

**Initial Assessment by the UK  
National Contact Point for the  
OECD Guidelines for  
Multinational Enterprises**

**COMPLAINT FROM ASSOCIATION  
DES HABITANTS DE NDOGPASSI I,  
II ET III [NDOGPASSI I, II AND II  
RESIDENTS ASSOCIATION] (AHN)  
AND CERCLEDE BON VOISINAGE  
DE LOGMAYANGUI  
[LOGMAYANGUI GOOD  
NEIGHBOURS CIRCLE] (CBVL)  
AGAINST VICTORIA OIL & GAS  
PLC (VOG)**

**DECEMBER 2018**

# Contents

<b>Contents .....</b>	<b>2</b>
Summary of the UK NCP decision.....	3
Substance of the complaint .....	3
Guidelines provisions cited .....	4
The Initial Assessment process .....	8
Handling process.....	8
UK NCP decision.....	9
Identity of the complainants and their interest in the matter .....	9
Whether the issue is material and substantiated.....	10
Relevance of applicable law and procedures, including court rulings.....	10
Whether the consideration of the specific issue would contribute to the purpose and effectiveness of the Guidelines .....	11
Next steps .....	12

## Summary of the UK NCP decision

- The complainants are:
  - Association des Habitants de Ndogpassi I, II et III [Ndogpassi I, II and III Residents Association] (**AHN**), and
  - Cercle de Bon Voisinage de Logmayangui [Logmayangui Good Neighbours Circle] (**CBVL**)
- The complaint concerns the activities of Victoria Oil & Gas plc (**VOG**) at the Logbaba Gas Project in Cameroon.
- The UK National Contact Point (NCP) for the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct (the Guidelines) has decided that issues raised in the complaint merit further examination.
- This initial assessment decision is made on the basis of the initial information offered by the parties. The decision to examine further the claim is not a finding against VOG.
- The NCP will now offer the parties mediation. If the parties do not want to mediate or cannot reach agreement, the NCP will examine further the claim about whether VOG's actions are consistent with the Guidelines.

## Substance of the complaint

1. The complaint has been brought jointly by two parties:
  - AHN, a group that aims to combat poor health conditions in Ndogpassi I, II and III, and
  - CBVL, a community group for the residents of Logmayangui aimed at improving the health and social and cultural development of its members.

In the process of preparing the complaint, the parties were assisted by Centre d'actions pour la Vie et pour la Terre (CAVT), an organisation that provides technical, legal and social advice on projects and activities of the type undertaken by the respondent. CAVT continue to provide this assistance to the complainants on an ongoing basis.

2. Victoria Oil and Gas plc (VOG) is a London-based company, which wholly owns Gaz du Cameroun S.A. (GDC), which in turn has a 57% interest in the Logbaba Gas Project (the Project) in the port city of Douala, Cameroon.

3. The allegations are that VOG is linked to historical and ongoing breaches of the OECD Guidelines for Multinational Enterprises (the Guidelines) in relation to the establishment and operation of the Project.
4. The company has provided a response to say that it has always operated to the required standards and where necessary, taken the appropriate actions to address the identified issues.
5. The UK NCP's Initial Assessment is that:
  - The claim that the company did not take the appropriate actions in the process of establishing the Project, and therefore did not act consistently with the Guidelines, merits further examination.
  - The claim that the company continues to act inconsistently with the Guidelines merits further examination.
6. This Initial Assessment decision is made on the basis of the initial information provided by the parties. The decision to examine further the claims about the company's conduct is not a finding against it.
7. The UK NCP will now offer the parties mediation. If the parties do not want to mediate or cannot reach an agreement, the UK NCP will examine further the claims about the company's conduct to reach a finding as to whether it met its obligations under the Guidelines.

### **OECD Multinational Enterprises Guidelines provisions cited**

8. The complainants have cited a number of issues in the complaint. However, they specifically refer to the following articles of the Guidelines:

#### ***Chapter II General Policies***

*Enterprises should take fully into account established policies in the countries in which they operate, and consider the views of other stakeholders. In this regard:*

- A. *Enterprises should*
  1. *Contribute to economic, environmental and social progress with a view to achieving sustainable development.*
  2. *Respect the internationally recognised human rights of those affected by their activities.*

4. *Encourage human capital formation, in particular by creating employment opportunities and facilitating training opportunities for employees.*
7. *Develop and apply effective self-regulatory practices and management systems that foster a relationship of confidence and mutual trust between enterprise and the societies in which they operate.*
10. *Carry out risk-based due diligence for example by incorporating it into their enterprise risk management systems, to identify, prevent and mitigate actual and potential adverse impacts as described in paragraphs 11 and 12, and account for how these impacts are addressed. The nature and extent of due diligence depend on the circumstances of a particular situation.*
14. *Engage with relevant stakeholders in order to provide meaningful opportunities for their views to be taken into account in relation to planning and decision making for projects or other activities that may significantly impact local communities.*

### **Chapter III Disclosure**

1. *Enterprises should ensure that timely and accurate information is disclosed on all material matters regarding their activities, structure financial situation, performance, ownership and governance. This information should be disclosed for the enterprise as a whole, and, where appropriate, along business lines or geographic areas. Disclosure policies of enterprises should be tailored to the nature, size and location of the enterprise, with due regard taken of costs, business confidentiality and other competitive concerns.*
2. *Disclosure policies of enterprises should include, but not be limited to, material information on:*
  - a) *the financial and operating results of the enterprise;*
  - b) *enterprise objectives;*
  - c) *major share ownership and voting rights, including the structure of a group of enterprises and intra-group relations, as well as control enhancing mechanisms;*
  - d) *remuneration policy for members of the board and key executives, and information about board members, including qualifications, the selection process, other enterprise directorships and whether each board member is regarded as independent by the board;*
  - e) *related party transactions;*

- f) *foreseeable risk factors;*
- g) *issues regarding workers and other stakeholders;*
- h) *governance structures and policies, in particular, the content of any corporate governance code or policy and its implementation process.*

#### **Chapter IV, Human Rights**

*States have the duty to protect human rights. Enterprises should, within the framework of internationally recognised human rights, the international human rights obligations of the countries in which they operate as well as relevant domestic laws and regulations:*

- 1. *Respect human rights, which means they should avoid infringing on the human rights of others and should address adverse human rights impacts with which they are involved.*
- 4. *Have a policy commitment to human rights*
- 6. *Provide for or co-operate through legitimate processes in the remediation of adverse human rights impacts where they identify that they have caused or contributed to these impacts.*

#### **Chapter V Employment and industrial relations**

*Enterprises should, within the framework of applicable law, regulations and prevailing labour relations and employment practices and applicable international labour standards:*

- 1.
  - a) *Respect the right of workers employed by the multinational enterprise to establish or join trade unions and representative organisations of their own choosing.*
  - b) *Respect the right of workers employed by the multinational enterprise to have trade unions and representative organisations of their own choosing recognised for the purpose of collective bargaining, and engage in constructive negotiations, either individually or through employers' associations, with such representatives with a view to reaching agreements on terms and conditions of employment.*
  - c) *Contribute to the effective abolition of child labour, and take immediate and effective measures to secure the prohibition and elimination of the worst forms of child labour as a matter of urgency.*

- e) *Be guided throughout their operations by the principle of equality of opportunity and treatment in employment and not discriminate against their workers with respect to employment or occupation on such grounds as race colour, sex, religion, political opinions, national extraction or social origin, or other status, unless selectively concerning worker characteristics furthers established governmental policies which specifically promote greater equality of employment opportunity or relates to the inherent requirements of the job.*
5. *In their operations, to the greatest practicable, employ local workers and provide training with a view to improving skill levels, in co-operation with worker representatives and, where appropriate, relevant governmental authorities.*
6. *In considering changes in their operations which would have major employment effects, in particular in the case of the closure of an entity involving collective lay-offs or dismissals, provide reasonable notice of such changes to representatives of the workers in their employment and their organisations, and, where appropriate, to the relevant governmental authorities, and co-operate with the worker representatives and appropriate governmental authorities so as to mitigate to the maximum extent practicable adverse effects. In light of the specific circumstances of each case, it would be appropriate if management were able to give such notice prior to the final decision being taken. Other means may also be employed to provide meaningful co-operation to mitigate the effects of such decisions.*

## **Chapter VI Environment**

*Enterprises should, within the framework of laws, regulations and administrative practices in the countries in which they operate, and in consideration of relevant international agreements, principles, objectives, and standards, take due account of the need to protect the environment, public health and safety, and generally to conduct their activities in a manner contributing to the wider goal of sustainable development. In particular, enterprises should:*

1. *Establish and maintain a system of environmental management appropriate to the enterprise.*
3. *Assess, and address in decision-making, the foreseeable environmental, health, and safety-related impacts associated with the processes, goods and services of the enterprise over their full life cycle with a view to avoiding or, when unavoidable, mitigating them. Where these proposed activities may have*

*significant environmental, health, or safety impacts, and where they are subject to a decision of a competent authority, prepare an appropriate environmental impact assessment.*

4. *Consistent with the scientific and technical understanding of the risks, where there are threats of serious damage to the environment, taking also into account human health and safety, not use the lack of full scientific certainty as a reason for postponing cost-effective measures to prevent or minimise such damage.*
5. *Maintain contingency plans for preventing, mitigating, and controlling serious environmental and health damage from their operations, including accidents and emergencies; and mechanisms for immediate reporting to the competent authorities.*
6. *Continually seek to improve corporate environmental performance, at the level of the enterprise and, where appropriate, of its supply chain.*
7. *Provide adequate education and training to workers in environmental health and safety matters, including the handling of hazardous materials and the prevention of environmental accidents, as well as more general environmental management areas, such as environmental impact assessment procedures, public relations, and environmental technologies.*
8. *Contribute to the development of environmentally meaningful and economically efficient public policy, for example, by means of partnerships or initiatives that will enhance environmental awareness and protection.*

## **The Initial Assessment process**

9. The Initial Assessment process is to determine whether the issues raised merit further examination. It does not determine whether the company has acted inconsistently with the Guidelines.

### **Handling process**

10.

13 February 2018	UK NCP receives the complaint in French.
27 February 2018	UK NCP acknowledges the receipt of the complaint to the complainants. The UK NCP also states that an independent translation of the complaint will need to be carried out, which will result in a deviation from the normal timeframe for

	dealing with cases.
17 April 2018	UK NCP shares the translated complaint with the company and the complainant.
17 May 2018	UK NCP receives the response from the company.
26 June 2018	UK NCP requests further information from the company for the purpose of clarity.
31 July 2018	UK NCP receives the further information.
25 September 2018	UK NCP issues draft Initial Assessment to the parties for approval.
19 October 2018	UK NCP receives parties' comments after a follow-up for clarification.
23 November 2018	UK NCP agrees a final version of the Initial Assessment with all parties.
20 December 2018	UK NCP issues Initial Assessment.

11. All documents provided in the complaint and response have been shared with both parties.
12. The UK NCP offered each party the opportunity to meet / discuss to explain the process. The offer to meet was taken up by the company.

## UK NCP decision

13. The UK NCP's decision to allow further examination of the complaint takes account of the following criteria, as set out in the Guidelines implementation procedures:

### Identity of the complainants and their interest in the issue

14. The complainants have stated that they are registered organisations with specific objectives:
  - AHN's aim is to combat poor health conditions around the area of the Project for the benefit of local residents.
  - CBVL's aim is to raise awareness of health and hygiene issues amongst the residents living near the Project, to promote the social and cultural development of its members and, to also promote the spirit of mutual assistance and friendly relations amongst its members.
  - CAVT's aim is to provide technical, legal and social advice on projects and activities of the type undertaken by the respondent. Its assistance was requested by the other two organisations and it is on this basis that AHN and CBVL asked for CAVT to be included as a complainant.

Their joint interest in bringing the complaint is to represent the neighbouring population allegedly affected by the Project.

## **Whether the issue is material and substantiated**

15. The complainants have provided information about how members of the local population have allegedly been affected by activity related to the Project. The complainants have provided evidence or referred to verifiable accounts of events undertaken in relation to the Project to support this. They also refer to scientific work undertaken by one of the complainants, which is alleged to support specific parts of their complaint.
16. In response to the complaint, the company says it is confident that where required, all its activity in relation to the Project meets the required standards. The company has also stated that in some areas, its standards exceed those that are normally required for such a facility. The company also says that where it has identified lapses in its processes, it has taken action to remedy them. The company has substantiated these statements with copies of reports that were produced in the process of establishing and running the Project. It has also provided evidence to support the assertion that work undertaken at the early development stages of the Project met required standards. The company has also provided material to support its claim that where appropriate, it has engaged with the local community around the Project and that it continues to maintain good working relations with its workforce.

## **Whether there seems to be a link between the enterprise's activities and the issues raised**

17. As at time of writing, ownership interest in the Project is proportioned as follows:

Gaz du Cameroun -	57%
RSM Production Corporation -	38%
Societe Nationale des Hydrocarbures -	5%

VOG is the sole owner of Gaz du Cameroun (GDC) and it is on this basis that the complaint has been brought against them.

18. The company confirms that it owns GDC and that GDC is the majority shareholder in the Project. The company has stated that when issues relating to the Project have been recognised, it takes the appropriate action to remedy them.
19. The UK NCP considers that the information provided by the parties substantiates a link between VOG and GDC, and by association the issues raised in the complaint. The parties disagree on whether the

appropriate processes and procedures were followed in the establishment and ongoing running of the Project. The UK NCP considers that a further examination would be required to establish if the processes and procedures were applied in a timely, practicable and appropriate way to ensure that the interests of all parties were represented.

### **Relevance of applicable law and procedures, including court rulings**

20. The complaint refers to local laws and decrees that should be observed in the process of managing a project of this nature. The complainants refer to Law No 96/12 of 5 August 1996 introducing the Framework-Law on environmental management in Cameroon and Decree No 2005/ 0577PM of 23/02/2005. According to the complainants, both are relevant to the standards any company must meet when conducting initial assessments on a project of this type. The company has stated that it meets with all applicable laws.

### **Whether the consideration of the specific issue would contribute to the purpose and effectiveness of the Guidelines**

21. The complainants propose that VOG, as the owner of GDC, should undertake the following actions:
  - It should set up a framework for collaboration and dialogue with the local community as soon as possible;
  - It should identify and remedy without delay all the impacts caused by the activities pursued at the gas production site;
  - It should comply with Cameroon legislation concerning gas exploitation;
  - In collaboration with the local community, it should produce a plan designed to implement the following 5 Guidelines in the management of its project: General Principles, Disclosure, Human Rights, Employment and Industrial Relations and Environment.
22. The company accepted an invitation to respond to the complaint. The response provided by the company included information on the work that had been conducted prior to the establishment of the Project, the engagement processes it had undertaken with the affected communities and how the Project has been managed on an ongoing basis. The company acknowledges that a number of the issues raised by the complainants have been brought to their attention. They have also stated that on such occasions, they have either acted in the appropriate way to address them or that the issues have been dealt with through existing processes.
23. The parties disagree on how the historical processes and procedures leading up to the establishment of the Project were managed. The

parties also disagree on how ongoing collaboration and dialogue is managed between GDC and the local community, how environmental matters in relation to the operation of the Project are handled and whether the Project complies with Cameroonian legislation. The complainants also request that a specific plan be drawn up to address aspects of the Guidelines. The UK NCP believes that these issues can potentially be resolved by the process of mediation.

24. The conclusions reached by the UK NCP in this initial assessment are based on the information it has been passed by both parties. They relate to whether the issues raised are material to the Guidelines and if they can be substantiated. It is not an assessment of the likely outcome of further examination.

## **Next steps**

25. The UK NCP will formally ask the parties whether they are willing to engage in a mediation/conciliation process with the aim of reaching a settlement. Subject to their response, the UK NCP will liaise with the parties to arrange mediation meetings. If these meetings achieve a resolution, the UK NCP will reflect this in a Final Statement without making a determination on whether VOG acted consistently with the Guidelines. If a mediated solution is not possible, the UK NCP will conduct a separate examination into the issues and will reflect the outcome in a Final Statement. This will include any findings about whether the company acted consistently with the Guidelines.

**November 2018**

**UK National Contact Point for the OECD Guidelines for Multinational Enterprises**