracted him a lot of enemies"*, whilst also pointing out that we had strongly condemned the attack.⁵ It should also be noted that unfortunately the dangers faced by rangers are not new. Since 1996, well before we became involved in the region, it is sadly estimated that around 140 rangers have lost their lives defending the Virunga National Park.

Death Threats

Our company has had nothing to do with the death threats or texts to human rights activists and park wardens and you have provided no basis to allege that such alarming texts emanate from our employees, agents or representatives and/or are as a result of or in any way connected to our activities.

We sympathise entirely with those who have been sent such texts and do not condone such behaviour. Unfortunately, our staff have likewise been victims of horrific death threats, which we are taking advice on. These are sent frequently to us and we would be able to supply these to you.

We would therefore strongly recommend that such death threats should be referred to the appropriate authorities to investigate further.

¹<http://news.nationalgeographic.com/news/2014/04/140416-emmanuel-de-merode-warden-shot-virunga-congo/>

²<http://www.theguardian.com/world/2014/apr/16/belgian-warden-drc-congo-national-park-attack>

³<http://www.socointernational.co.uk/index.php?CID=431&cType=news>

⁴<http://www.independent.co.uk/news/world/africa/who-tried-to-kill-the-man-who-protects-the-congo-gorillas-9271431.html>

⁵<http://www.bbc.com/news/world-africa-27049627>

The detention of the Park Warden in September to October 2013

We addressed the detention of Mr Katembo on our website on 1 October 2013.⁶To reiterate: it is our understanding that on 16 September 2013, Mr Katembo had attempted to impede the installation of a communications antenna in the village of Nyakakoma. SOCO had no involvement in his subsequent detention. Dr Guy Mbayma, Technical and Scientific Manager of the ICCN, commented in a radio broadcast and Press Release on the subject:

"SOCO has the commitment to carry out social projects. In addition, the local communities of Nyakakoma requested that a telephone antenna be mounted in the area. The personal representative of the Head of State came over to launch the start of the installation; and Mr Rodrigue virtually impeded on any actions in this respect instructed by the Head of State, hence the reason the relevant state bodies were referred the matter."

The installation of the communications antenna is, as noted by Dr Mbayma, one of a number of social projects that our company had been carrying out to help to improve the living conditions for the local population around Lake Edward. SOCO received authority to carry out these projects from ICCN, the park warden's organisation which manages the Virunga National Park.

As is clear from the above, the fact is that we have had nothing to do with any of the incidents that you identified or any similar such incidents. SOCO condemns the use of violence and intimidation. We are committed to ensuring that all of our activities in the DRC, and elsewhere, are conducted in accordance with our strict ethical policies.

Your findings

You appear to refer to your research and the fact that you are looking to publish the findings of such research; however it is not clear at this stage precisely what your research has involved. At the moment you have advised us of interviews that you have conducted and incidents that you have documented. These appear to refer somewhat arbitrarily to the involvement of "SOCO representatives" and the cause of the incidents being opposition to oil exploration without substantive evidence to this effect having been provided. In fact, to date we have seen no evidence that demonstrates any link between SOCO and any of the incidents identified and in these circumstances it would be inappropriate to link SOCO with these incidents in any report that you publish.

Further, it appears that the matters raised are largely a regurgitation of existing allegations and, as such, if you were to proceed to publish these allegations and link SOCO to them, despite the above, then at the very least, to achieve even a minimum level of any fairness and balance, it would be incumbent upon you to make it explicitly clear that you do not adopt these allegations. In that event, we also require you to publish this reply and annex in full and unedited form as part of the report and on your website alongside the report.

⁶ <http://www.socointernational.co.uk/20131001statement>;

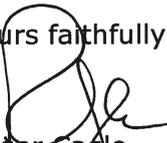
Our approach to dealing with wider issues in the region.

We are becoming increasingly aware, in view of the seriousness and repeated nature of the allegations, the regions propensity towards factional groups, and the intensity with which the oil exploration in North Kivu is being debated locally and internationally, that it is clear that even allegations without merit are unlikely to fade. Our company is therefore exploring a number of options to deal with these allegations. In that regard, it is important to note that operations on the ground in Eastern DRC will conclude within the next few weeks.

For instance, last year we commenced a process to align our policies with IFC Performance Standards and thus one approach is to set up a project-based local grievance mechanism related to the project in North Kivu. Management is currently assessing this option. To help us with our assessment, we have appointed an independent third-party human rights consultancy.

We trust that the above is of assistance and will be more than happy to discuss this further with you. If you have any further questions please do not hesitate to contact us.

Yours faithfully



Roger Cagle
Deputy Chief Executive
SOCO International plc

Enclosure

Annex

Anti-Bribery and Corruption

SOCO is committed to conducting its business in an honest, ethical and responsible manner. The Company expects its joint venture partners, contractors, suppliers and agents to conduct themselves in the same manner.

SOCO's Code of Business Conduct and Ethics and Guidelines for Implementation (the "Code") sets out its approach to anti-bribery and corruption and its values of honesty, fairness and promoting trust amongst those with whom it works.

The Code

- Commits employees to obeying all relevant laws
- Prohibits the giving or receiving of bribes or facilitation payments;
- Prohibits the giving of corporate donations to political organisations anywhere in the world;
- Prohibits the acceptance of any hospitality, entertainment or gifts that may compromise, or appear to compromise, one's ability to make objective and fair business decisions.

The Code applies to all employees and also applies its principles across all its business operations, including contractors, suppliers and agents.

The UK Bribery Act

In many jurisdictions including the UK, legislation criminalises the giving or receiving of a bribe. As reflected in the first publication of the Company's Code of Business Conduct and Ethics in 2004, SOCO has always prohibited the giving and receiving of bribes throughout its organisation.

The UK Bribery Act 2010 created a new offence that can be committed by commercial organisations. Companies may be prosecuted under this legislation if it can be proved that they have failed to construct adequate procedures that prevent persons associated with them from bribing another person on their behalf.

The Board is aware that SOCO operates in an industry sector and in certain countries which are considered to be high risk by the standards expected by the UK Bribery Act. Accordingly, we have sought to address these risks by

- ensuring that appropriate procedures are in place to eliminate bribery and corruption;
- ensuring that all employees, agents and other associated persons are made fully aware of SOCO's policies and procedures with regard to ethical behaviour, business conduct and transparency.

Bribery Risk Governance

SOCO has a formal process in place to identify and mitigate risks applicable to an upstream oil and gas business, including the risk of the occurrence of bribery and corruption.

The Board of Directors has ultimate responsibility for risk management with the Audit Committee providing detailed oversight, with processes designed to ensure that SOCO has appropriate procedures in place to prevent bribery and that all employees, agents and other associated persons are made fully aware of SOCO's policies and procedures. New risks of bribery occurring, or changes to existing risks, are monitored throughout the year and considered at each Audit Committee meeting.

Additionally the Audit Committee is tasked with reviewing and maintaining the Code and the Company's anti-bribery management systems. This responsibility includes the Company's arrangements for "whistleblowing", whereby staff, agents, contractors and other parties may raise concerns regarding improprieties in confidence, which would be addressed with appropriate follow-up action.

The Company also maintains rigorous financial management systems which aim to prevent instances of bribery and corruption.

Staff, agent and contractor training and awareness

It is essential that the Company's approach to anti-bribery and corruption and its values of honesty, fairness and promoting trust amongst those with whom it works are fully disseminated and implemented throughout the organisation. To this end, all its employees and operations personnel undergo training and awareness briefings. In certain role functions, staff are required to partake in individual compliance reporting on a regular basis.

Supply chain

SOCO's commitment to conduct its business in an honest, ethical and responsible manner influences its choice of suppliers. In vetting potential new suppliers, the Company's staff perform due diligence checks before signing a new supplier contract. During 2011, a retrospective review was initiated on existing supplier contracts and, where deemed appropriate, new terms were negotiated and additional procedures implemented.

Feedback and dialogue

The Company welcomes feedback from interested stakeholders about its approach to this matter. This can be supplied by applying the contact details on our website, <http://www.socointernational.com/>.