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## Specific instance "Perenco in Tunisia"

### Follow-up Statement of the French NCP for the RBC 27 February 2024

**The NCP notes the deepening of Perenco Group's policy on Responsible Business Conduct and its engagement with stakeholders. The NCP terminates the monitoring of this instance specific.**

**As stated in the Procedural Guidelines of the OECD Guidelines for Responsible Business Conduct, following a specific instance proceeding and after consultation with the parties involved, the NCP for Responsible Business Conduct makes the results of the procedure public.**

**Although no agreement between the parties could be reached in the present case, as the complainants took the unilateral decision to withdraw from the procedure before it was completed, the French NCP issued a final statement which included eight recommendations addressed to Perenco in the context of its activities in Tunisia. This statement reports on the follow-up to its recommendations.**

#### 1. Presentation of the French NCP for the RBC and its role

The French National Contact Point for Responsible Business Conduct ("NCP for the RBC") is a tripartite non-judicial dispute settlement body for the implementation of the OECD Guidelines for Multinational Enterprises. Its mission is to ensure the effectiveness of the Guidelines by promoting them and contributing to the resolution of issues raised under the specific instance procedure through its good offices, mediation and conciliation. It shall endeavour to examine the issues raised as soon as possible. It shall publish its decisions on its website.

#### 2. Summary of handling of the specific instance

The French NCP received on 16 July 2018 a specific instance submitted by two non-governmental organisations, *Avocats Sans Frontières* (an international NGO based in Belgium and present in Tunisia via a local office) and *I Watch* (a Tunisian NGO) concerning the multinational company *Perenco* with regard to hydrocarbon exploration and production activities conducted in Kébili in Tunisia. The referral was forwarded to the NCP's members on 14 August 2018.

The NCP acknowledged receipt of the referral on 27 August 2018. It accepted the referral on 2 October 2018 and then offered its good offices to the parties. It had to extend the initial assessment following Perenco's questions about the competence of the French NCP, that the group contested.

The NCP conducted its good offices between December 2019 and December 2020, including a mediation meeting in September 2020. Before the end of the proceeding, the complainants unilaterally decided to withdraw from the specific instance.

In view of this withdrawal and the duration of this proceeding, at its meeting on 10<sup>th</sup> December 2020, the

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NCP decided to terminate its good offices and moved to the conclusion phase of the proceeding to prepare its final decision, while encouraging the parties to exchange in the most appropriate format.

The NCP, through a Final Statement dated 9 September 2021, addressed 8 recommendations to Perenco aimed at deepening its due diligence policies and tools as conceived in the Guidelines for Responsible Business Conduct.

### 3. Actions taken by the NCP to follow up on its recommendations

The NCP's Final Statement of 9 September 2021 addressed 8 recommendations to the multinational enterprise concerned by the Specific Instance and foresaw their follow-up.

The head of NCP for RBC had several exchanges with Perenco. The enterprise was also interviewed by the NCP on 10 October 2023. The complainants, due to their withdrawal during the proceedings, were informed about the follow-up on 8 May 2023 but were not involved in the process and the content of this follow-up. The two complainant NGOs (Avocats sans Frontières and I watch) approached the NCP Secretariat on 8 August 2023 with the request to be reintegrated in the specific instance proceeding to participate to the follow-up. The Secretariat replied negatively to this request on 24 August 2023.

The NCP adopted a draft follow-up Statement on 27 February 2024 and sent it to the Group for comments on 28 February 2024. The Group did not send any comment, and the follow-up statement was adopted on 21 March 2024. The NCP then published that Statement on its website and informed the OECD of the completion of the follow-up proceeding.

### 4. Results of the follow-up of the specific instance

The NCP thanks Perenco for its participation in the follow-up to the referral.

The NCP notes that since the publication of the Final Statement of the specific instance, the enterprise has formalized and structured its CSR policy, including:

- the establishment of a CSR Committee at Group level (2 meetings per year) in which the CEO and the enterprise's senior management participate
- the appointment of a CSR Director, based in London and reporting to the CEO.

The NCP notes that the Perenco Group's uptake of the OECD Guidelines for Responsible Business Conduct has progressed since the launch of the specific instance.

#### The NCP takes stock of the implementation of the 8 recommendations issued in September 2021 on the effectiveness of the OECD Guidelines:

**RECOMMENDATION 1:** *In accordance with recommendations II.A.10 and II.A.11 on due diligence, Perenco should strengthen its environmental and societal risks analysis tools of PTCL in order to put in place a system for risk management and risk analysis of actual and potential impacts of its activities as provided for in the Guidelines. These measures should be adapted and transposed at Group level to develop a due diligence strategy as foreseen by the OECD.*

The NCP notes that the Group has taken action in response to this recommendation: The enterprise carried out two environmental impact assessment studies (provided to the NCP Secretary General) which were validated by the Tunisian authorities and published in 2022 and 2023.

The company carried out various societal impact assessment studies, the results of which were included in the CSR report published on 06 November 2023 and in its non-financial performance report.

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➔ *Review of the follow-up to Recommendation 1: The NCP notes that the enterprise has put in place its own tools for assessing environmental and social impacts of its activities in Kébili. This policy contributes to better taking into account the enterprise's due diligence. In this context, it encouraged the Group to take better account of societal impacts in environmental studies it conducts, as it had also committed to do before the French NCP.*

**RECOMMENDATION 2:** *In accordance with recommendations II.A.10 and II.A.14 on due diligence, the NCP recommends that PTCL review its communication to its stakeholders “to account for how these impacts are addressed” and to “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 populations”. These measures should be adapted and transposed at Group level to develop a due diligence strategy as foreseen by the OECD.*

The enterprise states that exchanges between the enterprise and the authorities and between the enterprise and local communities are organized when significant activities (drilling campaign, laying of pipes, installation of wells, etc.) are carried out on the ground by Perenco. As part of this dialogue, the enterprise reports that communities' committees for local management have been set up, that they meet approximately on a quarterly basis and bring together an average of around 15 people.

➔ *Review of the follow-up to Recommendation 2: The NCP notes that, with regard to this recommendation, a process of formalizing the dialogue with the stakeholders concerned was carried out with the establishment of the Management Communities' Committees. The NCP encourages the enterprise to continue along this line and to aim at increasing stakeholder participation in these multi-stakeholder meetings.*

**RECOMMENDATION 3:** *The NCP recommends that Perenco France continue to modernize its corporate policy in order to make it a tool of due diligence for the responsible conduct of the Group. The NCP recommends that Perenco put in place a governance to ensure that its due diligence and sustainability policies are properly implemented, and that allows at the same time Perenco to support the subsidiaries and to ensure that they follow the group's guidelines. The NCP invites it to examine the feasibility of establishing a “CSR” Committee at the Group level and at the country level that would be open to the various relevant stakeholders. In this regard, the NCP invites Perenco France to raise awareness and train the Group's subsidiaries about the OECD Guidance on due diligence for the responsible business conduct (here) and the OECD due diligence guidance on meaningful stakeholders engagement in the extractive sector (here).*

The company stated that it had set up a CSR Committee in Tunisia (which meets frequently) and a CSR Committee at Group level (which meets twice a year). The CEO and the enterprise's senior management are members of the Group's CSR Committee, which maintains regular contact with the CSR Committees of the Group's various subsidiaries around the world. The Group also appointed a CSR Director, based in London and who reports to the CEO.

The Group's CSR report was published online on 6 November 2023. The enterprise informed the NCP of this publication and send this document to the NCP. The report is relatively comprehensive. It includes an introductory message from Perenco's CEO. In addition, several references are made to the OECD Guidelines. Moreover, pages 82 to 90 deal more specifically with the company's due diligence policy.

Finally, the introduction of a more structured CSR policy was considered positive by the Perenco's representatives interviewed by the French NCP both as regards the Group's internal communication and as regards the relationship with suppliers.

➔ *Review of the follow-up to Recommendation 3: The NCP notes that Perenco now has a CSR structured policy that is operational through the CSR committees in its subsidiaries abroad, the CSR Committee at Group level and its newly created CSR Department. Furthermore, the NCP takes note of the involvement of the company's senior management in these structures. In addition,*

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it suggests that Perenco include elements relating to CSR performance in the system for calculating the remuneration of the Group's employees.

*Recommendation 4: In accordance with recommendations A.10, 11, 12 and 13 of chapter II on due diligence and 1 to 6 of chapter IV on human rights, the NCP recommends that Perenco France integrate the OECD Guidelines and their various guides into the “operations, products and services” that it provides to its business relationships within the Group – operational subsidiaries – and to “encourage, where practicable, business partners to apply principles of responsible business conduct compatible with the Guidelines”. These services could notably include the establishment of processes for identification, monitoring and management of environmental risks (impacts on water, soil, air, health and safety) and on human rights, as well as ways of sharing information on their results with stakeholders (e.g. local and health authorities, surrounding populations). In addition, it is important to ensure that these services include the monitoring of corrective measures or remedial measures in the event of negative impacts on the environment, workers and human rights, as well as communication actions on the due diligence measures taken. Perenco France could, for example, establish a standard benchmark of the group for environmental and societal impact assessments, as well as a group policy on facilitating engagement with local stakeholders in order to support subsidiaries so that they take the OECD Guidelines into account. These tools should be endorsed by the Group's executive management.*

The company states that it put in place due diligence systems (software) within its Purchasing Department (which has been the subject of several training courses on the subject of due diligence) in order to encourage its business partners to apply the principles of responsible business conduct in accordance with the OECD Guidelines.

Furthermore, contracts between Perenco and its suppliers integrate clauses referring to the OECD Guidelines. An example of a contract was provided to the NCP.

➔ *Review of the follow-up to Recommendation 4: The NCP notes that Perenco now has tools to assess its business relationships in terms of responsible business conduct. In addition, reference is made to the OECD Guidelines for Responsible Business Conduct in contracts between Perenco and all its suppliers. The NCP takes note of this progress in taking the Guidelines into account.*

**RECOMMENDATION 5:** *In accordance with recommendation 5 of chapter V, the NCP recommends that Perenco “to the greatest extent practicable, employ local workers and provide training to improving skill levels, in co-operation with worker representatives and, where appropriate, relevant governmental authorities” for its activities in Kébili. In addition, the NCP encourages Perenco to provide information to its stakeholders in Tunisia on the direct and indirect impact of its activities on employment and the economy in Kébili by distinguishing the role of subcontracting.*

The company states that in Tunisia, the company has 97% Tunisian staff. In addition, 60% of the employees come from Kébili region. In addition, the Group indicated that it encouraged its employees to apply for jobs in its subsidiaries abroad.

Finally, with regard to vocational training, the Group indicated that it was taking repeated action (the example of a mobile training barge was cited before the NCP) with its employees in Tunisia.

➔ *Review of the follow-up to Recommendation 5: The NCP notes that Perenco Tunisia makes extensive use of the local and national employment roster in Tunisia. In addition, the NCP notes that the Group promotes the international mobility of employees of its subsidiaries abroad. Finally, the NCP takes note of the Group's vocational training policy for its employees abroad.*

**RECOMMENDATION 6:** *In accordance with recommendations 2a, 2d, 2e, 2h and 3a of chapter III, the NCP recommends that PTCL provide information on its financial and operating results and taxation, as discussed in the Guidelines in Chapter XI. This could involve a commitment to take into*



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*account OECD recommendations on international taxation, for example, in the form of a code of good conduct. These measures should be transposed at Group level to allow transparency as foreseen by the OECD.*

Tunisia is not member of EITI. In the light of information brought to the attention of the NCP, it seems that its plan to join this initiative now is frozen. In this respect, the Group states that it encourages the Government to continue its participation in the EITI.

It should also be noted that in Tunisia the enterprise's accounts are audited by the State, the members of the JV and an External Auditor, in accordance with local legislation.

➔ *Review of the follow-up to Recommendation 6: The NCP encourages Perenco to continue to actively promote EITI membership to Tunisian authorities.*

**RECOMMENDATION 7:** *In accordance with recommendation 2 of chapter VI of the Guidelines, the NCP recommends that Perenco Taking into account concerns about cost, business confidentiality, and the protection of intellectual property rights: a) Provide the public and workers with adequate, measureable and verifiable (where applicable) and timely information on the potential environment, health and safety impacts of the activities of the enterprise, which could include reporting on progress in improving environmental performance; and b) Engage in adequate and timely communication and consultation with the communities directly affected by the environmental, health and safety policies of the enterprise and by their implementation”.*

The Group's website has been restructured and completed, in particular with regard to CSR aspects. The Group's CSR report has been available online since November 2023.

➔ *Review of the follow-up to Recommendation 7: The NCP notes that the reshuffling of Perenco's website, in favour of better sharing of information on the company's activities, has been carried out. The Group's CSR report is now available online and has been shared with the NCP.*

**RECOMMENDATION 8:** *The NCP recommends that Perenco incorporate detailed elements of the Group's governance into its information disclosure. It invites Perenco to continue its work on its non-financial reporting and on sustainability. For example, the NCP recommends that Perenco follow recommendations 1 to 4 of chapter III of the Guidelines about the disclosure of financial, non-financial and governance information to deepen and enrich Perenco France's DPEF and the Group's sustainability report. This report could, for example, refer to sectoral standards (e.g.: Security, human rights, environment), include objectives and indicators, and present Perenco's due diligence mechanism. The NCP recommends that the Group publish both reports on its website.*

Perenco's non-financial performance report is available online and takes into account social and environmental aspects. In addition, in 2024 the enterprise will record the volume of consultations (number of hits) of the CSR components on its website.

➔ *Review of the follow-up to Recommendation 8: The NCP notes that Perenco's non-financial performance report is available online. This report includes structured societal and environmental components. The NCP welcomes the reshuffling of Perenco's website, in favour of better sharing of information on the company's activities. It encouraged the company to refer to the OECD Guidelines, which had already been included in the supplier contracts used by the Group.*

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**The NCP ends the monitoring of this specific instance.**