



Civil Society Coalition on Natural Resources (CSCNR) Juba, South Sudan

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PRESS RELEASE

CSCNR POSITION ON THE ASTOUNDING EXIT OF PETRONAS CARIGALI NILE LTD (PCNL) FROM SOUTH SUDAN OIL INDUSTRY

On August 7th 2024, the PETRONAS subsidiary, PETRONAS Carigali Nile Limited (PCNL) announced its immediate withdrawal of all operations in the Republic of South Sudan. To complete their exit, PETRONAS Consequently asked South Sudan's national Oil and Gas company Nilepet and other International Oil companies to at discretion acquire its participating interests in the Joint Operating, Exploration and Production Sharing Agreements governing oil production in South Sudan.

On 26th August 2024, PETRONAS announced that its legal unit had initiated a lawsuit against the Republic of South Sudan at the International Centre for Settlement of Investment Dispute for blockage of the divestment intention of its local assets worth \$1.25 billion. On 4th September 2024, South Sudan Minister of Investment alluded to the potential environmental pollution in South Sudan by oil companies including PETRONAS and called on the companies to restore the environment.

Over the years, the Civil Society Coalition on Natural Resources, community leaders, and other national and international NGOs operating in Unity and Upper Nile states have reported incidences of children being born with deformities in oil-producing areas potentially as a result of oil pollution. Such has been attributed to expectant mothers' exposure to toxic oil-produced water, contaminated water due to uncontrolled oil spill, and irresponsible management of oil waste. These pleas from civil society, local authorities and communities have often been ignored by both the Government of South Sudan and oil companies' allegedly due absence of scientific laboratory findings. The CSCNR has also repeatedly reminded oil companies as well as the national authorities of the right to remedy and reparation of victims of human rights violations that have occurred in relation to oil exploitation, a fundamental human right that has been denied up to today.

In 2022, the Ministry of Petroleum commissioned a comprehensive environmental audit of the oil sector. CSCNR has been directly participating in the audit exercise with the hope that the status of environmental pollution is ascertained, and appropriate urgent mitigation measures designed and implemented while ensuring that stakeholders in the oil sector responsible for any proven environmental mismanagement are held accountable. The CSCNR is mindful that the audit represents not a very welcome as well as an incomplete response to the legal requirements regarding Environmental and Social Impact Assessments (Petroleum Act, Section. 59; and Section. 100:8). It notably ignores any social impacts and is not aimed at providing remedy and reparation for adversely affected communities.

CSCNR is not only appalled by the hasty exit of PETRONAS but also skeptical about the timing of the exit in the brace of the environmental audit report. We are developing a sounding conviction that PETRONAS is not quitting its nearly 30 years operation in South Sudan due to the force majeure declared by the Sudanese Government, but rather attempting to escape responsibility for its roles in environmental pollution, social degradation, and its potential complicity in war crimes alongside Lundin Energy and OMV.

PETRONAS is one of the biggest shareholders in the South Sudan oil sector accounting for 40% shares,

and is liable for 40% responsibility of any environmental and social harm that it caused or contributed to over decades of their operation in the South Sudan oil sector. PETRONAS was a member of the Lundin Consortium, together with OMV from Austria. In 2021, former Lundin Executives Ian Lundin and Alex Schneider were indicted for complicity in war crimes when managing the Consortium in Block 5A in Unity State between 1997 and 2003.

In May 2024, at the request of the Austrian Center for Enforcement of Human Rights International (CEHRI), the Austrian Prosecutor opened a criminal investigation into OMV officials who worked with the Lundin Consortium for complicity in war crimes. PETRONAS is lingering with relish and unscathed due to a lack of jurisdiction and interest by other actors to make the company account for its role in war crimes that have brought tremendous suffering to South Sudanese people.

In light of the above unscrupulous traits of foreign oil companies which violated the South Sudan Petroleum Act 2012, internationally acceptable standards, and corporate social responsibility principles, the Civil Society Coalition on Natural Resources therefore calls on the Revitalized Transitional Government of National Unity (R-TGoNU) to enforce the following;

- a) Withhold the rights to the divestment of PETRONAS' participating interest in Joint Operating Agreement and Exploration and Production Sharing Agreements until the release of the Environmental Audit Report.
- b) Call on the Ministry of Petroleum to facilitate the immediate release of the Environmental Audit Report to allow the government on allotment of responsibilities for environmental pollution in accordance with the provision of Section 59 and 100 (8) of the South Sudan Petroleum Act 2012.
- c) Complement the environmental audit with a social audit, as prescribed by the law.
- d) In pursuance of the rights to remedy of the victims and families of war crimes and other human rights violations, and having regard to the evidence that has been made publicly available by the Swedish Prosecution Authority upon which former Lundin Executives are being prosecuted in Stockholm, Sweden, we call on the RTGoNU through the Ministry of Justice to seek the indictment of PETRONAS executives who operated alongside Lundin officials in an international justice system.
- e) Include in the above effort the circumstances referred to in the Report of the Commission on Human Rights in South Sudan of 21 February 2019, p. 138, that has led the Commission to conclude that oil companies "have caused or contributed to the ongoing armed conflict and the violations against civilian in their areas of operation..."
- f) Finally, we appeal to international oil and gas companies to shun any dealing with PETRONAS in regards to its participating interest in South Sudan as these assets are subject to scrutiny in regards to PETRONAS roles in environmental pollution and its related impact on humans and biodiversity.

CSCNR is a formation of 53 civil society organizations and workers' trade unions of petroleum and mining, united by the zeal for responsible investment and sustainable exploitation of natural resources, in accordance with the laws of South Sudan, environmental protection, internationally acceptable practices and adherence to polluter pay principles.

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