To Norges Bank

29 November 2022

UNOFFICIAL TRANSLATION

Recommendation to exclude Korea Gas Corporation from investment by the Government Pension Fund Global

Summary

The Council on Ethics recommends that Korea Gas Corporation (KOGAS) be excluded from investment by the Norwegian Government Pension Fund Global (GPFG) due to an unacceptable risk that the company is contributing to serious violation of the rights of individuals in situations of war or conflict. The recommendation relates to the company's business activities in Myanmar.

At the close of 2021, the GPFG owned 0.19 per cent of the company's shares, worth USD 5.9 million. KOGAS is listed on the Korea Stock Exchange (KRX).

KOGAS engages principally in the importation of natural gas for the domestic market and the construction and maintenance of gas terminals and gas pipelines in South Korea and elsewhere. It also owns shares in offshore gas fields. In Myanmar, KOGAS is a partner in a joint venture with the state-owned oil company Myanma Oil and Gas Enterprise (MOGE) in the Shwe project, a gas field off the coast of Myanmar. KOGAS has a minority share in the project. MOGE is controlled by Myanmar's armed forces (Tatmadaw) and is subject to sanctions by the EU and several other countries, including Norway.

In February 2021, the armed forces in Myanmar staged a coup d'état. Since then, armed conflicts within the country have intensified. The United Nations High Commissioner for Human Rights has asserted that the Tatmadaw's actions could qualify as crimes against humanity and war crimes. The abuse of the civilian population is ongoing and there is a considerable risk of further extremely serious abuses being perpetrated by the military in Myanmar.

As in previous recommendations, the Council has attached importance to whether the company's business operations in Myanmar help to strengthen the Tatmadaw's financial capacity. The Council also takes the position that any business partnership with entities controlled by the armed forces constitutes a particularly high risk of contributing to abuses perpetrated by the Tatmadaw. A material factor for the Council is that the UN High Commissioner for Human Rights advises against any economic cooperation with military-owned entities, that sanctions were imposed on MOGE precisely because revenues from such companies boost the Tatmadaw's ability to commit serious norm violation, and that KOGAS cannot point to any measures that reduce this risk. Since the military coup in 2021, revenues from the oil and gas industry have been the Tatmadaw's largest source of income.

The Council presumes that the company is unlikely to have sufficient influence to enable it to prevent new abuses, as long as the Tatmadaw holds power in the country. In the Council's opinion, the company will therefore have no other options but to withdraw from its partnership with MOGE, if it is to avoid contributing to norm violations. KOGAS has given no indication of its intention to do so. This leads the Council to presume that the company will remain in the country and that it will continue to generate substantial revenues for the armed forces. The Council therefore concludes that the risk of contributing to the violation of the rights of individuals in situations of war or conflict is unacceptably high and recommends that the company be excluded from investment by the GPFG.

Contents

1 Introduction

The Council on Ethics for the Norwegian Government Pension Fund Global (GPFG) has assessed the Fund's investments in Korea Gas Corporation¹ (KOGAS) against the war and conflict criterion in the Guidelines for Observation and Exclusion of Companies from the GPFG (the ethical guidelines).² The recommendation relates to the company's business partnership with the state-owned oil company Myanma Oil and Gas Enterprise (MOGE), which is controlled by the armed forces in Myanmar.

KOGAS is principally engaged in the sale of imported natural gas to the domestic market, and the construction and maintenance of gas terminals and gas supply pipelines nationally and internationally. KOGAS is also involved in a number of offshore exploration activities and production projects overseas, including Myanmar.³

KOGAS is headquartered in the city of Daegu in South Korea and listed on the Korea Stock Exchange (KRX). The government of South Korea holds 34.1 of the shares in the company. At the close of 2021, the GPFG owned 0.19 per cent per cent of the shares in KOGAS, worth USD 5.9 million.

1.1 What the Council on Ethics has considered

The Council has assessed the GPFG's investment in KOGAS against section 4(b) of the Guidelines for Observation and Exclusion of Companies from the GPFG: "Companies may be excluded or placed under observation if there is an unacceptable risk that the company contributes to or is responsible for [...] serious violations of the rights of individuals in situations of war or conflict."

Due to the risk of contributing to extremely grave violations in situations of armed conflicts, the Council expects companies operating in such contexts to exercise particular care and due diligence. This heightened duty of care follows from international guidelines⁴ and is confirmed in the 2021 white paper

¹ Issuer ID 210754.

² Guidelines for Observation and Exclusion of Companies from the Norwegian Government Pension Fund Global (GPFG), <u>https://files.nettsteder.regjeringen.no/wpuploads01/sites/275/2021/11/Guidelines-for-Observation-and-Exclusion-GPFG-29-November-2021.pdf</u>

³ KOGAS's homepage, <u>http://www.kogas.or.kr/site/eng/1010100000000</u>.

⁴ See, for example, Report of the Working Group on the issue of human rights and transnational corporations and other business enterprises, *Business, human rights and*

submitted to the Norwegian parliament (*Storting*) on the Government Pension Fund.⁵ It has also formed the basis for previous recommendations under this criterion.⁶

When assessing what constitutes serious violations of the rights of individuals in situations of war or conflict, the Council relies on internationally recognised conventions and authoritative interpretations thereof. Of particular importance is the common Article 3 of the Geneva conventions, which regulates the protection of victims of war in conflicts not of an international character. Human rights law applies regardless of whether there is an ongoing armed conflict. Relevant provisions include, for example, articles 6, 7, 9, 21 and 22 of the International Covenant on Civil and Political Rights, protecting the right to life, liberty and security, as well as freedom from torture and freedom of assembly and expression.⁷

When assessing a company's contribution to abuses, the Council emphasises that there must be a tangible link between the company's operations and the abuses concerned. Furthermore, the company must either have contributed actively to the norm violations or known about them but made no adequate attempt to prevent them. In the Council's opinion, if it is not possible to prevent the norm violations, the company must in general seek to withdraw from the business. According to NOU 2020:7 Values and Responsibility, an official report on the GPFG's ethical framework that was submitted to the Norwegian parliament (*Storting*), the ethical guidelines are "intended to cover contribution to serious abuses perpetrated by parties other than the company. Companies may be said to contribute to abuses by, for example, supplying goods or services to or entering into business relations with parties in a conflict which perpetrate

conflict-affected regions: towards heightened action, <u>https://undocs.org/en/A/75/212</u> and Global Compact/PRIs Guidance on Responsible Business in Conflict Affected and High-Risk Areas: A Resource for Companies and Investors,

https://d306pr3pise04h.cloudfront.net/docs/issues_doc%2FPeace_and_Business%2FGu idance_RB.pdf.

⁵ St. meld 24 (2020-2021) The Government Pension Fund 2021, Report to the Storting (White paper), <u>https://www.regjeringen.no/en/dokumenter/meld.-st.-24-20202021/id2843255/</u>

⁶ See the Council on Ethics' recommendations with respect to Kirin Holdings, Oil & Natural Gas Corp and Adani Ports & Special Economic Zone Ltd, <u>https://etikkradet.no/tilradninger/alvorlige-krenkelser-av-individers-rettigheter-i-krig-og-konflikt/</u>

⁷ ICRC, Treaties, States Parties and Commentaries, <u>https://ihl-databases.icrc.org/en/ihl-treaties/geneva-conventions-1949additional-protocols-and-their-commentaries</u>

serious abuses."⁸ In line with the Council's practice, all shareholders in joint ventures will normally be assessed in the same way, irrespective of the size of their shareholding.

Finally, the ethical guidelines are forward-looking and norm violations must therefore be ongoing or there must be an unacceptable risk that abuses may occur in the future. When assessing the risk of new abuses, previous norm violations may give an indication of future patterns of behaviour.

1.2 Sources

The Council on Ethics has relied on publicly available information from sources such as international courts, UN bodies, the media, civil society and public authorities, as well as information provided by KOGAS.

2 Background

2.1 The situation in Myanmar

On 1 February 2021, the armed forces in Myanmar (Tatmadaw) staged a coup d'état and announced that Commander-in-Chief Min Aung Hlaing and the State Administrative Council had taken power in the country. Afterwards, hundreds of thousands of civilians showed their opposition to the coup by means of boycotts, strikes and demonstrations nationwide. The armed forces responded to this opposition with extreme violence.⁹

In June 2022, the United Nations High Commissioner for Human Rights described the situation in Myanmar as follows in her report to the Human Rights Council:

"What we are witnessing today is the systematic and widespread use of tactics against civilians, in respect of which there are reasonable grounds to believe the commission of crimes against humanity and war crimes. Since February 2021, at least 1,900 killings by the military have been reported. The humanitarian situation is dire. One million individuals have been registered by the UN as internally displaced while some 14 million remain in urgent

⁸ Values and Responsibility The Ethical Framework for the Norwegian Government Pension Fund Global, <u>https://www.regjeringen.no/en/dokumenter/meld.-st.-24-</u> <u>20202021/id2843255/</u>

⁹ UN High Commissioner for Human Rights, *Myanmar: UN report calls for urgent action to end human rights catastrophe*, 23 September 2021, <u>https://www.ohchr.org/EN/NewsEvents/Pages/DisplayNews.aspx?NewsID=27521&Lang ID=E \</u>

need of humanitarian assistance. [...] more than 13,500 people, including politicians, media professionals, lawyers, civil society leaders and other members of civil society, have reportedly been arrested for opposing the Tatmadaw's purported seizure of power. More than 10,500 remain in detention." ¹⁰

The High Commissioner also described the horrifying situation experienced by the Rohingya Muslim community, where the military has continued "to threaten and marginalize the Rohingya and to implement strict discriminatory limitations on their movement. In the past weeks, over 300 Rohingya have been arrested for traveling, what they call, 'illegally' outside their communities. Hundreds have been prosecuted and sentenced to prison terms up to two years for exercising their basic right to freedom of movement." ¹¹

Many of those detained have been subjected to torture.¹² Findings by the UN Independent Investigative Mechanism for Myanmar indicate that also children "have been tortured, conscripted and arbitrarily detained, including as proxies for their parents." ¹³ Other atrocities perpetrated by the security forces and armed groups include gang rape and other forms of sexual violence against women, and the torching of entire villages. A great many of the victims belong to the Rohingya minority. ¹⁴ In October 2022, the UN Special Rapporteur on the situation of human rights in Myanmar reported that the armed forces had systematically bombed, burnt and massacred civilians, including children during

¹⁰ UN High Commissioner for Human Rights, 50th Session of the Human Rights Council Oral update on Myanmar, 14 June 2022, <u>https://www.ohchr.org/en/statements/2022/06/50th-session-human-rights-council-oral-update-myanmar</u>

¹¹ See footnote 10.

¹² See footnote 10 and UN Special Rapporteur on the situation of human rights in Myanmar, Losing a generation: how the military junta is devastating Myanmar's children and undermining Myanmar's future, Human Rights Council, 50th session, 14 June 2022, A/HRC/50/CRP.1, <u>https://www.ohchr.org/en/documents/thematic-reports/ahrc50crp1conference-room-paper-special-rapporteur-losing-generation</u>

¹³ UN News, Myanmar: Crimes against humanity committed systematically, says UN report, 9 August 2022, <u>https://news.un.org/en/story/2022/08/1124302</u> and UN Special Rapporteur on the situation of human rights in Myanmar, A/HRC/50/CRP.1

¹⁴ UN Human Rights Council, Report of the independent international fact-finding mission on Myanmar, 12 September 2018, https://undocs.org/en/A/HRC/39/64.

the past months: "These forces have killed thousands and displaced nearly one million people since the coup." $^{\rm 15}$

In July, four democracy activists were executed by Myanmar's armed forces, in spite of repeated calls by the United Nations and the international community not to carry out death sentences.¹⁶ Furthermore, 84 political prisoners have been sentenced to death and are at risk of imminent execution.¹⁷

The High Commissioner has repeatedly called on "businesses that operate in Myanmar to cease working with entities owned by or affiliated with the military, [...] and ensure that such businesses are not involved in joint ventures or other revenue-sharing arrangements with the military of Myanmar or businesses under their influence."¹⁸ In her update to the Human Rights Council in June 2022 she also called for intensified actions against the junta, including "placing increased restrictions targeting military-controlled financial holdings and business interests, and limiting their access to foreign currencies to restrict their ability to purchase military equipment and supplies."¹⁹ Likewise, the UN Special Rapporteur on the situation of human rights in Myanmar recommends to degrade the military's financial capacity "by sanctioning the Myanmar Foreign Trade Bank, Myanma Oil and Gas Enterprise, and other key sources of revenue."²⁰

For years, the armed forces in Myanmar have committed acts of extreme brutality against the country's civilian population. Pursuant to these abuses, legal

¹⁵ Un General Assembly, Report of the Special Rapporteur on the situation of human right in Myanmar, 12. October 2022, A/77/2955, <u>https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fwww.ohchr.org%2</u> <u>Fsites%2Fdefault%2Ffiles%2F2022-10%2FA-77-2955-UNSR-Myanmar-AUV_0.docx&wdOrigin=BROWSELINK</u>

¹⁶ UN High Commissioner for Human Rights, Myanmar: Bachelet condemns executions, calls for release of all political prisoners, Press release, 25 July 2022, https://www.ohchr.org/en/press-releases/2022/07/myanmar-bachelet-condemns-executions-calls-release-all-political-prisoners

¹⁷ See footnote 15.

¹⁸ Human Rights Council, Situation of human rights in Myanmar since 1 February 2021, Report of the United Nations High Commissioner for Human Rights, A/HRC/49/72, para 76e.

¹⁹ UN High Commissioner for Human Rights, 50th Session of the Human Rights Council Oral update on Myanmar, 14 June 2022.

²⁰ UN General Assembly, *Report of the Special Rapporteur on the situation of human right in Myanmar*, 12 October 2022, A/77/2955.

proceedings are underway before the International Criminal Court²¹ for war crimes and the International Court of Justice for crimes against humanity.²²

2.2 Myanma Oil and Gas Enterprise (MOGE)

Myanmar's state-owned oil and gas company is the largest source of revenue for the Myanmar government. Since the coup, Myanma Oil and Gas Enterprise (MOGE) has been controlled by the Tatmadaw. MOGE participates in joint ventures with foreign companies which produce oil and gas in Myanmar. MOGE's revenues derive from the sale of oil and gas as well as royalties that the joint venture partners must pay.

According to the Extractive Industries Transparency Initiative (EITI), Myanmar's oil and gas sector generated total revenues of almost 727 million USD in the 2017– 2018 fiscal year. This corresponded to 72 per cent of government revenues from the resource extraction sector. At the close of the same fiscal year, MOGE had 4.6 billion USD in separate bank accounts that were kept out of the national budget.²³ Most of the revenues derive from gas exports, which account for around 50 per cent of Myanmar's foreign currency earnings. In 2021–2022, the Ministry of Planning, Finance and Industry forecast that MOGE's revenues from offshore and pipeline projects would come to 1.5 billion USD.²⁴

The EU imposed sanctions on MOGE on 21 February 2022, on the grounds that MOGE "is controlled by and generates revenue for the Tatmadaw, therefore contributing to its capabilities to carry out activities undermining democracy and the rule of law in Myanmar/Burma."²⁵

²¹ International Court of Justice, *Application of the Convention on the Prevention and Punishment of the Crime of Genocide (The Gambia v. Myanmar),* <u>https://www.icj-</u> <u>cij.org/en/case/178</u>

²² International Criminal Court, Bangladesh/Myanmar, Situation in the People's Republic of Bangladesh/Republic of the Union of Myanmar, <u>https://www.icc-cpi.int/bangladeshmyanmar</u>

²³ Extractive Industries Transparency Initiative (EITI), *EITI Myanmar, Report 2017-2018*, January 2019 <u>https://eiti.org/files/documents/meiti_reconciliation_report_2017-</u> <u>2018_final_signed_31st_march_2020.pdf</u>

²⁴ Publish What You Pay, Policy briefing: *Financing the Military in Myanmar: Analysis of Gas Revenues,* June 2021, <u>https://www.pwyp.org/wp-content/uploads/2021/06/Financing-the-Military-in-Myanmar.pdf</u>

²⁵ Council Implementing Regulation (EU) 2022/239 of 21 February 2022 implementing Regulation (EU) No 401/2013 concerning restrictive measures in view of the situation in

3 KOGAS's business links with MOGE

The Shwe gas project includes natural gas fields located off the Rakhine coast in the Bay of Bengal. The gas field was discovered in 2004 and production started in 2013. The project, which includes the A1 & A3 blocks, is a joint venture in which KOGAS holds an 8.5 per cent participating interest. POSCO Daewoo is the operator of the joint venture (51 per cent). The other partners are MOGE (15 per cent), ONGC Videsh (India) (17 per cent), and GAIL (India) (8.5 per cent). ²⁶

The companies also have the same pro rata shareholdings in the "Shwe Offshore Pipeline", which transports gas from the offshore platform to an onshore gas terminal at Kyaukphyu in Rakhine State, from where the gas enters the South East Asia Gas Pipeline (SEAGP). Consequently, KOGAS has an 8.5 per cent interest in the pipeline.

SEAGP is an 800 km onshore pipeline which traverses Myanmar and terminates in Nanning, China. The pipeline was completed in 2013.²⁷ SEAGP is owned by a consortium, in which the upstream investors in the Shwe project have interests. China National Petroleum Corporation (through CNPC-South East Asia Pipeline Company Limited) has a controlling interest (50.9 per cent) in SEAGP, while POSCO Daewoo owns 25.041 per cent, ONGC owns 8.347 per cent, KOGAS and GAIL own 4.1735 per cent each, and MOGE owns 7.4 per cent.²⁸

The further development of the Shwe gas project is ongoing, with the operator currently carrying out the second phase of the project. This includes drilling production wells which connect to the existing Shwe platform.²⁹ Production is

Myanmar/Burma, <u>https://eur-lex.europa.eu/legal-</u> <u>content/EN/TXT/?uri=uriserv%3AOJ.L_.2022.040.01.0010.01.ENG&toc=OJ%3AL%3A2022</u> <u>%3A040%3ATOC</u>

²⁶ KOGAS' Overseas Business, <u>http://www.kogas.or.kr/site/eng/1030802000000</u>

²⁷ In 2011, the Council on Ethics recommended to exclude the companies POSCO, Daewoo International Corporation, ONGC Videsh, GAIL, and KOGAS due to the risk of contributing to human rights abuses in connection with the construction of the onshore SEAGP pipeline across Myanmar in 2011. The Ministry of Finance, which was responsible for deciding what action to take with respect to the Council's recommendation at that time, did not conclude in this case, <u>https://etikkradet.no/posco-daewoo-international-corporation-oil-and-natural-gascorporation-ltd-ongc-gail-india-korea-gas-corporation-kogas-2/</u>

²⁸ KOGAS Overseas Production Projects, <u>http://www.kogas.or.kr/site/eng/1030802000000</u>.

²⁹ NS Energy, Shwe Gas Project, Bay of Bengal, Myanmar, <u>https://www.nsenergybusiness.com/projects/shwe-gas-project/</u>

scheduled to start in 2022. POSCO Daewoo reports that it is proceeding to drill exploration wells in Block A-3 in the third phase of the project, which also involves construction and installation of a gas compression platform.³⁰

Companies engaging in Myanmar's petroleum sector must enter into joint ventures with MOGE. The joint venture agreements in which KOGAS is a participant have two parts: one part relating to upstream activities, with a production-sharing agreement; and one part relating to the transport of gas via pipeline, which is performed through a limited company in which MOGE and the other joint venture partners are shareholders.³¹

The Shwe gas project is the country's second-largest source of gas revenues and was expected to produce 30 per cent of all gas from Myanmar in 2021–2022. It is an important source of foreign currency earnings for the junta. About 80 per cent of the natural gas produced is sold to China, while 20 per cent is used domestically.³² In the 2018 fiscal year, the value of gas exports has been estimated at 930.7 million USD.³³ The fee paid for the transport of gas through the SAEGP pipeline amounted to nearly 402 million USD in the same period.

MOGE's revenues derive from the sale of gas (in accordance with its percentage shareholding in the joint venture) and production fees (royalties) from the joint venture partners. Based on data in EITI's latest report on Myanmar, the organisation Publish What You Pay has estimated that the Shwe gas project has contributed between 214 million and USD 471 million USD per year in payments to MOGE.³⁴ KOGAS has not provided any information about its payments to MOGE.

³⁰ POSCO International, Myanmar Shwe project, <u>https://www.poscointl.com/eng/oilNgas.do</u> and Myanmar Now, POSCO continues development of Shwe gas project, 27 October 2021, <u>https://www.myanmar-now.org/en/news/posco-continues-development-of-shwe-gas-project</u>

³¹ Extractive Industries Transparency Initiative (EITI), *EITI Myanmar, Report 2017-2018,* March 2020, <u>https://eiti.org/documents/myanmar-2017-2018-eiti-report</u> and Publish What You Pay, Shwe Gas Project, 11 June 2021, <u>https://www.pwyp.org.au/publications/1162021shwe-gas-project-companies-must-stop-the-flow-of-wealth-to-the-myanmar-military</u>.

³² EITI 2019.

³³ EITI 2019 and Publish What You Pay 2021.

³⁴ Publish What You Pay 2021.

While other oil and gas companies have withdrawn from projects in Myanmar or announced their intention to do so, neither KOGAS nor its business partners seem to have published any such statements of intent.³⁵

4 Information from KOGAS

The Council on Ethics contacted KOGAS in September 2022 to request information about how the company has acted to avoid involvement in, or association with, human rights abuses through its operations in Myanmar. KOGAS replied to the Council later the same month.³⁶ KOGAS has not responded to the Council's draft recommendation to exclude the company.

KOGAS stated that it has been a minor financial investor in the joint venture since 2001. The company "has always upheld corporate social responsibility as one of its core values, especially in areas such as human rights, labour, environment, and anti-corruption." KOGAS also wrote that the Shwe project's operators have implemented on-site due diligence investigations, "with focus on human rights." Moreover, since May 2022, KOGAS has made it "mandatory to assess human rights risks and prevent any violations of human rights on each stage of KOGAS's overseas projects."

As far as Myanmar is concerned, KOGAS maintains that a withdrawal from the consortium by any of the participating companies would most likely result in the shares being confiscated by the Myanmar government, for breach of contract, and transferred to MOGE. This would "inevitably lead to reinforcing MOGE's operational rights and increasing its profits from Myanmar's gas field business." The company also maintains that gas from the Shwe field is important for domestic power generation and that disruption of the gas supply would severely impact the people of Myanmar. KOGAS adds that the companies in the consortium in 2021 and 2022 have substantially increased the project's sustainability budget, to provide humanitarian assistance to the country during the pandemic, and that they are fully aware of the "human rights-related concerns of the international community."

³⁵ On 21 January 2022, PTT's business partners TotalEnergies and Chevron announced that they would withdraw from the Yadana field within six months because of the human rights situation in the country and stop paying revenues to the Myanmar state. TotalEnergies has now withdrawn from Myanmar, see Total Energies' press release, TotalEnergies Has Definitively Withdrawn from Myanmar, 20 July 2022, <u>https://totalenergies.com/media/news/press-releases/totalenergies-has-definitivelywithdrawn-myanmar</u>.

³⁶ KOGAS's letter to Council on Ethics, dated 27 September 2022.

5 The Council on Ethics' assessment

The Council on Ethics has assessed the GPFG's investments in KOGAS against the ethical guidelines' criterion covering serious violation of the rights of individuals in situations of war or conflict.

The abuses perpetrated against the civilian population in Myanmar are well documented and constitute grievous violations of humanitarian law and human rights. Since the coup, many civilians have been killed and even more imprisoned. Rebellion and armed resistance to the coup has been met with intensified use of force and rights abuses, which have increased in both scale and severity. The Council considers that there is a high risk that the Tatmadaw will continue to perpetrate further, extremely serious abuses. Due to the risk of contributing to such serious norm violations, companies operating in Myanmar must demonstrate particular care and due diligence.

In keeping with previous recommendations, the Council attaches importance to whether the company's business operations help to strengthen the armed forces' financial capacity. The Council notes that the UN High Commissioner for Human Rights advises against partnerships with companies that are under military control and that generate income for the Tatmadaw. The Council further notes that the EU imposed sanctions on MOGE precisely because revenues from this company increase the armed forces' capacity to commit serious norm violations.

The Tatmadaw's largest source of income is the oil and gas industry, and the Shwe field generates substantial revenues. All the partners in the joint venture generate income for the armed forces. In this case, the KOGAS's contribution relates to the revenue streams it generates through its participation in the Shwe consortium, which help to finance the Tatmadaw's operations and abuses. Given the serious nature of the abuses to which KOGAS has contributed, the Council takes the view that no weight can be attached to the company's assertion that the project has been of benefit to the local community.

The Council remains unclear about the kinds of due diligence assessments the company has performed since the coup. The Council presumes that, in any case, the company will not have sufficient influence to enable it to prevent new abuses, as long as the armed forces are in power. In the Council's view, the company will therefore have no other option but to withdraw from Myanmar to avoid contributing to norm violations. The Council notes that several oil companies have announced their intention to do so.

KOGAS has given no indication that it will change or terminate its business partnership with MOGE. The company says that contractual terms prevent it from withdrawing from the joint venture. The Council presumes that KOGAS will remain in the country and continue to generate significant revenues for the armed forces. The Council therefore concludes that the risk of contributing to such violations is unacceptable, and recommends that the company be excluded from investment by the GPFG.

6 Recommendation

The Council on Ethics recommends that Korea Gas Corporation be excluded from investment by the Government Pension Fund Global due to an unacceptable risk of the company contributing to the violation of the rights of individuals in situations of war or conflict.

```
Svein Richard
                                     Cecilie
Johan H.
                                                       Vigdis
                                                                        Siv Helen Rygh
Andresen
                  Brandtzæg
                                     Hellestveit
                                                       Vandvik
                                                                        Torstensen
Leder
(Sign.)
                 (Sign.)
                                     (Sign.)
                                                       (Sign.)
                                                                       (Sign.)
```