Socioeconomic review

Oman 2021



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It's my pleasure to welcome you to the second edition of bp Oman's socio-economic review, which focuses on our contribution to Oman's economy and society. This is aligned with our aim to be a leader in transparent reporting.

bp has been operating in Oman since 2007 and, through various initiatives and programmes, stands as a major investor within the country. We are proud of developing one of the most challenging tight gas reservoirs in the Middle East – Block 61.

We have seen the development of a small city in the desert to help deliver on Oman's energy plans which is currently producing 1.5bcf of gas per day and around 65,000 barrels of associated condensate.

Within the review, we aim to shed light on our contribution to people, society and the environment. This includes benefiting nearly 14,000 people through our social investment programmes in 2021, developing over 200 Omani graduates and technicians and establishing a roadmap of sustainable emissions reduction initiatives that could lead to a 56% reduction of greenhouse gas emissions by 2030.

Oman continues to be a strategically vital country to bp and, through our various projects, we are aligning our objectives with the Oman Vision 2040 to encourage economic diversification and empower local talent.

On behalf of everyone at bp, we look forward to being a key contributor towards the sustainable development of Oman, as it sees further growth, success and prosperity in the years to come.

Yousuf bin Mohammed Al Ojaili
bp Oman President

The partnership between the Sultanate of Oman and bp holds a vast historical significance showcasing the long-standing relations between Oman and the United Kingdom.

There have been many collaborations towards the development of the local energy sector, alongside enhancing the presence of national talent through its operations, with a key focus on the Omani youth.

Block 61 stands as one of bp's most eminent projects in Oman. It is considered a significant collaboration with their partners to develop and operate the Khazzan and Ghazeer gas fields – one of the largest and most challenging gas fields in the Middle East.

Their state-of-the-art technologies were utilized to access the natural gas reservoirs, buried under five kilometers of interspersed with solid rock layers. This project is considered a vital source of energy in Oman, as well as a source of added value towards the local economy, energy security and community outreach programmes.

We are proud of bp's efforts with their social investment programmes and their contribution towards developing Omani talents. As well as utilizing environmentally friendly technologies, such as the green completions concept which aligns with our efforts towards achieving some of the key objectives of Oman Vision 2040, such as sustainability and supporting economic diversification.

I extend my warmest thanks to bp, as they continue to carry out their projects that are in conjunction with our long-standing partnership. We look forward to the positive impact this will hold, especially with regard to the future development of the local youth in the fields of energy management, innovation and strategic project execution.

HE Dr. Khamis bin Saif bin Hamood Al Jabri
Chairman of Oman Vision 2040 Implementation Follow-up Unit



Our business

bp has had a presence in Oman since 2007 and is a major investor in the country.

Building on our purpose, together with our beliefs about the future of energy systems and changing customer demands, our strategy is built around three focus areas of activity:

Low carbon electricity and energy

Convenience and mobility

Resilient and focused hydrocarbons



Production technicians at a Block 61 wellhead

bp in Oman

bp has brought technology and experience to develop Block 61, one of the Middle East's largest unconventional gas resources and a leading example of resilient and focused hydrocarbons.

2017

Phase one of production started from Khazzan

2020

Phase two of production started from Ghazeer

We currently produce

1.5bcf

of gas per day and around

65,000

barrels of associated condensate

Block 61

The partnership includes

bp as operator with a **40%** interest

OQ with a **30%** interest

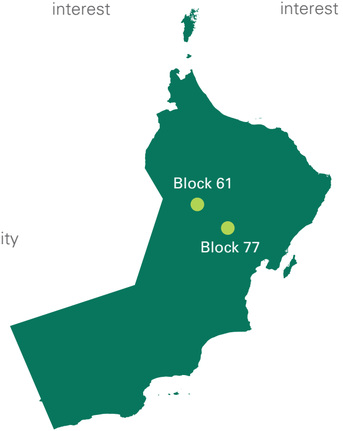
PTTEP with a **20%** interest

Petronas with a **10%** interest

Block 61 has the capacity to deliver around

35%

of Oman's total gas demand



For more about bp in Oman, please visit www.bp.com/oman

Block 77

In January 2019, bp and ENI signed an EPSA agreement with the government to work jointly towards an exploration opportunity in Block 77.

LNG

bp trading and shipping purchases LNG from Oman LNG under a seven-year deal that started in 2018.



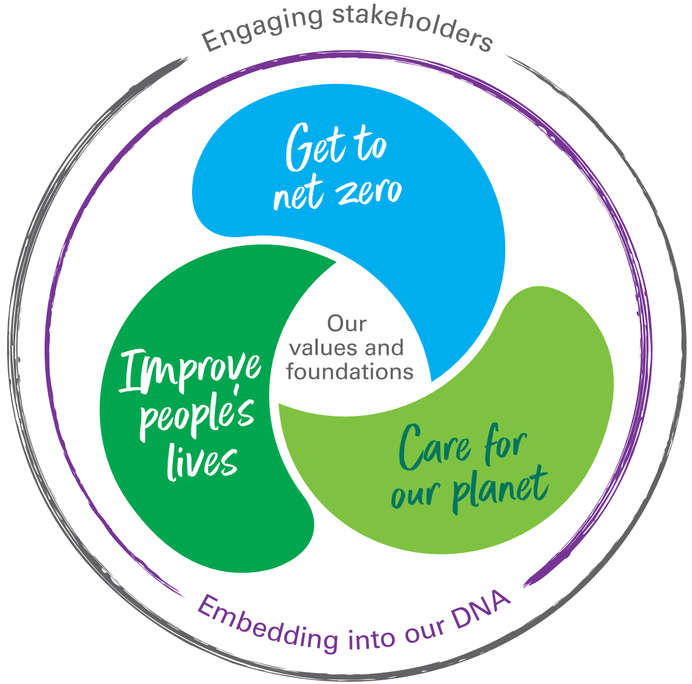
Saif Al Hosni, HSE&C team lead and Ahmad Al Hinai, senior well site leader at a Block 61 rig

Aligning with Oman Vision 2040

Our purpose is to reimagine energy for people and planet. We want to help the world get to net zero and improve people's lives. In doing so, we partner with countries, cities and industries as they shape their own paths to net zero.

In Oman, we seek to align with the Sultanate's priorities by executing various projects, such as the digitalization of Oman's educational circular, as set out in the Oman Vision 2040. Including:

- Education, learning, scientific research and national capabilities.
- Economic diversification and fiscal sustainability.
- Environment and natural resources.
- The private sector, investment and international cooperation.





In 2022

bp signed a Strategic Framework Agreement and a Renewables Data Collection Agreement with the Ministry of Energy & Minerals to support the potential development of a multi-gigawatt, world-class renewable energy and green hydrogen project in Oman by 2030.

Our sustainability framework

Our sustainability frame underpins our strategy and puts our purpose into action. It takes an integrated approach while focusing on the areas where we believe we can make the most difference.

We've set aims for each of our focus areas: 10 aims to help bp become a net zero company and to help the world get there too, five aims to care for our planet and five aims to improve people's lives.

2021 at a glance



$472
million
Total expenditure in Oman (excluding Block 77)

$351
million
Total procurement spend

$4.4
million
Block 77 CAPEX*

*bp is a 50% partner with Eni in the exploration phase of Block 77, which includes seismic data processing and the drilling of one exploration well.

475.6
billion cubic feet
of gas produced in 2021

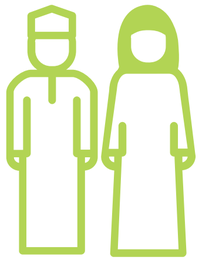




Omanization rate



of the leadership team are Omani



13,816
individuals
people impacted through our social investment programme in 2021

2,850
individuals
people employed through bp contracts (on average across 2021)

$312
million
spent with Omani registered companies



of total spend

$3.4
million
spent on social investment programmes in 2021



65,000
tonnes
of emissions saved in 2021

Local economy

We're proud to support the sustainable development of Oman's economy.

Supporting local business growth and overall economic productivity

Block 61 well testing goes local

bp supported local Omani company Fahud Oil Services & Energy (FOS Energy) to carry out its first successful well test at Block 61, with zero flaring. The contract was previously managed by a large international company. FOS Energy will support well testing and cleanout services at Block 61 over the next five years, testing around 50 wells.

"We have worked with bp to develop and upskill our team to test wells using the green completions concept. We're proud to support bp's journey towards becoming a net zero company by 2050 or sooner."

Tariq Al Kasbi,
CEO of Fahud Oil Services and Energy



Fahud Oil Services and Energy team at well test unit

Encouraging the development of Omani skills and capabilities

Following a competitive bidding process, our ring-fenced scopes of work were awarded to the following local companies:

Sand removal

Al Ez Trading, Transport and Contracting Company was awarded a high-value, five-year sand removal contract.

Al Ez is an Omani-owned company and have held Block 61's road maintenance contract since 2013.

Gas gathering and field development

Gulf Petrochemical Services and Trading was awarded a three-year contract to construct and install a gas gathering system in Block 61.

The company committed to have more than 96% of all materials locally sourced and to spend a minimum of 10% of the overall contract value with Omani SMEs.

Personal protective equipment

The contract was awarded to a local SME, Al Fahad Business. They will supply bp with high-quality and international standard PPEs for the upcoming three years.

Growing In-Country Value

We want our workforce and customers to experience greater equity – fair treatment according to everyone's different needs and situations – while also helping our partners in the bp 'ecosystem' do the same.

In partnership with the Ministry of Energy and Minerals, a new comprehensive engagement platform known as JSRS Contracts Management System (JSRS CMS), has enabled two successful e-tendering trails. JSRS CMS tracks and monitors contracts awarded to suppliers across the entire supply chain of a project.

The use of JSRS CMS allows more transparency in subcontracting across our contractors, enabling more SMEs and local companies to have an equal opportunity to participate in the tendering phase and compete in the market.

45%

of the current Omanization rate in Gulf Petrochemical Services and Trading compared to

20%

from the previous contract holder.

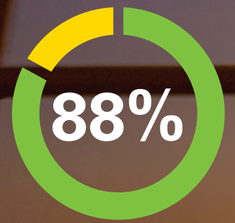


Abraj Energy Services driller at Block 61

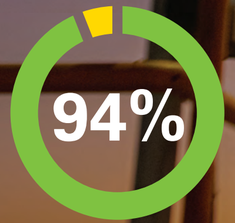
Supporting contractors' Omanization rate

Over the past five years, we have worked with TruckOman to attract Omanis to join the company through two main contracts:

Warehouse management service



Road traffic management



Omanization rate

In-Country Value highlights

$351 million
Total procurement spend

$312 million
spent with Omani registered companies



of total spend

$19.5 million
Total direct spend in SMEs



6%
from total procurement spend

2%
increase from 2020



68%
Omanization of contractors' workforce



People employed through bp contracts (on average across 2021):

2,850

Caring for our people

Our people are the most important element of our success. We need a motivated, engaged and diverse workforce to deliver our purpose and put it into action through our sustainability frame.

To ensure we develop our capabilities and empower our people, we offer training and personalized career pathways for our employees to become more integrated, agile and future-focused.

Omanization

Through diverse career opportunities, world-class development and a diverse culture, we are able to hire the best and brightest Omani talent into our workforce.

In 2017, we set a goal to achieve 90% Omanization by 2025. In 2021, we achieved this target four years earlier than planned!



Finance team huddle

Nearly

70%

of our leadership are Omani compared to

50%

in 2020



Atika Al Rahbi, projects service and Abdullah Al Lawati, electrical engineer, graduates from our challenger programme

Developing tomorrow's leaders

Challenger programme

By 2021, 89 Omani's have been recruited through bp's Challenger programme which offers new Omani graduates' hands-on experience as they work in full-time roles.

Technician development programme

Since its start in 2012, 108 technicians graduated from the technician development programme. An 18-month intensive programme aimed to empower Omanis to take on technical professions as they enter the labour market.

International assignments and global roles

Since 2010, over 120 Omanis have held assignments at different bp locations, including the UK, US and Azerbaijan, with the aim to gain, share knowledge and boost their capabilities.

In addition, 36 Omanis have been selected to take up global roles, supporting regions or entities from across bp while still based in Oman. This includes supporting work at Rumaila, the world's second-largest producing oil field.

Caring for our people



The challenger programme is a great way to accelerate my understanding of the fundamentals of bp and it helped me develop my communications and leadership skills. It excites me to work, as a young professional, in a company that is transitioning to become more agile and sustainable.

Hamed Al Ajmi
HSE challenger

The technician programme was an 18-month programme focused on supporting my technical and professional development. It was a great stepping stone towards becoming a production technician at Block 61.

Ishraf Al Rawahi
Graduate from the technician development programme





Working in a global role has allowed me to connect and work with experienced and talented people from different bp locations across the globe. It provides me with an opportunity to work on well delivery implementation and develop a method to implement the practice into various digital tools.

Majda Jan Mohammed
Currently holding a global role as drilling engineer

During my assignment at bp's headquarters in London, I was pleased to contribute to various global projects. This included supporting our first entries to offshore wind in the USA and UK. The experience expanded my knowledge on the global energy landscape and the role of greening companies in the energy transition.

Ali Al Yaaqubi
Communications manager



Improving people's lives

We believe creating value for our stakeholders – for society, our employees and our shareholders – is key to the long-term resilience and value of our business.

Our sustainability frame underpins our strategy and puts our purpose into action. It takes an integrated approach while focusing on the areas where we believe we can make the most difference.

Our five people aims cover: more clean energy, a just energy transition and sustainable livelihoods, respect for human rights, greater equity and enhancing wellbeing.



Children Public Library learning workshop

Children's Public Library

The Marefa programme, in partnership with the Children's Public Library, aims to spread knowledge through a series of educational workshops for children aged 3 to 17 years as well as parents.

The workshops cover topics around innovation and technology, society and culture, health and environment and entrepreneurship.

5,112 males

8,704 females

13,816
benefited from our social investment programmes, in 2021



Habbah for SMEs workshop conducted in Al Dahahira

Habbah for SMEs

In partnership with Youth Sada, 'Habbah for SMEs' supports SMEs and economic growth in the Al Dahahira governate.

The programme has benefited 16 SMEs in 2021, equipping them with marketing, resource management, finance and administration skills.

In November, our in-country value team held a workshop targeting more than 15 SMEs, to share knowledge of in-country value and procedures to register with organizations to help improve contracting opportunities within the Sultanate.

107,000
people have benefited directly through

106
initiatives since the launch of the programme

8,482
Total hours of capacity building training


Installation of Shams Global Solutions solar panels at GUTech

Shams programme

Shams Global Solutions are working to advance renewable energy awareness in Oman.

bp sponsors their operation of developing Oman's first solar training facility at the German University of Technology (GUTech).

The facility offers certified training courses for solar practitioners delivered by Solar Energy International.

The programme also provides learning opportunities for local communities through school visits and the annual solar decathlon competition. It brings together students to design, build and implement solar power-related projects.

Improving people's lives



Our Sail Free participants competing at Mussanah Race Week

Oman's first national Paralympic sailing team

In partnership with Oman's Paralympic Committee and Oman Sail, we've supported the establishment of Oman's first national Paralympic sailing team to compete in local, regional, and international championships.

The team establishment started as part of bp's 'Sail Free' programme consisting of 25 Omanis with the aim to empower disabled youth through the sport of sailing. The candidates were trained and selected during the programme's first and second phases using special boats designed for people with disabilities.

We worked closely with the Armed Forces Hospital in Oman to deliver the 'train the trainer' programme to Oman Sail trainers in 2021. The programme was set to teach trainers how to adapt their coaching sessions to fit the needs of people with disabilities.

Insan campaign

In collaboration with the Ministry of Foreign Affairs, we've supported the launch of the second National Committee to Combat Human Trafficking (NCCHT) awareness campaign titled 'Insan'.

'Insan' translates to 'human being' in Arabic. The name was chosen to convey the message that every human being should be treated with dignity and respect, regardless of race, colour or religion.

Aligned with our people's aims, we want to support a just energy transition, where we aim to collaborate with key stakeholders and other industries to support the advancement of human rights through the transition.

Helping Oman's education systems go digital

In celebration of its 50th National Day of Renaissance in 2020, bp Oman, in collaboration with the Ministry of Education, has been funding the digitalization of Oman's educational curriculum for school grades 1 to 12 for five years as a gift to the nation.*

The project will employ information and communication technology in teaching, employing e-learning by creating interactive digital content between students and teachers and enhancing teacher participation in distance learning.

As the project progresses, it will also offer opportunities for Omani SMEs to support the development of digital content.

*In 2021, the Ministry of Education signed with Bahwan Information Technology to implement the project.


Activities in the FabTech mobile lab bus

The digital transition will benefit more than

600,000
students

55,000
teachers

and contributes to Oman's 2040 Vision

Caring for our planet

Our sustainability frame includes a focus on making a positive difference to the environment in which we operate.

We have set five aims to help care for our planet. They cover enhancing biodiversity, water management, nature-based solutions including those that reduce or remove carbon emissions, circularity and sustainable purchasing.

Here are our top achievements in this field in Oman:

Our low carbon plan

In support of this wider ambition, bp Oman set up a net zero taskforce in early 2021 to lead our carbon emission reduction strategy in Oman. So far, the taskforce has:

Developed a net zero roadmap to show how we plan to reduce our emissions by 2030. We are currently working on how to sustain it into 2050.

Established a roadmap of sustainable emissions reduction initiatives that could lead to a 56% reduction of GHG emissions by 2030.



bp employee at the Khazzan residential camp

In 2021, we reduced nearly

65,000

tonnes of CO2e emissions

Hydrogen Alliance

To help drive Oman's national hydrogen economy, we've joined the national green hydrogen alliance, Hy-Fly, to promote clean hydrogen in line with Oman's 2040 Vision.

The alliance is led by the Ministry of Energy and Minerals and includes 13 key public and private organizations to support Oman's transition into a green economy.

Green completions update

We are the first to introduce the 'green completions' technology in Oman as part of our sustainable emission reduction strategy – a zero flaring concept.

Hydrocarbons produced during well test operations are cleaned and then processed for export rather than being flared.

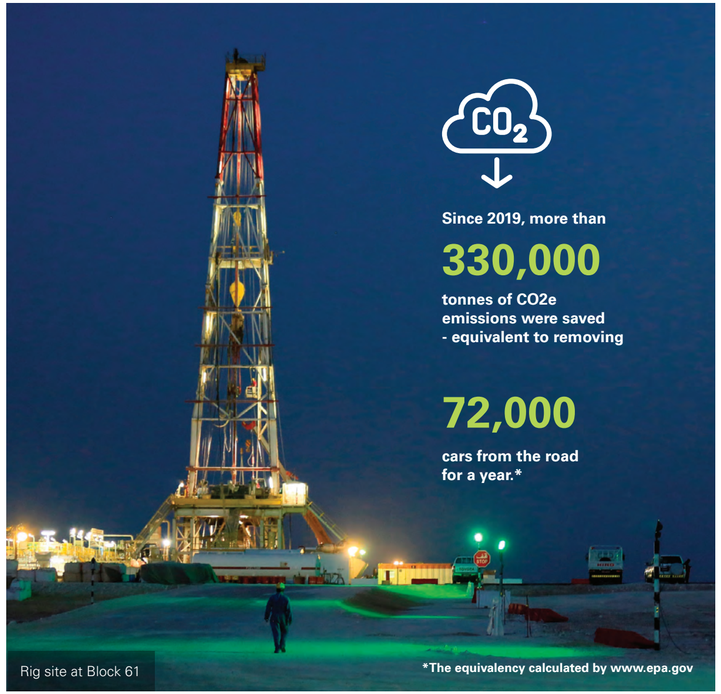
This year, the technology was applied to 10 wells, in addition to three re-testing wells, which produced zero flaring during the testing phase.

So far, the technology safely avoided around 90,000 tonnes of CO2e in 2021. In addition, the hydrocarbons were alternatively recovered by producing approximately 3.4bcf of gas and around 146,000 barrels of condensate – increasing the economic value.

Khazzan carbon sequestration plan

We've partnered with the Authority of Environment in Oman to plant 2,000 indigenous trees by the end of 2021, and a total of 5,000 trees by the end of 2024 .

This supports the Oman Vision 2040, which aims to increase green coverage and foster the protection of native trees across Oman. It also supports bp's sustainability aim 16 - enhancing biodiversity.



Rig site at Block 61



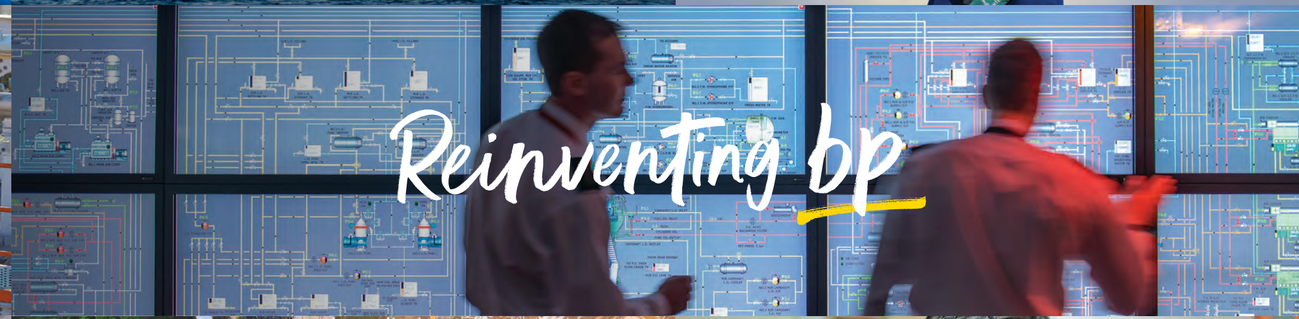








Reimagining Energy



Reinventing bp











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