PRIVATE AND CONFIDENTIAL
Global Witness
Lloyds Chambers
1 Portsoken Street
London
E1 8BT

For the attention of: Mr Nathaniel Dyer, Campaigner, DR Congo
BY EMAIL: ndyer@globalwitness.org

4 June 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 with regard to a report that you have indicated you are planning to release.

At the outset, you should be aware that we are committed to maintaining the highest
working standards and take your enquiry extremely seriously. With this in mind, we are
disappointed that you refused our request for further particulars of the matters raised
and details of the evidence that you have indicated you have. Plainly, this makes it
extremely, and unnecessarily, difficult for SOCO International plc (the
"Company"/"SOCO"), to properly investigate these matters. We would therefore again
request that you provide us with this information. Should you proceed to publish a report
without providing us with anything more than the limited information we have received
to date, we trust that at the very least you will consider this letter and include this
contribution in full in any report that you decide to publish.

A number of false and inaccurate allegations have been levelled against the Company in
recent years, particularly in the last month, 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 the
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 Global Witness**

As alluded to above, you have made some extremely sweeping and serious allegations against the Company, which include the following:

- That the Company may have broken UK bribery laws and made illicit payments in order to secure its access to Block V;
- That Company employees turned a blind eye to security contractors contacting and making possible payments to rebel groups; and
- That the Company’s actions have helped to foster intimidation and violence in eastern Congo against opponents of oil exploration.

Further to our prior emails to Global Witness, we reiterate that we take allegations of this nature extremely seriously. We are committed to operating in an ethical and transparent manner and, consistent with this commitment, upon receipt of your enquiry we immediately offered to meet with you so that we could find out more about these allegations as well as details of the evidence that you have to support them, and so that we could properly investigate them and provide an appropriate response. However, despite our requests at the meeting in May and in our email which preceded the meeting, you have refused to provide any further information or evidence to support the allegations. As a result, we have not been given any genuine opportunity to investigate and properly address the allegations presented. We do not understand your reluctance in this regard, as we had understood that we both had the same aim of getting to the truth of these allegations.

Notwithstanding the above we address these matters as best we are able under the circumstances below:

**A. Illicit payments**

Your enquiry contains various allegations regarding bribery. The primary source cited is the 2014 film “Virunga” (the “Film”). Please note that the Film contains multiple inaccuracies and many entirely false statements concerning the Company’s operations. In light of these serious failings, the Film is the subject of a legal complaint and our lawyers are in the process of advising on our rights in this regard. As such, it should not be relied on as a basis on which to form any conclusions or base any allegations.

The above notwithstanding SOCO strives to ensure the best working practices, and to implement robust policies and procedures commensurate with a company of our size, resources and risk profile.

The Company operates 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 any allegation to the contrary is categorically denied. 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.

Although there has been insufficient information to fully respond at this stage, we can confirm that we have instigated the procedures in our Code based on the information available.

B. Opposition to oil exploration

We condemn the use of violence and intimidation and are committed to ensuring that all of our activities in the DRC, and elsewhere, are conducted in accordance with the strict ethical policies.

It is however a fact that the general security status in the DRC is unstable and tense. The Park 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 solely concerned with oil exploration. As Chief Warden of Virunga National Park, his responsibilities and interests go far beyond anything to do with oil exploration and include dealing with rebel forces, poaching, fishing quotas and overfishing, charcoal trafficking and 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 that 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.

²http://www.theguardian.com/world/2014/apr/16/belgian-warden-drc-congo-national-park-attack
The detention of Mr Katembo in September to October 2013

We addressed the detention of Mr Katembo on our website on 1 October 2013.\(^1\) To 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 Mabayma, 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 Mabayma, 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.

C. Contact with rebels

It goes without saying that contact with rebels is inevitable as part of operating in the region, however, at no time has any contact between SOCO or its security contractors with any Congolese rebel groups been instigated by SOCO or its security contractors. Nor has any evidence been presented of any of these rebel groups receiving any funds from us. Indeed, there is no evidence that rebel groups or leaders have received any money from either SOCO or its security contractors. For the avoidance of doubt we can confirm that the Company does not instigate contact with rebels nor are payments made by us to rebels.

Payments to rebel groups have never been nor will ever be sanctioned by SOCO. As noted above, we are fully committed to conducting our business in an honest and ethical manner and ensuring that the health and safety of people and the protection of the environment remain business priorities. However, we also recognise that our security contractors and employees are working day to day in a tense environment due to the prevalence of rebel militia groups. SOCO cannot prevent contact attempts from the rebels, but absolutely does not sanction such contact.

We presume that these enquiries of which there is no evidential basis stem from the Film. As stated above, the Film is subject to legal complaint and as such we trust you will not seek to rely on it in any report you are preparing.

It appears that the allegations are largely a regurgitation of existing allegations and, as such, if you were to proceed to publish these allegations, despite the above, then at the very least, in the interests of 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.

\(^1\) 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 region’s 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 procedure 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.

In conclusion, I would like to reiterate that SOCO absolutely will not tolerate transgressions against our strict policies and procedures governing appropriate interaction with all of our stakeholders. If, despite our best efforts, there is evidence suggesting that certain individuals have violated these, we will investigate thoroughly and deal with each and every incident accordingly.

Yours faithfully

[Signature]

Roger D. Cagle  
Deputy Chief Executive Officer  
SOCO International plc
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 this website.