



**OIL AND NATURAL GAS CORPORATION LIMITED**

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To

**Dr Harpreet Kaur,  
South Asia Researcher & Representative  
Business & human Rights Resource Centre  
London**

**Email: [kaur@business-humanrights.org](mailto:kaur@business-humanrights.org)**

Dear Mam,

**Sub: Response to your email dated May 13, 2014- Concerns from Business Resource & Human Resource Centre**

Reply to your email dated 13 May 2014 addressed to CMD, ONGC wherein you have expressed human rights concerns on the ONGC operations in Sudan and Myanmar in the Case Study: "Extractive and human rights" is as below:-

**1. Reply regarding references to ONGC Operations in Sudan**

ONGC Videsh Ltd (OVL) has been conducting petroleum operations jointly with other partners in Blocks 1, 2 & 4 in Sudan and Blocks 1, 2 & 4 and Block 5A in South Sudan in compliance with all the relevant laws and regulations applicable. In particular, as a signatory to the UN Global Compact (UNGC) Principles, we treat matters of corporate social responsibility (CSR) with utmost importance and aim to further their implementation all the times.

The development of oil industry in Sudan and the resultant economic benefits slowly led towards the end of civil war in Sudan and paved way for the Comprehensive Peace Agreement (CPA) in 2005. The oil industry not only generated wealth for its people but also provided numerous opportunities of employment and infrastructural development in that country.

Post secession in July 2011, South Sudan has emerged as an independent country and the people in Sudan and South Sudan experienced the benefits of peace and development and realized that the only way to stability and growth is through peaceful coexistence, mutual cooperation and development of natural resources for the welfare of the people. Revenue from oil production has been one of the key considerations and major influence in arriving at the “Oil Agreement” signed on 27 September, 2012 between the Government of Sudan and the Government South Sudan leading to subsequent resumption of petroleum operations in South Sudan. These agreements are giant steps towards a better democratic setup based on equality and peaceful settlement of disputes among various political groups and communities for mutual benefit.

It may be clarified that OVL and its Joint Operating Companies have their operations exclusively devoted to exploration and production (E&P) of oil and gas related activities in Sudan and South Sudan. ONGC Videsh along with other partners have been striving to develop the petroleum resources in the two countries for mutual benefit, stability of the region and welfare of the local communities. It has been explained in our previous interactions with MN Services and other investor groups that ONGC Videsh has no connection with any human rights violation or other past or recent activities/ incidents in Sudan.

## 2. Reply regarding references to ONGC Operations in Myanmar

ONGC through one of its subsidiary holds a minority stake of 8.347% along with the other Shwe Consortium members in the On-shore Gas Pipeline Project constructed by South East Asia Gas Pipeline Company Limited (SEAGP) in which the majority stake is held by South East Asia Pipeline Company Limited (a CNPC subsidiary). ONGC does not hold any stake in the Oil Pipeline Project constructed by South East Asia Oil Pipeline Company Limited.

In addition ONGC through its subsidiary is a participant in the Shwe Consortium where Daewoo International, Korea is the Operator. We also learn that Business & Human Rights Resource Center contacted Daewoo in early June of 2011 and no communications were exchanged thereafter.

We along with other Shwe Consortium members participate in the SEAGP Operated Onshore Gas Pipeline Project to a reasonable extent through a director on the Board of SEAGP or via General Shareholders' Meetings. We have helped SEAGP to build an internal governance to address human rights and environmental issues rightfully. Furthermore, once we receive any allegation as to SEAGP or the project, we directly requested them to provide us with fact-based information and to take an immediate measure on the concerned issues.

For land issues, SEAGP has a well-established standard for land acquisition and compensation guided by the relevant authorities of Govt. of Myanmar and MOE's special officers and MOGE officers. SEAGP has followed the established procedures strictly for land acquisition and compensations. All related parties and people, including MOE special officers, MOGE officers, department heads of local government, town and village leaders and villagers, participated in all land acquisition activities implemented by SEAGP, including surveying and measurement, checking, determining compensation standard, applying for approval and payment. While making the compensation, the amounts were always paid in cash directly to the locals along the pipeline and the whole process was under the strict supervision by the people from Myanmar government and authorities. SEAGP has timely solved the problems occurred during the implementation so as to protect the benefits of owners and farmers along the pipeline.

We have checked whether or not the standard has been met in the course of the land acquisition process. We have tested with SEAGP any allegation made against SEAGP, and do not let it go until the allegation is resolved. In view of the foregoing we are quite confident that no improper actions took place in the Onshore Gas Pipeline Project and land acquisition process in particular. SEAGP has timely solved the problems occurred during the implementation so as to protect the benefits of owners and farmers along the pipeline.

We are also aware that in order to ensure and implement transparency in the Project, SEAGP has publishes the information about the project in local media. The company has set up a special department, the Public Relations Department, to implement the said work. Since the start of the project construction, SEAGP has held three media conferences to introduce the land compensation procedure, pipeline security and commissioning as well as operations in detail, and also

took questions during the conferences, which enables the Myanmar local communities to thoroughly understand the pipeline project in whole. In addition, SEAGP has developed and kept smooth and sound communication with the local main TV groups and newspapers, such as, MRTV4, SKYNET, Eleven Daily News, 7 Day News Journal, and Myanmar News Post Journal, and timely informed the said organizations of the main progress of the project. The main media and NGOs have had detailed knowledge of the project progress, pipeline operation and other related status.

We understand from SEAGP that they information transparency has been followed as a business principle. BBC and Bloomberg has also interviewed SEAGP and reported on the project last year.

Except the said issues raised in the reports, SEAGP have responded multiple times to the Earth Rights International, Norges Bank Investment Management (NBIM) and APG Group on the 'Human Rights' allegations and complaints. However, through our investigation, such allegations and complaints are lack of evidence and inconsistent with the facts.

It may be worthwhile to mention here that the project has brought positive changes to the livelihood and development of local community along the pipeline. The project has led to increase in local job opportunities, implement schools and hospital construction programs, building and repairing bridges and roads, supplies donations, supporting poor students and poverty-stricken people, and donations to temples.

We will keep encouraging SEAGP, and the SEAGP management is committed, to strictly abide by internationally accepted laws and regulations.

Concerning the accusation against Daewoo and KOGAS related to the activities of Shwe Consortium for violating the OECD guidelines appear to be based on the groundless assumptions that the Shwe Project and the Yadana Project are of similar nature and hence what happened with Yadana Project might happen with the Shwe Project. Daewoo, as operator of the project, places a high value on the interaction and dialogues with stakeholders including local communities, local authorities, village leaders and normal villagers. Daewoo has carried out the project development in line with globally accepted standards and it ensures that no single case of forced eviction occurred in the course of the operations. The operator has also nominated a Socio-Economic Coordinator to manage the relations and furthermore, have stationed a communication assistant in the

project related areas in pursuit of listening to an individual voice from local villagers. We firmly believe the Socio Economic Program conducted by Daewoo from 2006 is also based on sincere and continued communication with local communities. Furthermore, Daewoo has been equipped with its own code of conduct which manifests its global commitment to the International Labor Organization's Declaration on Fundamental Principles and Rights at Work. Taking into account the above-mentioned, the Korean NCP concluded the allegation was also not founded on the fact.

Yours Faithfully,

(IRC, ONGC)