

BP in Angola Sustainability Report 2008



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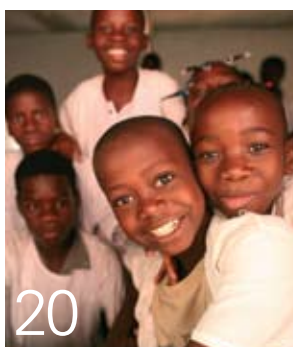
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About this report

This is BP Angola's second sustainability report, describing our activities in Angola and outlining our performance across a range of indicators. It builds on our first report, which covered activities in 2006. This report focuses on performance and data relating to our activities in Angola in 2008 but also provides information on important developments in 2007.

The report has been prepared by our business in Angola, based in Luanda and Sunbury in the UK. It describes our activities in all the countries where the Angola Strategic Performance Unit (SPU) conducts business. Data is shown for activities where we are the operator, unless indicated otherwise.

At BP we define sustainability as the capacity to endure as a group: by renewing assets; creating and delivering better products and services that meet the evolving needs of society; attracting successive generations of employees; contributing to a sustainable environment; and retaining the trust and support of our customers, shareholders and the communities in which we operate.

As in our previous sustainability report, we have used a formal process to determine which specific issues are of most significance to internal and external parties. We do this to ensure the report covers the key issues and presents a balanced and reasonable view of our performance. The report, as with our 2006 account, has been independently verified.

 This document is available to view or order at www.bp.com/countrysustainabilityreports

Cover

Madureira Namuele,
Lifting Assistant, at
the BP Materials and
Logistics Supply Base
pipe yard.

In this report, references to 'BP' and the 'BP group' shall mean BP p.l.c., its subsidiaries and affiliates and, unless otherwise stated, the text does not distinguish between the operations and activities of BP p.l.c. and those of its subsidiaries and affiliates. Unless specified otherwise, references in this report to 'us', 'we', and 'our' shall refer to companies in the BP group operating in Angola. Unless otherwise indicated all currency amounts are denominated in US dollars.

Cautionary statement

BP in Angola Sustainability Report 2008 contains certain forward-looking statements. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will or may occur in the future. Actual results may differ from those expressed in such statements depending on a variety of factors including future levels of industry product supply; demand and pricing; operational problems; general economic conditions; political stability and economic growth in relevant areas of the world; changes in laws and governmental regulations; exchange rate fluctuations; development and use of new technology; changes in public expectations and other changes in business conditions; the actions of competitors; natural disasters and adverse weather conditions; wars and acts of terrorism or sabotage; and other factors discussed elsewhere in this document and in *BP Annual Report and Accounts 2008*.

A glossary of terms and acronyms used in this report is provided on page 26.

An introduction to Ernst & Young's assurance process

We have reviewed the *BP in Angola Sustainability Report 2008* in order to provide assurance to BP management that the data, statements and assertions made regarding the sustainability performance of BP in Angola are supported by evidence or explanation. Our scope of work and conclusions can be found on page 25.

Management introduction

A message from BP Angola's country president

José Patricio BP Angola Country President
September 2009



“ The last 100 years in BP have shown what can be achieved when purpose is allied with imagination. ”

In celebrating BP's centenary in 2009, we have been reminded of the qualities which have made our company strong. A core characteristic of BP as we look back over the years is that it has always been an organization working at the frontiers, seeking to make a positive impact wherever it operates.

Our business in Angola sits firmly within this tradition. Our activities here push the boundaries in many ways: our core activities are stimulating Angola's development, onshore and offshore, with new discoveries and ventures planned for the future; technologically, we have found oil and gas in ultra-deep waters previously considered unexplorable; our environmental teams have made discoveries about the rich marine biodiversity in the deep waters offshore; and we are helping build new institutions and capability by working with communities in pursuit of mutual advantage.

We are extremely proud to be playing our part in the regeneration of Angola's social and economic fabric. The last 100 years in BP have shown what can be achieved when purpose is allied with imagination; we firmly believe BP Angola can make a long-term, valuable and sustainable contribution to BP's future and to that of Angola as a whole.

A message from BP Angola's strategic performance unit leader

Bob Fryar BP Angola SPU Leader
September 2009



“ We need to attract and recruit talented individuals in what is a competitive labour market, and build the capability of our Angolan personnel. ”

Much has changed since our last BP sustainability report in Angola, produced in 2006. The successful delivery of first oil from Greater Plutonio marked the beginning of the transition from projects to long-term operations. We have made new discoveries, with no less than five successes in the deep waters of block 31 in 2007 and 2008. We have taken important steps to extend the scope of our business in Angola, gaining sanction with our partners for the Angola LNG project and securing approval for major new development in block 31.

These achievements point to an exciting future. But we also know they contain many challenges. We have to continue to improve our competitive performance and our record for safe and reliable operations. We need to attract and recruit talented individuals in what is a competitive labour market, and build the capability of our Angolan personnel. We need to continue to engage with the communities where we operate, understanding their concerns and helping them develop.

This report describes what we have done and captures the spirit of how we will tackle these challenges in future – through transparency, inclusion and seeking mutual advantage. The report itself forms part of that commitment, and I commend it you.

Achievements and challenges

Working in a developing country like Angola brings day-to-day challenges arising from the need to build the country's physical, social and economic infrastructure. While our goal is to develop our business here, we aim to do so in a way that contributes to Angola's economic and social growth so that these challenges are tackled. This section highlights some of the major achievements we have made and the challenges we face.



Joana Francisco
Drilling Engineer, on
board SEDCO Express.

Achievements

First oil

Following the successful installation of the floating production storage offloading (FPSO) vessel offshore, we produced first oil from the Greater Plutonio development in 2007. This milestone marked the culmination of millions of work-hours, over many years. Production from BP Angola continues to make a significant contribution – approximately 16% in 2008 – to BP group net production worldwide as well as to Angola's standing as an oil-producing nation (page 9).

New discoveries

We made five new discoveries in block 31 in 2007-08, and have continued to make new discoveries in 2009. This success is testimony to the excellence of our exploration and production technology (page 9).

Project approvals

We received approval from Sonangol, the state-owned oil company of Angola, for an extensive programme of development in block 31 and were granted approval to proceed with the development of the Angola Liquefied Natural Gas project (ALNG), a joint venture in which we are a shareholder. Much of the economic benefit of block 31 expansion will be felt within Angola, and the ALNG project represents the first major onshore investment in Angola by the oil industry (page 9).

Building local capacity

Our programmes to develop the skills and capabilities of Angolan staff continue to thrive, and we remain committed to supporting local enterprise through our approach to contracting, which includes use of the enterprise centre we have established with our oil industry partners (page 21).

Micro-finance

Our micro-finance project in Huambo and Benguela is helping people escape from poverty and is building community institutions (page 23).

Challenges

Greater Plutonio shut-down

An operating incident on the FPSO necessitated the shut down of the facility in order to safeguard people and assets. While the incident did not result in any injury or harm to people, we ceased production to conduct thorough investigations to seek to ensure that lessons were learned (page 9).

Delivering on our local energy company commitment

We are aware of the challenge of retaining our local staff and aim to offer them the opportunities they seek – a key component of our goal of being a local energy company (page 20).

Angolanization

Targets set by government for employing high proportions of Angolans across our organization remain challenging. Competition to recruit new hires is intense and experienced oil and gas professionals will be needed to fill senior leadership positions (page 16).

Safety performance

While showing some areas of improvement, our safety performance remained broadly constant in 2007 and 2008. We strive for continuous safety improvement, which is a feature of the new operating management system we are introducing across the group (page 11).

How BP in Angola operates

BP in Angola operates in accordance with the system of internal control that governs the group's operations worldwide, from the high-level corporate governance policies used to guide our operations to the detailed processes applied in our day-to-day activities.



BP Angola in context

BP Angola is one of BP's key centres for hydrocarbon exploration and development. Our activities in the deepwater, offshore Angola are integral to the delivery of the group's strategic priorities. Crude oil production from BP Angola represented approximately 16% of total BP group net production worldwide in 2008.

BP worldwide

BP operates globally, providing energy from oil and gas and also from low-carbon sources for transportation, heat and light, and retail brands and products used in everyday life. We have business activities and customers in more than 90 countries and approximately 92,000 employees. We have exploration and production interests in 29 countries, which include our activities in Angola.

In 2008, the BP group produced the equivalent of more than 3.8 million barrels of oil and gas per day for customers across the world. BP replaced its annual production by 121% in 2008, the fifteenth consecutive year that our reported reserves replacement ratio has exceeded 100%.

Vision and strategy

Our strategy in Angola is to create a leading upstream position characterized by the development of a business of material significance, producing more than 350,000 barrels of oil per day by 2012, with financial returns that enhance BP's overall performance.

These goals are aligned with the BP exploration and production strategy in which we seek to make investments across the

full life cycle of our assets with an increased emphasis on technology as a source of productivity, access and competitive advantage. In line with the group strategy, we will seek to strengthen our position in Angola where possible by securing access to new areas for exploration and achieving exploration success.

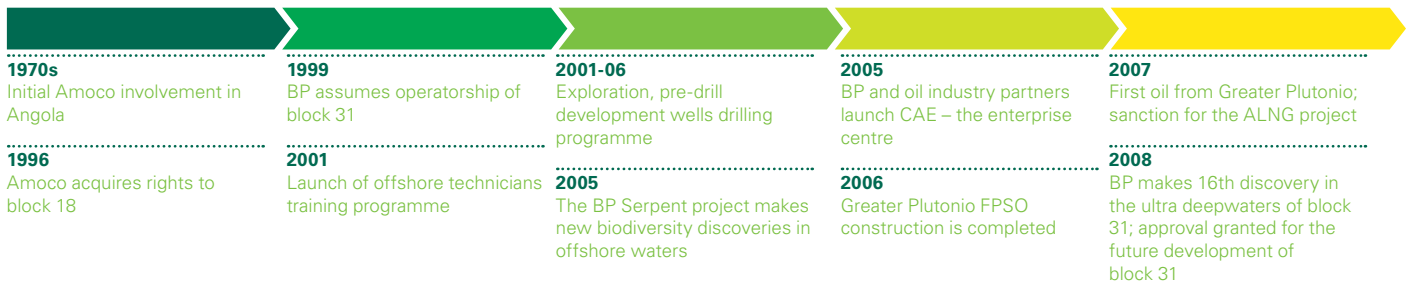
BP group's strategy

Our group strategy is to create value for shareholders by producing energy in a way that is affordable, secure and doesn't damage the environment. We will participate across the hydrocarbon value chain to:

- Explore for, develop and produce more fossil fuel resources that the world needs.
- Efficiently manufacture, process and deliver better and more advanced products.
- Be a material contributor to the transition to a low-carbon future.

To pursue these goals, we aim to align our everyday business activities with the country's advancement. The strategy recognizes that Angola faces challenges in translating its oil wealth to country wealth. The result of this is that the business and country agendas are closely linked. Our vision is for BP Angola to be recognized as a local company and a positive contributor, making a difference to the well-being and advancement of the Angolan people and their economy.

Key dates of BP presence in Angola



The production-sharing agreement

BP operations are undertaken in Angola in accordance with a production-sharing agreement (PSA) which sets out the terms of engagement with the Angolan government. The PSA contains financial provisions relating to how investment costs are recovered and profits shared, as well as obligations on non-financial matters such as health, safety and the environment (HSE), the need to recruit and develop local personnel and the preferential use of local labour and materials where possible.

We work in close partnership with other oil and gas companies in Angola and in particular with Sonangol (Sociedade Nacional de Combustíveis de Angola), the state-owned oil company of Angola which manage the development of Angola's hydrocarbon reserves on behalf of the country.

Where we do not operate activities, we seek to influence our partners to work towards standards and policies comparable with our own. This report, while focusing on our operated activities, provides examples of where we seek to influence our partners constructively.

BP Angola's governance and management systems

The Angola SPU leadership team has responsibility for the direction and oversight of BP Angola activities. It seeks to achieve the business's strategy of creating a sustainable and material Angolan energy company, producing returns that contribute to the successful delivery of BP's exploration and production business.

In pursuit of this strategy, the leadership team operates in accordance with a set of governance principles and management systems. These provide a framework for determining what we are trying to deliver and how we go about that delivery. The system is designed to enable the business to achieve its commercial goals:

- through strategy, planning and execution
- while operating safely, ethically and responsibly by applying values, standards and controls.

In line with the rest of BP, controls include the BP code of conduct (see page 19), our leadership framework and our principles for delegation of authority. These are all designed to make sure employees

understand what is expected of them. As part of the control system, the BP Angola leadership team is supported by work that focuses on the development and implementation of our strategy, provides assurance on performance and manages risks to delivery.

To manage the risks which might prevent us from achieving our business goals, we carry out risk assessments which cover technical and non-technical issues. Non-technical risks include those that may affect our reputation as the country undergoes significant oil and gas revenue growth. We have been examining, for example, how we can fulfil our goal of being a valued local energy company in the future economic, social and political climate. We also apply group standards, which set out processes for major areas such as safety and integrity, through to detailed administrative instructions on issues such as fraud reporting. The way we manage our people (see pages 16-17), is based on setting performance objectives through which individuals are accountable for delivering specific elements of the plan within agreed boundaries.

To help apply this framework in Angola, we produced a detailed handbook for team leaders, entitled 'How we work'. Team leaders play an important role in delivering the business strategy and doing so in a way which is consistent with our corporate governance and management systems.



Our values

BP's operations in Angola are undertaken in the context of BP group values and strategy. These guide us in the conduct of our business. In all our business we expect high ethical standards and act in accordance with our code of conduct.

Progressive

We believe in the principle of mutual advantage and build productive relationships with each other, our partners and our customers.

Responsible

We are committed to the safety and development of our people and the communities and societies in which we operate. We aim for no accidents, no harm to people and no damage to the environment.

Innovative

We push boundaries today and create tomorrow's breakthroughs through our people and technology.

Performance driven

We deliver on our promises through continuous improvement and safe, reliable operations.

Our operations in Angola

What were the key developments in BP's operations in Angola in 2008?

We achieved some significant operational milestones in Angola in 2008, with the first full year of operations in block 18 and gaining approval from Sonangol for extensive future development of block 31. We made a total of five new oil discoveries in block 31 in 2007-08, and continued this track record of success with further new discoveries in 2009.

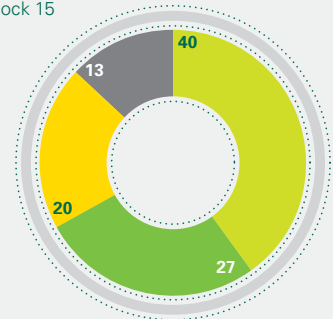


Overview of our operations

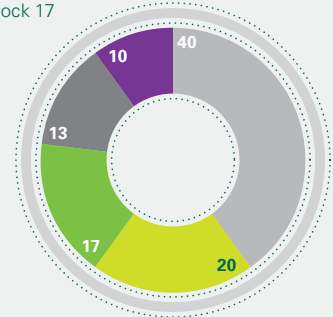
Our Angola operations include interests in four deepwater production blocks offshore. We are the operator of blocks 18 and 31 and have non-operated interest in blocks 15 and 17.

Block percentages (%)

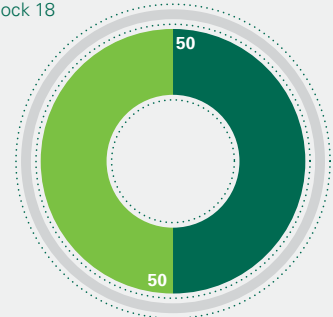
Block 15



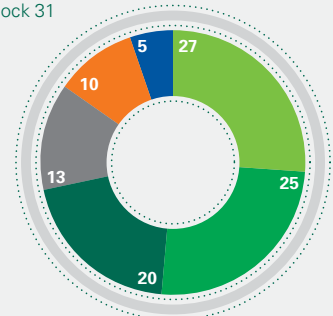
Block 17



Block 18



Block 31



- BP
- Sonangal
- ExxonMobil
- ENI
- Total
- Norsk Hydro
- Esso
- Marathon
- Statoil
- TEPA



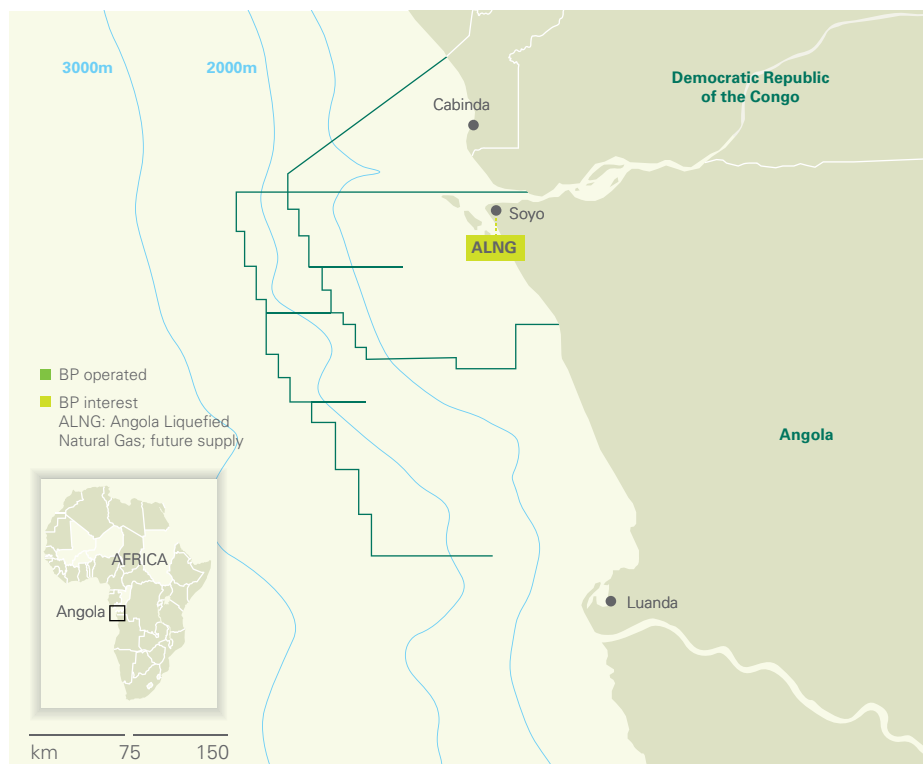
Operated blocks 18 and 31

The Greater Plutonio development is currently the single producing asset in block 18. It was the first BP operated asset in Angola and consists of five distinct fields discovered in 1999-2001. The fields lie in water depths of up to 1,450 metres. The development uses a FPSO to process produced fluids and export crude. The FPSO is connected to the wells by a large subsea system.

The FPSO is 310 metres long and has oil storage capacity of 1.77 million barrels, oil processing of up to 240,000 barrels of oil per day, produced and treated water injection rate of 450,000 barrels per day and gas handling of up to 400 million standard cubic feet per day. It is held in position by 12 mooring lines connected to anchor piles on the seabed.

Operatorship of block 31 was awarded to BP in May 1999. The block covers an area of more than 5,300 km² and lies in water depths of approximately 1,400-2,700 metres.

BP Equity share in Angola

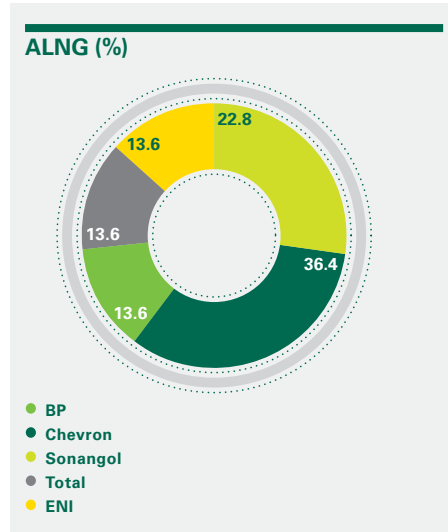


Angola LNG

We are also partners in a project to develop liquefied natural gas (LNG) plant near Soyo in Zaire province in the north of Angola.

The Angola LNG project (ALNG) is a joint project involving Sonangol (22.8%), and affiliates of Chevron (36.4%), Total (13.6%), ENI (13.6%) and BP (13.6%). The project is being led by Chevron and Sonangol. The plant represents the first major post-war onshore investment by the oil industry in Angola.

The LNG facility, which will initially be a one train plant with a capacity of 5.2 million tonnes of LNG production per year, will receive gas from a number of offshore blocks, transported through a pipeline infrastructure. It is scheduled to start exporting LNG in 2012 and will also supply gas for domestic use.



Our offshore operations: summary

Block	Operator	Area (km ²)	Water depth (m)	BP interest %	Fields
15	ExxonMobil	5,500	200-1,500	26.67	Xikomba; Kizomba A, B and C.
17	Total	5,000	1,700	16.67	Girassol; Dalia; Rosa.
18	BP	5,000	500-1,600	50	'Greater Plutonio' (comprised of Plutonio, Cobalto, Paladio, Cromio, Galio and Platina).
31	BP	5,349	1,400-2,700	26.67	Plutao; Saturno; Venus; Marte; Palas; Ceres; Juno; Astraea; Hebe; Urano; Titania; Terra; Miranda; Cordelia; Portia; Dione; Leda.

Our international teams

In addition to our activities in-country, we have teams in the UK and Houston dealing with future developments such as the programme of development for block 31, the growth of a gas business and the commercial aspects of the major projects we undertake. This includes, for example, overseeing the work being done in Singapore to convert a very large crude carrier vessel into an FPSO for future deployment in block 31.

Block 18 developments

Following the installation of the FPSO and its formal inauguration that September, first oil was delivered from Greater Plutonio on 1 October 2007. This marked the culmination of more than 20 million work-hours of effort since the initial reservoir discovery in 1999. Export commenced on 23 October 2007, marking another important milestone in the transition from project to operations.

Gross production from the Greater Plutonio fields was 151 thousand barrels of oil equivalent (mboed) per day in 2008, the first full year of operation.

In August 2008, we suffered a gas release on the FPSO. The incident did not result in any injuries, but had high potential consequences. We took the decision to shut the operation down and conduct a thorough investigation. More detail is provided in the safe and reliable energy section of this report (page 11).

As part of our continuing drilling plan for block 18, we successfully drilled nine wells in 2008. These were mainly injector wells. Reservoir performance was better than anticipated.

Block 31 developments

A major achievement in 2008 was gaining sanction from Sonangol for the development of block 31. The approval for this work, which has become known as 'the programme', includes an integrated development referred to as PSVM, involving the development of the Plutão, Saturno, Vênus and Marte fields. These fields lie in the north east of block 31, some 400 kilometres north west of Luanda, in water depth of approximately 2,000 metres. The cost of the development is approximately \$10 billion.

The block 31 FPSO, currently under construction, will produce an estimated 150,000 barrels of oil per day (bopd) at plateau, with a production design capacity of 157,000 barrels of oil per day (bopd) and a storage capacity of 1.6 million barrels. It is planned to include 40 producer wells, water and gas injector wells plus eight infill wells; 15 manifolds and associated subsea equipment; and will encompass 170 kilometres of flowlines and 95 kilometres of control umbilicals.

Our aim is to ensure that as much of the programme content as possible is produced locally. A number of in-country framework contracts have been agreed



which will lead to the construction of equipment at facilities within Angola. Our aspiration is that the project will create many direct and indirect jobs.

New discoveries

New oil discoveries were made in block 31 in 2007 and 2008, with successes continuing into 2009. Three discoveries were announced in 2007 – the Terra discovery in January; Miranda in April; and Cordelia in May 2007. The Portia discovery, announced in February 2008 was the first of two discoveries in 2008, followed by Dione in October.

The Leda oil discovery, in the central northern portion of the block, was announced in March 2009. Leda marked the seventeenth successful oil discovery overall in block 31, and the fifth where the exploration had been drilled through subsurface salt to access the oil bearing sandstone reservoir beneath.

Deep developments

The world's tallest building – the Taipei Tower in Taiwan, is 509 metres high. The PSVM subsea development is in water depths of approximately 2,000 metres, around four times the height of the tower.





BP Technicians at Jack Ryan Drilling ship.

Using advanced seismic technology

Technology plays a vital role in delivering our business objectives in Angola. The depth and geological characteristics of the oil fields in Angola means that much of our exploration activity uses leading-edge technologies, enabling drilling in ultra deepwaters once considered beyond exploration and production.

BP has been a leader in the oil and gas industry in developing and applying seismic imaging technology, in which soundwaves are sent into the subsurface and their reflections analyzed to create high-resolution visual images of the geological structures. Advances have delivered a step change in the quality of marine seismic imaging, clarifying subsurface topography below overhanging layers of salt and other complex overburdens and bringing dramatic improvement to reservoir description.

The ability to generate high-resolution images of the reservoir architecture is critical for successful field development in Angola. In block 18, the use of conventional seismic technologies has provided insight into the composition of fields, reflected in the high success rate in accessing hydrocarbon-bearing reservoirs. The recent introduction of seismic imaging (known as '4-D' seismic, which yields better imaging of the reservoir, its flow dynamics, and the connectivity between injector and producer wells) will enable the identification of unswept areas in

the field and will enable better placement of future wells – helping boost future rates of oil recovery.

Good quality subsurface imaging is particularly important in the development of block 31, where the geology involves sandstone reservoirs, sealed by deep water mudstones, with complex structures dominated by salt. To understand and map these complex geological formations, BP has been able to use conventional approaches to seismic data acquisition – with success shown by the new discoveries that have been made in 2007 and 2008 in block 31, through layers of salt. To progress further, however, new techniques are required.

Modelling work undertaken in block 31 has shown the potential for improvements in seismic data imaging using wide azimuth towed streamer (WATS) survey technology. This approach, used previously by BP in the Gulf of Mexico, constructs a picture of the subsurface from numerous orientations and generates better quality seismic images. The clearer mapping and greater definition of reservoir compartments this generates enables improved oil recovery through better placement of wells, with potentially fewer wells required. It also enhances understanding of the risks involved in drilling, which can increase efficiencies and reduce costs.

Block 15 and 17 developments

The successful track record of discovery and production in block 15, operated by Exxon, has continued. The Marimba North project, which came on stream in 2007, added production capacity to existing block 15 production which includes the Xikomba, Kizomba A and Kizomba B developments. A new development – Kizomba C – also started up in 2008.

Production has continued in block 17, operated by Total. The Rosa field development came on stream in 2007, connected to the existing Girassol FPSO. Two major new developments are being launched: Pazflor, which will have a processing capacity of 200,000 bopd, and CLOV, a production area based on the Cravo, Lirio, Orquidea and Violeta discoveries, whose development is being studied.

Sonils base

The BP Sonils office, warehouse and storage facility completed its first full year of operations in 2008. The premises, opened in August 2007 on reclaimed land in the Sonils Logistics Integrated Services logistics base near the port of Luanda, house BP's marine support services and freight forwarding teams. They manage the supply of personnel and equipment to and from the FPSO and other offshore facilities and ships and administer logistics for all equipment used by the Angola business worldwide.

Angola LNG developments

Following project sanction in 2007, we continued to work in 2008 with the ALNG project developers to ensure that it is a viable, economic investment for BP and protects BP's upstream value. We are seeking to use our influence to ensure optimum plant design and commercial structure and that the project is completed in compliance with BP's corporate standards. We have, for example, worked hard to design the project plans to address environmental and local community impacts.



Safe and reliable energy

How does BP seek to ensure its operations in Angola are safe and reliable?

BP Angola seeks to deliver energy safely and reliably, maintaining high and consistent standards every day, wherever we work. Responsible operations require continuous attention to the safety and reliability of our people, plant and processes to help drive continuous improvement in our safety and operational performance.



Safety performance

Our safety performance in 2008 was similar to our performance in 2007. In both 2007 and 2008, there were no employee or contractor fatalities, and our 2008 recordable injury frequency – which measures the number of injuries to the workforce per 200,000 hours worked – improved slightly compared with 2007. However, the number of day away from work cases remained constant (four). The number of vehicle accidents reduced compared with 2007, but driving remains a high-risk activity given the condition of many roads and the need to increase road safety awareness throughout the country. Our total vehicle accident rate, which measures vehicle accidents per one million kilometres driven, increased in 2008, but we have not had a serious vehicle accident since 2006. Detailed information on our safety performance is provided in the performance data table.

We continue to work to achieve better safety performance. Our efforts include encouraging good safety behaviour – for example, through encouraging better communication to stop incidents from occurring in the first place – as well as completing actions required after previous incidents. We have focused on key performance indicators to reinforce attention on the behaviour that drives excellent safety performance.

As part of our performance monitoring we track and analyze high potential incidents – those that could have resulted in fatalities, major property damage or environmental impact. In August 2008 one such incident occurred when the Greater Plutonio FPSO suffered a loss of containment, resulting in a gas release. The incident necessitated an immediate shut down of production and the mustering of all personnel. Nobody was hurt and our emergency response procedures worked effectively.

To ensure safe operations, we ceased production for several weeks until we had completed a full investigation to understand the incident. The investigation considered system design, commissioning processes, and the manner in which systems were set up and operated. We sought to identify the lessons we could learn by examining the incident's root causes.

Progressing towards OMS

In common with other assets across the group, BP Angola is introducing a new operating management system (OMS).

Implementation of the OMS is a cornerstone of BP's approach to achieving safe, reliable and responsible operations worldwide. It will provide a single framework for operations, consolidating requirements relating to process safety, environmental performance, legal compliance in operations and personal, marine and driving safety. It establishes a set of requirements and provides a systematic approach to improving operating performance on a continuous basis.

We are aiming for the main Angola operating sites to be working under the new management system by the first quarter of 2010. Our steering committee has begun a programme of communication and engagement across the business and has begun to carry out the detailed gap assessments required.

Improving personal and process safety

As part of the transition to OMS, and to fulfil our obligations under a group-wide six-point plan for improving process safety, we have continued to implement group standards relating to the integrity of our facilities and the management of work tasks. The focus of this effort has been the implementation of two group standards – on integrity management and control of work. We achieved conformance with the requirements of the integrity management standard in 2008 and aim to complete the work needed to comply with the control of work standard in 2009.

While setting clear requirements for the safety of equipment and tasks, the standards also focus on the need for continuous improvement, which is a central feature of the OMS.

Contractor safety

Building safety capability and raising safety awareness among our contractors and suppliers is an important task.

We are currently conducting a pilot training initiative in conjunction with the enterprise centre we have established to develop the HSE capability of local small and medium-sized enterprises (SMEs). BP health and safety specialists provide instructors and material (in English and Portuguese) on topics such as the golden rules of safety, alcohol awareness, and fire extinguisher

use. CAE – Centro de Apoio Empresarial (the enterprise centre) – provide the venue and participants and are taking an increasingly active role in training.

To create a sustainable programme, our HSE staff are monitoring and mentoring the CAE HSE consultants to equip them to provide the training in future. Initial results are positive and both parties look forward to investigating and designing how the programme can develop in future.

We also seek to spread good safety practice when working with companies outside our core activities. With Esso, we have promoted good practices – such as procedures around permits to work, and the introduction of a safety award programme – in the construction of our new shared office building at Torres Atlantico in Luanda. We have also sought to promote higher standards among the contractors who service our properties, such as electrical contractors.

BP is also an active member of industry body the Association of Companies for Exploration and Production in Angola (ACEPA), and has chaired the safety, health and environment committee since mid-2008.

Influencing contractor safety

We are working with our major contractors in Angola to increase their safety awareness and capability. We conduct out safety leadership workshops with our tier one contractors, who carry out activities at sites in Lobito, the Sonils yard in Luanda and other locations north and south of the city and, in future, at Soyo. We are also working with our contractors in the UK and those in Singapore involved in the block 31 FPSO conversion.

We run two-day workshops with contractors where we focus on issues of safety management leadership – encouraging them to make commitments to improve their leadership in their own businesses. We seek to integrate those commitments into our future engagement with them at all levels of the business.

At HSE forums, we discuss BP's expectations and good practices, including guidelines such as our golden rules of safety. We examine incidents and the lessons which arise from them, discussing how to build changed practices into management approaches.

We bridge language and cultural barriers by employing national HSSE personnel and using other techniques such as wordless safety handbooks, dual and single language posters and booklets.

We are encouraging improvements in safety in the FPSO construction in Singapore, through supervisor safety meetings, the development of supervisor safety training and providing other tools such as toolbox talk topic cards. Locally driven safety incentive schemes are in place to encourage the workforce to act and work safely.

We have also undertaken health impact assessments (HIA) at some of our contractor sites in Angola. These identify the health risks and wider social issues

the project might bring to the community (arising from an influx of labour, water and air emissions from contractor yards, nuisances such as light and noise pollution, impacts from increased road traffic and loss of livelihoods for example) as well as the health risks that could affect the project from the community. The results of the HIA are shared with the contractors in Angola helping them to inform and target the people affected by the projects when making their own community investments decisions.



Security and human rights

We continually assess and seek to mitigate the risks to our people and assets in order to provide for their safety.

In 2008, a focal point of effort was monitoring political developments in the run-up to the first elections in Angola since 1992. We developed contingency and business continuity plans to enable us to respond to potential civil unrest. On a more routine basis, we continue to provide guidance to staff and visitors on the risks of personal crime.

We are planning to build on the initial awareness raising we carried out on the Voluntary Principles on Human Rights with our security providers in 2006 by holding a workshop with them in 2009.

Protecting health

Maintaining the health of employees is a key consideration for BP. We administer a health care management plan for all BP employees and dependants in Angola. We have developed specific policies and launched health and safety campaigns to BP and contractor personnel covering subjects such as malaria and HIV/AIDS.

Malaria remains the biggest natural threat to life in Africa, with the most dangerous form of the disease present in Angola. We have taken measures to manage the exposure to the risks through education, bite prevention, the provision of anti-malarial drugs and diagnostic services for all employees. We have also distributed mosquito nets to employees and contractors and their families.

Our HIV/AIDS policy seeks to ensure that all employees are aware of the disease and that all reasonable steps are taken to protect employees from its effects. The policy prohibits discrimination and promotes an environment in which people can be open about their status without fear of rejection or stigma. Care and support objectives include counselling and the provision of anti-retroviral drugs and condoms.

Managing our impacts

Our health, safety and environment (HSE) policy sets out our aspirations for HSE performance in our operations:

Potential environmental impacts from our activities fall mainly in the following areas:

- Waste generation, management and disposal: hazardous and non-hazardous wastes are produced from operations at the Greater Plutonio FPSO, rigs and logistics sites.
- Operational discharges: these include drill cuttings generated when we drill into the seabed to construct a well. Mud or drilling fluids may adhere to the cuttings and when disposed at sea may settle down and deposit on the seabed. The main process discharge from the FPSO is warm seawater with traces of biocide

HSE Policy

BP Angola

Health, Safety and Environmental Policy

Everybody who works for BP Angola SPU is responsible for the continuous improvement of our HSE performance. We are committed to continual reduction of our risks and impacts leading to improvement in health, safety and environmental performance in pursuit of

No accidents, no harm to people and no damage to the environment.

We will operate our facilities in a safe and efficient manner and care for all those on our sites or impacted by our activities. We will continue to drive down the health, safety and environmental impact of our operations by reducing waste, emissions and discharges, using energy efficiently and reducing risk.

We will:

- **comply** with all the applicable legal requirements and company policies and procedures.
- **consult**, listen and respond openly to our customers, employees, neighbours, public interest groups and those who work with us.
- **work with others** – our partners, suppliers, competitors and regulators – to raise the standards of our industry.
- **openly report** our performance, good and bad.
- **recognize those who contribute** to improved HSE performance.
- **continuously improve our performance** by improving the leadership, capability and capacity of our organization.
- **identify our risks**, prioritise and manage them.
- **review** the effectiveness of our HSE systems at least annually.

Our business plans include measurable HSE targets. We are committed to meeting them.

Working safely and complying with all applicable legal requirements is a condition of employment. Staff and contractors must not tolerate deviations from legal requirements, nor the existence of unsafe acts, behaviours or conditions. All who work for and with BP are obliged and have the authority to stop work they consider unsafe or that contravenes legal requirements.

This policy shall be reviewed periodically, taking into account the views of customers, employees, neighbours, public interest groups and those who work with us.

Robert T. Fryar
SPU Leader

1st July 2009

from the seawater cooling system.

- Air emissions: these are generated mainly from the combustion of fuels in drilling and vessel engines, power generation, well clean-up and testing operations and flaring.
- Accidental spills.
- Noise emissions and impact on marine fauna from seismic surveys.

To manage these impacts, BP Angola operates an environmental management system (EMS) which meets the requirements of the international standard ISO 14001:2004.

The EMS provides a systematic and controlled approach to managing environmental impacts and seeks to ensure that every practical step is taken to minimize those impacts. Our EMS is externally certified for all seismic, drilling and supply base activities in BP Angola and its scope is being extended to incorporate the Greater Plutonio production operations. We aim to complete this process in 2009.

Environmental performance

BP Angola is committed to continuous environmental improvement. To manage and mitigate adverse environmental effects, annual objectives and targets are set. When setting these objectives, we concentrate on our most significant environmental impacts.

The table below summarizes performance against our targets for 2008. More detailed information on our environmental performance is provided in the performance data table within this report.

Selected targets for 2009 are summarized in the table on page 15: Target setting takes account of risks, legal requirements, and the organization's specific business circumstances.

Air emissions

Our routine emissions to the atmosphere result primarily from power generation, drilling and vessel operations. There is also some flaring from our well operations

during well testing and clean-up operations. Production operations lead to occasional emissions from venting due to tanker loading. Our policy is for the FPSO at Greater Plutonio to operate without flaring during steady operations. However, there may be intermittent flaring during start-up procedures and when the gas compression facilities are unavailable to allow production to continue from the complex subsea system that cannot be readily stopped and re-started. The emissions from these sources include carbon dioxide, methane, non-methane hydrocarbons, and oxides of nitrogen and sulphur (NOx and SOx). Emissions of non-methane hydrocarbons increased in 2008 principally as a result of flaring after the re-start of Greater Plutonio operations.

Carbon dioxide is the principal greenhouse gas involved in climate change, which is recognized as a serious concern for mankind due to the potential for rising sea levels and extreme weather conditions. In addition to global warming, other potential

atmospheric impacts include smog formation and acid rain, which could damage ecosystems. High pollutant levels also create risks to human health. Our greenhouse gas emissions increased in 2008, as production volumes also increased. However, we seek to minimize GHG emissions in our production operations by implementing the requirements of our flaring policy which states that during upset, shut-down or start-up conditions we seek to avoid extended periods of flaring, waste and release of CO₂. In the event of upset conditions longer than 72 hours, production will be cut back in incremental steps in order reduce flaring while maintaining stability.

BP Angola's principal operations are located offshore, more than 100 kilometres from any centres of population. We have run predictive models to study the cumulative effect of offshore operations on onshore air quality and in the absence of national regulations with regard to air quality limits, compared the outcomes to international air quality guidelines. The results indicate that, given the magnitude of the emissions and the distance available for dispersion, the sites do not have any significant impact on air quality on the Angolan coast or on any of Angola's neighbours.

Performance against 2008 targets

Area	Target	Comment on performance
Standards and policies	Roll out revised compliance management tools for EMS procedures by 2Q 2008.	Achieved.
Standards and policies	Implement EMS at Greater Plutonio FPSO.	Not achieved due to other operational challenges. Target continues into 2009.
Waste	Review waste management strategy by 3Q 2008.	Achieved.
Chemicals	Finalize the implementation of a chemical management system by 4Q 2008.	Not achieved. This is an objective for the health and safety team in 2009.
Air emissions	Maintain greenhouse gas emissions below 892 Ktonnes CO ₂ (on equity share basis) and start tracking of other emissions from marine sources.	Not achieved. Higher than anticipated flaring rates resulted from start-up operations in Greater Plutonio and in our non-operated assets.
Spills	Reduce spill occurrence, at less than 24 recordable spills (all spills, including those less than one barrel).	Not achieved. Low-volume releases occurred in seismic operations.
Office impacts	Launch a 'green office' initiative, linked to move to Torres Atlantic office.	Partially achieved. The programme was initiated but the office move was delayed.
Biodiversity	Obtain necessary approvals for DELOS project.	Achieved.
	Install platforms on sea bed at final locations by 4Q 2008.	Not achieved, due to logistical issues with the supply vessel.
	Obtain first data set from project by 4Q 2008.	Not achieved. The first data set will be available approximately six months after deployment.

Waste management

We manage our waste through operational controls, setting objectives and targets, monitoring and auditing and conducting research or investigations when necessary.

Our waste management strategy seeks to ensure that we meet regulatory requirements and follow acceptable industry practices for treatment and disposal.

We endeavour to implement the waste hierarchy of reducing, re-using and recycling waste from our operations in Angola. We seek to minimize the amount of waste generated by encouraging waste reduction strategies. Where it is not feasible to implement waste reduction, BP strives to re-use certain waste streams. For example, we are donating waste wood from our operations in support of a local community project (see page 21). Where re-use is not practical, we aim to recycle waste. We are currently examining the market to find new options for scrap metal recycling.

Wastewater discharge

Within BP Angola, we try to manage our wastewater discharge so that we do not adversely impact the quality of the receiving waters. The wastewater streams that we manage include ballast water, once-through cooling water discharge and rain water run off. We also manage produced water and have the ability to treat and re-inject it into the oil reservoir for reservoir pressure support.

2009 targets

Standards and policies	Implement EMS at Greater Plutonio FPSO and obtain ISO14001 certification by 3Q 2009.
Waste	Increase the amount of wood waste segregated from the Sedco Express drilling rig by 20% compared with 2008. Review waste transfer note system by end 4Q 2009. Ensure effective management of waste transfer records at Sonils base by 4Q 2009. Conduct a review of the waste management strategy at Sonils by 3Q 2009. Recycle at least 15% of wood waste from Sonils by 4Q 2009. Increase recycling opportunities for metal by 2Q 2010.
Air emissions	Achieve zero flaring during steady operations by 4Q 2009. Issue flare management procedure by 2Q 2009.
Spills	Reduce spill occurrence in block 18 operations to less than 2 recordable spills. Reduce the occurrence of 'Explorer' drilling rig spills to 2 or fewer.
Biodiversity	Install platforms on sea bed at final locations by 1Q 2009. Obtain first data set from project by 3Q 2009. Set up sediment lab at the Angolan Institute of Fisheries Research by 3Q 2009.

Spills

If an incident occurs and oil or chemicals are released to the environment, those substances have the potential to pollute the waters and land, affecting flora and fauna as well as having an impact on other users who depend on these resources.

We therefore put great emphasis on spill prevention and have developed detailed oil spill prevention and contingency plans for all our operational sites. An emergency

response system, including the provision of the necessary equipment, materials and trained personnel for responding to spills, is in place. In addition, we have access to equipment and resources from other operators in Angola and to international resources in west Africa and the UK to assist in the event of a significant incident. Our principle in response is to 'over-react' when responding to an emergency to ensure the protection of life and the environment.

DELOS (Deep-ocean environmental long-term observatory system)

The deep-ocean environmental long-term observatory system (DELOS) project is the product of collaboration between BP and its block 18 partners Sonangol and SSI and the scientific community, including the Universities of Aberdeen, Glasgow and Southampton, Texas A&M at Galveston, the Monterey Bay Aquarium Research Institute and the Angolan Institute of Fisheries Research (INIP). Its aims are to increase understanding of the deepwater areas where an increasing amount of BP exploration and production activity is taking place, by:

- Measuring and monitoring deep-sea biological communities.
- Understanding the pace of recovery from any unforeseen impacts.
- Differentiating between natural and anthropogenic changes, providing a link between marine biodiversity and climate change.

Two platforms were deployed in February 2009, one within 50 metres of a sea floor well, and a second several miles from any sea floor infrastructure. These

platforms are situated in the Atlantic Ocean in block 18 at a depth of 1,400 metres. The platforms will remain in place for 25 years and be serviced by remotely operated vehicles. They are fitted with a series of modules:

- A sediment trap module: phytodetritus from plankton in the surface layers falls to the sea floor in seasonal pulses. This is the major source of energy for the deep-sea environment. The sediment trap collects and periodically stores this fallout enabling the composition and quantity of this energy input to be measured.
- An oceanographic monitoring module to provide background measurements to fully characterise the environment for other observation modules in the docking station.
- An acoustic module with a passive bio-acoustic sensor to monitor the natural sounds generated by animals as well as the background noise level. This system will allow passing vocalising cetaceans to be identified and counted. High frequency active sonar systems are also installed to enable fish movements to be observed at a lower resolution but at

Noise

Noise generated by our activities results from vertical seismic profiling carried out in conjunction with drilling operations and regional seismic surveys. The noise induced in the water column can affect marine fauna. Potential effects on marine mammals and turtles are of particular concern.

To mitigate and avoid negative effects from noise on marine fauna, BP has implemented strict noise controls at all its seismic operations. This includes having marine mammal observers on board the sound source vessels, making provision for stopping operations when vulnerable fauna are present in the area and introducing safe operational practices such as soft starts.

Protecting biodiversity

We have collaborated in a research partnership to improve understanding of the deepwater environments of Angola where exploration and production is taking place. Among the successes of past collaboration has been the identification of a new species of amphipod and the publication of a number of scientific papers. We are continuing our deepwater biodiversity protection programme with the DELOS long-term observatory project – see below.

much greater range than photographic systems.

- A camera module is available to enable identification of invertebrates and fish and to enable visualisation of the seasonal sea floor over a 20m² area. This will support public outreach activities.
- A guest module, currently empty for the initial programme but to be made available for future ideas generated within BP or the scientific community.

The project includes the installation of a sediment laboratory at the Angolan Institute of Fisheries Research, where samples of data will be sent for analysis.



People energy

What is BP doing in Angola to build the capability of its workforce?

People and their capabilities are fundamental to our sustainability as a business. To build a sustainable business in Angola, we recognize the need to develop the skills and experience of local people, creating an environment which provides opportunity for all staff.



Angolanization

As part of our efforts to be a local energy company as far as we can, we aim to ensure that our workforce reflects the local communities in which we operate.

This goal is underpinned by targets set by government for the recruitment, integration and training of Angolan nationals. In 2008, a new legislative decree reinforced previous provisions under the PSA in relation to labour by defining rules and procedures relating to the hiring of expatriates and introducing a mechanism requiring petroleum companies to allocate an annual sum for the training and development of Angolan personnel.

Meeting the target percentages for Angolan employees set under the PSA is demanding in a market in which the required skills are in short supply, and where competition for experienced hires is intense. Like other oil and gas companies in Angola, we face challenges in staff recruitment arising not only from the shortage of qualified staff in a fast-growing market, but also from the growing diversification of the economy which is now generating a wider range of job opportunities. We therefore strive to ensure we attract good quality applicants and offer them a career development path that is highly attractive.

Our learning and development programmes enable Angolans and others to gain the experience we require of individuals before they assume leadership positions. The programmes provide participants with a foundation of technical skills and development opportunities tailored to their needs. The schemes are an important part of how the knowledge transfer required by the PSA is achieved.

Our staff turnover rate increased in 2008. To retain our staff and improve engagement with them, we recognise the need to ensure our basic people processes – on performance appraisal and career development planning for example – are carried out more effectively. We have sought the views of our employees on their reward package. Our goal is to strike the appropriate balance between addressing short-term needs – on pay for example – with longer-term requirements, such as those relating to pension provision. We have taken steps to address both these areas.

BP Angola workforce headcount

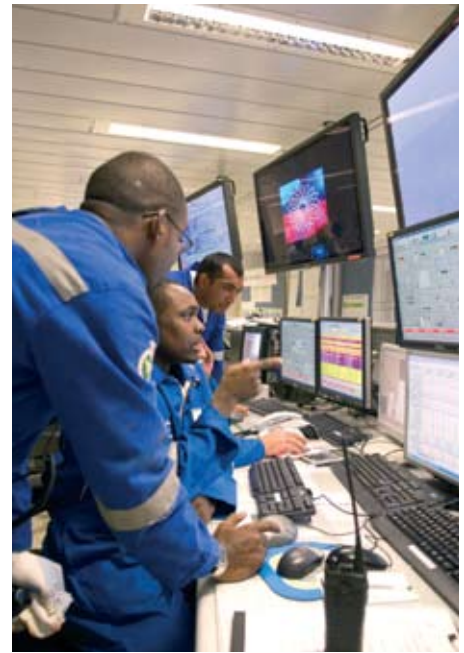
	2005	2006	2007	2008
Total Angola based staff	294	451	463	598
Total non-Angola based staff	320	357	366	433
Total business staff	614	808	829	1,031

We use a variety of methods to help people at all levels develop their capabilities. Employees may attend training on subjects including safety or technical areas such as finance, sales and marketing, and leadership skills. Among managers, we have introduced the BP Managing Essentials programme, designed to drive continuous improvement in performance. We have developed new modules focused on implementing change and effective teamworking which will complement existing programmes such as effective performance conversations, which helps leaders have clear and constructive discussions with staff.

Learning and development

A BP study undertaken in 2005 indicated that Angola will require more than 8,000 engineers and geoscientists by 2011, but that the pool of labour contains insufficient technically and professionally skilled people. We have therefore sought to provide academic and technical training opportunities to develop the skills of our local workforce.

BP's four development programmes provide opportunity for Angolans to enter the oil industry and gain first-rate qualifications and practical experience – both technical and academic. The programmes are diverse, catering for those looking to make a start in



Development stories

Celestina Domingos

Designate operations technician, and graduate of the offshore technicians programme

Celestina was the first fully qualified female Angolan technician to start working on the Greater Plutonio FPSO in block 18. As a production technician, Celestina is working towards completing her CMAS profile to gain competency on each piece of the plant's equipment. Apart from her day-to-day duties she has coached and helped develop new Angolan designate process technicians. Her goal is to gain as much experience of process control as possible to develop into a production control room technician.

“ In addition to the technical processes I am also learning how to deal with people from all corners of the globe. It is quite a challenge to work in such a diverse environment but I feel enriched from each day's experience. The Greater Plutonio development is like a great big school with all the knowledge up for grabs. ”

Dulce Henriques

Instrumentation and control support engineer, and former participant in the Challenger programme

Dulce, a telecommunications systems and electronic engineering graduate from the Higher Institute of Engineering in Lisbon, joined BP in 2004. After a brief spell in Luanda, she moved to the UK, working on the Greater Plutonio project. Having gained experience working at the offices of a design contractor and the Wytch Farm oil plant, she returned to Angola in 2007 and took up her role as an instrumentation and control support engineer.

“ BP has provided me with stability and the opportunity for professional growth. The Challenger environment encouraged me to voice my opinions and be proactive. The experience has put me in a good position to tackle new assignments and tasks. ”

Rui Manuel

Process engineer, and former BP scholarship student

Rui completed a full-time BSc Chemical Engineering degree at the University of Cape Town in 2005, sponsored by BP. This included a three-month summer internship at BP Angola's head office in Luanda and short secondments at contractor yards at the Sonils base. Following graduation, Rui worked at the FPSO project management headquarters in the England followed by experience with a package vendor for the Greater Plutonio development in Scotland. On his return to Angola in 2008, Rui worked in the block 18 operations support team and has recently been appointed to a new role in the team, reporting directly to the block 18 operations manager.

“ BP supported me through university and has followed this up with a range of placements which have given me a broad base of insight and experience. In each case – whether in an academic or practical environment – I have benefited from opportunities to learn and develop my capabilities. ”

the industry, and for those seeking practical experience or degree-level qualifications. The programmes provide challenging hands-on experience in work placement and training.

We provide a first year of English language training for those potential technicians and scholars who require it.

The offshore technician programme, begun in 2001, offers routes for study and vocational training for young nationals looking to make a career in the oil and gas industry. While learning English, trainee technicians can discuss with mentors the appropriate route for their future work – as trainee production, marine, or electrical, mechanical and instrumentation maintenance

technicians. Depending on the chosen path, trainees receive vocational training at BP facilities in the UK, South Africa or on board BP ships. Students in all disciplines study for recognized vocational qualifications as well as receiving on-the-job training.

Since the programme began, 68 technicians from block 18 have graduated from it. Seventeen technicians from block 31 graduated in 2008. Graduates have worked at BP facilities in Colombia, on the construction of the Greater Plutonio FPSO in South Korea, in FPSO operations in block 18, and on facilities in the North Sea and the Gulf of Mexico. In 2008, a further 79 technicians were engaged in training to work in future block 31 production operations. Designate

technicians, those who have completed the initial phase of their studies and are working alongside fully-qualified experienced personnel, begin to work towards a technical competency qualification under BP's competency management assurance system, CMAS.

BP also provides a scholarship programme for degree-calibre Angolans. Some of these people may have moved from the technicians programme while others will have been identified in our recruitment and selection process, where we seek candidates from across the country. Scholarship students are sponsored through university and supported by the recruitment and training team throughout their studies.

Building competency in purchasing and supply chain management

To help address our business needs and support our local staff development aspirations, we have partnered with the UK-based Chartered Institute of Purchasing and Supply (CIPS) to develop a competency building and training programme on purchasing and supply chain management.

The BP Angola CIPS corporate award programme enables BP supply chain professionals to receive training and assessment to build core competencies before progressing to CIPS associate and full membership status. Successful participants in becoming a member of CIPS (MCIPS) gain a recognized international accreditation in purchasing and supply.

David Fox, Head of Corporate Relationship Management at CIPS, believes the programme is an excellent example of how an effective partnership can deliver advantage and long-term benefit. "The first group of BP participants in the programme will be the very first Angolans to achieve MCIPS status. This is an achievement for which we, BP – but most importantly – the individuals themselves can be rightly proud."

Course material, which has been carefully developed in collaboration with CIPS, covers a diverse set of modules incorporating topics such as the legal aspects of buying, inventory management, contract negotiations, through to strategic issues such as supplier relationship management. Assignments and research are linked to the modules and are tailored to projects specific to BP Angola. This applied route to learning is designed not only to challenge the individual with academic rigour, but for the work to deliver practical business benefit.

The first set of four BP graduates who have progressed through the entire programme should complete their work in June 2009. Students in the programme have commented that the CIPS training has

enabled them to increase their technical competency, making them more confident in managing relationships with internal and external customers.

In total, more than 35 BP employees are working their way through the course. We have invested approximately \$2.25 million in the programme, which will run until 2010.

John Lindley, BP Angola Business Unit Resources Director, adds: "Our partnership with CIPS started back in 2002 and has resulted in our staff learning and applying sound supply chain theory to deliver greater business value to BP and its stakeholders. For me, seeing our people become qualified supply chain professionals is always a great moment."

“ Our partnership with CIPS started back in 2002 and has resulted in our staff learning and applying sound supply chain theory to deliver greater business value to BP and its stakeholders. ”

John Lindley



Many students embark on a pre-degree course in South Africa or Turkey.

Since 2003, we have sponsored some 40 operations and production engineering students and a further 30 students studying disciplines related to drilling and reservoir management through their courses. By 2008, eight sponsored students, two of whom have Masters degrees, were employed following their graduation from Cape Town University, Durban University of Technology, Imperial College in London, and the University of Johannesburg.

BP's Challenge Programme for graduate entrants to the company provides a competence-based, globally inclusive framework that enables participants to acquire BP's common foundation skills.

The programme typically lasts three years during which challengers are given stimulating work placements with guidance from technical coaches who help them gain competencies and development opportunities. Overall, BP Angola has 85 individuals involved in the Challenge initiative, and 2008 saw the first batch of Angolan challengers coming through the programme, including seven production facilities engineers.

For experienced engineers, the emphasis is on professional accreditation. BP works with engineering institutes to seek education and development opportunities that will assist its engineers in making the transition to incorporated or chartered status.

In addition to these development programmes, core training is provided within technical disciplines such as human resources, finance, subsurface, drilling and completions, health, safety, security and the environment. In our procurement and supply chain management function, for example, an innovative programme is helping BP Angola's professionals to become leaders in their field.



Code of conduct

We strive to maintain an open working environment in which everyone is treated with respect and dignity.

Underpinning our aspiration for an open environment is the BP code of conduct which defines what we expect of our business and our people, regardless of location and background. The code covers health, safety, security and the environment; employees; business partners; governments and communities; and company assets and financial integrity.

Our code of conduct requires that our employees or others working on behalf of BP do not engage in bribery or corruption in any form in both the public and private sectors. It forbids employees from making, offering or promising to make a payment or transfer anything of value (including the provision of any service, gift or entertainment) to government personnel or other officials for the intention of improperly obtaining or retaining business, or for any other improper purpose or business advantage. This position also applies to third parties acting on BP's behalf, including agents.

The code also highlights BP's policy of not permitting facilitation payments (payments made to secure or speed up routine legal government actions, such as issuing permits) even if these payments are nominal in amount.

Like other multinationals working in diverse social, political and cultural contexts, BP faces challenges in implementing a policy like this in widely different jurisdictions and contexts. When we detect breaches, we investigate and take steps to eliminate

these practices. At group level, we support institutions and NGOs that aim to eliminate bribery and corruption and promote revenue transparency, such as Transparency International, and participated in the development of their Business Principles for Countering Bribery. Within Angola, we have worked to establish a Masters of Law programme in oil and gas at the Agostinho Neto University College of Law which is designed to demonstrate the benefits of conducting business in an ethical and transparent fashion.

As in previous years, BP in Angola completed our internal ethics certification process in 2008 in which each business or functional team is asked to certify the extent to which it has complied with laws, regulations and the code of conduct. We continued to make employees and contractors aware of OpenTalk, our independent confidential helpline, enabling them to enquire or raise concerns about compliance, ethics or the code of conduct.

Local energy

What is BP doing to contribute to social and economic development in Angola?

We aim to ensure that our presence in Angola, and wherever we operate, creates mutual advantage for us and for those with whom we come into contact. Using our collective experience and resources and working in partnership with others, we seek to respond to local needs and contribute to building the capacity of individuals, communities and institutions.



Our approach

Our investment in community projects and programmes seeks to address important elements of Angola's social needs. We have focused in particular on initiatives that promote education and enterprise development. We believe that by focusing on these areas we can increase local participation in our activities and promote Angola's development. BP Angola supports social projects that deal with poverty reduction and social inclusion to help tackle the problems that remain following 27 years of war.

Our approach is to work in partnership with non-governmental organizations (NGOs) who help us by developing project proposals based on their understanding of community needs and who can also act as project managers. We couple their views with our insight into community concerns in the areas where we operate. We also support capacity building through our support for local institutions.

Our funding for community projects is either provided directly by BP or forms a contribution to community spending with our partners in blocks 15 and 17. Priorities for social spending in these two blocks are mainly determined by the block operators, ExxonMobil and Total, respectively. Across all our spending, and across the oil industry as a whole in Angola, we are therefore contributing to projects in diverse fields such as support for public healthcare, donating medical supplies, school construction and enabling access to education. We seek to ensure that our support is complementary to the social welfare provision offered by others, including Sonangol and the government of Angola.

A cornerstone of our approach at BP is trying to promote programmes that are truly sustainable, by which we mean seeking to support projects that help communities help themselves. Our preference is to help build the capability of people and the institutions which enable communities to thrive. We consider this to be particularly important in Angola, where many communities continue to suffer from the lasting effects of civil war.

An example of our approach has been our support for the Palanca boys home in Luanda. The home provides a safe haven for street boys to live, learn and mature. The boys there are either orphans or have lost contact with their families through displacement. While providing support over many years, we have also sought to make the home better able to prosper on its own. We have recently started to deliver reclaimed wood to the home sourced from pallets and crates used for the delivery of equipment to our Sonils warehouse. The wood has been used by the boys at the home to create furniture and goods for sale.

Building local economic capacity

A fundamental way in which we contribute to social development in Angola is through the taxes we pay, the jobs we create directly and indirectly and the skills we help develop among local people and national contractors. Provisions within our operating contract – the PSA – seek to ensure that the social and economic benefits arising from our activities are shared for the country's good.

For example, in conducting our operations, we have a requirement in the PSA to give preferential treatment in certain circumstances to local labour and to the acquisition of nationally-produced goods, machinery and equipment. By doing so, the PSA seeks to support local economic development while adhering to the norms and standards of the international petroleum industry.

We estimate that we spent approximately \$1 billion on purchasing goods, services and labour with Angolan content in 2007-08. We are also planning for a substantial amount of local content to be incorporated into the delivery of the PSVM programme to develop block 31 in years to come. Achieving this will build on our good record of using local content in the development of Greater Plutonio, where several elements of the project – such as the riser tower and manifolds and other support structures – were manufactured in Angola, at the Sonamet yard in Lobito.

The CAE – Apoio Empresarial

To help build the capacity of Angolan small and medium enterprises (SMEs), we and our industry partners in Angola have created CAE – Apoio Empresarial, an enterprise centre dedicated to helping local companies service the oil and gas industry.

CAE – Apoio Empresarial, implemented by CDC (Citizens Development Corps: an NGO based in Washington DC with global experience implementing similar supplier training initiatives), provides the link between the oil industry and Angolan SMEs. CAE's role is to build up the technical capacity of Angolan SMEs to participate more actively in the oil and gas supply chain as suppliers of products and services. Additionally, CAE functions as a local content resource for BP and the other industry partners by providing local market intelligence to help diversify the supplier base, increase competition and improve local content spend.

BP was a leading player in the creation of CAE and has continued to support its development. We have, for example, placed more contracts through CAE than any other oil company in Angola. According to Shaun Doherty, the CDC country director and director of the CAE programme: "The implementation of the CAE programme would not be as successful without BP's deep commitment to Angolan supplier development. BP has acted as a



Jamboree session.



Jamboree session.

CAE – Apoio Empresarial: providing business opportunities

CAE – Apoio Empresarial has always been focused on providing quality training and consulting services to small and medium-sized Angolan enterprises. Within this, CAE actively seeks opportunities to help women-owned Angolan businesses. CAE recently helped two such companies in Luanda gain contracts with BP Angola.

BP Angola requested CAE to search its database of more than 1,000 Angolan businesses to find a company with the capacity to develop financial systems. Miraconsultoria, Lda, a new company focusing on the development and implementation of financial systems, emerged as a potential supplier. The company was of interest to BP but lacked the capacity to place employees in Huambo for four months, one of the conditions of the contract. With counseling from CAE, Miraconsultoria approached BP with a plan that requested less on-the-ground time in Huambo while still providing the high level of service required. After negotiation, Miraconsultoria secured the contract (and two new jobs for Angolan citizens) while BP had successfully appointed a quality supplier

and gained a valuable addition to its pool of local content suppliers.

CAE have also supported Auren Angola, Lda, a firm that provides training and consulting in the HR and strategic fields. Following work between Auren Angola and CAE in 2008, CAE were able to introduce the company to BP Angola to discuss a contract to evaluate a financial assistance programme between BP and Agostinho Neto University. The discussions proved successful and the company began providing consulting services to BP from January 2009.

According to Gaspar Santos, BP Angola's sustainable development manager: "Helping to develop the capacity and providing commercial opportunities for women-owned businesses will always be a focal point of BP's sustainable development strategy in Angola."



Rebuilding community capacity through micro-credit

There are places in the rural interior of Angola that look as if the country's long civil war ended recently, not in 2002. While parts of Angola have made strides toward recovery, thanks in part to the country's oil production industry, many people, especially in rural areas, continue to live in extreme poverty. With most Angolans engaged in agriculture, the problems are far-reaching.

Angola's agricultural production has been slow to recover, not least because the farming families who had traditionally earned a living through agriculture or livestock trading are unable to obtain loans to re-establish their farms. Many in these communities have no papers to prove their identity, making them ineligible for conventional credit.

The Greater Plutonio micro-credit programme, funded by BP and its block 18 partners (SSI and Sonangol), is helping to change this by providing a means of restoring the rural economy and its structures. The project, being run in Huambo and Benguela provinces,

was initiated in 2005 and is a partnership between BP, BancoSol and the not-for-profit development organization ADRA. Local government authorities are also active participants in the project, as the commercial activity the project supports brings people back within the legal and formal economy.

A fund established by BP and its block 18 partners guarantees the programme's loans, which are issued by BancoSol. ADRA plays a vital role in the project, acting as an intermediary between association members seeking finance and the bank and providing support in areas such as business planning, management and creating partnerships.

Some of these associations – which number more than 60 – existed before the project while others have been newly created. Developing their capability is an important aspect of ADRA's role. Each association has a president, elected by members and staff. The associations share knowledge and support individual farmers

seeking financial or administrative help. This might take the form of setting up a collective bank account to enable individual farmers to gain access to funds or it might involve the purchase of a collective plot of land to enable individual farmers to gain access to an area for cultivation.

Membership of the associations provides for a gateway to access for credit. Associations have a role in allocating money to individual farmers on the basis on the business case they put forward.

By the end of 2008, loans in excess of \$980,000 had been issued. The typical value of a loan is approximately \$320, most of which has been used in the agricultural support industry with some supporting direct agricultural activity. The programme is helping to create jobs, which in turn may result in higher tax revenues for municipal governments. It is also bringing traditional farming families into the modern banking system and putting some of the programme's beneficiaries on track for conventional credit.

leader and driver of the CAE programme within the industry since its inception and CDC is thankful to have such an effective partner.”

Since its creation in 2005, the centre has provided training and technical assistance in areas including HSE, human resources, accounting and finance, operations/quality, bids and contracts, business strategy and marketing. It has also facilitated the management of commercial opportunities between the oil industry and SMEs, and has created a database of registered potential suppliers. Due to the breadth of the demand from the oil industry, CAE's activities cover many different sectors which helps the development of the Angolan economy.

From July 2007-July 2008, CAE clients secured 64 new contracts with a total value of approximately \$5.3 million. From July 2008-March 2009, 47 contracts were secured with a value of more than \$53 million. Approximately 1,500 jobs have been created as a result. The centre's database of registered companies has continued to grow.

Micro-credit

The Greater Plutonio micro-credit programme provides an example of public-private partnership where we are helping communities develop their institutional capacity and helping individuals support themselves.

The core part of the programme, providing loans to farmers, helps to take people out of poverty and to reconnect them with the formal economy. In addition, the programme is helping to build community capacity, particularly through the support provided to local farmer associations that play a coordinating role within their community. Through Action for Rural and Environmental Development (ADRA), the NGO implementing the project, training is being delivered to farmer associations to develop their capability and improve the service they offer their members.

The programme has been recognised within BP, winning an award in the partnership category of the internal Helios award scheme. We are keen to learn lessons from the project and will be reviewing its impact in the course of 2009 with a view to developing it further in future.

Supporting education

We have worked in partnership with the University Agostino Neto (UAN) to improve the quality and increase the number of engineers and geoscientists who graduate. We have funded scholarships and the purchase of books and laboratory equipment. We have also implemented programmes to improve the quality of education and revise the curriculum, trained technicians to use the new fluid laboratory provided by BP and provided support for teacher training.

We have also assisted UAN in establishing a Masters of Law programme in oil and gas law (LLM) at their law faculty, offering \$2.3 million in funding over three years. The first course was completed in 2008, with 33 graduates. The course contains elements on ethics and transparency as well as the financial, technical and legal aspects of the oil industry.

We support the Luanda Higher Institute for Educational Sciences (Instituto de Ciências da Educação de Luanda – ISCED) through a programme designed to improve its teaching and technical environments, particularly those of its exact sciences department. It promotes scientific investigation through the internet, digital learning and educational software, and prepares students for degrees in educational computer science.

Since 2005 we have supported a pre-university course of social development at the Institute of Religious Sciences of Angola (ICRA). Since then, more than 120 students and 50 teachers have been trained. A data processing laboratory has been equipped

with computers and internet connections, and the library has been extended. A centre for research into behavioural anomalies of post-war children and teenagers has also been established. This has contributed to trainee social educators taking up roles in 18 provinces around the country.

We also support schools and community infrastructure development in our communities, providing library facilities and training for librarians. Block 18 community development funds established a new pre-university school in Huambo in April 2008, which has places for around 1,000 children aged 16-19. The initiative was led by Sonangol on behalf of its block 18 partners BP and Sinopec. The project includes a library and chapel.



Classes at a BP funded Primary school.

Our performance

Performance data

For the year ended 31 December

	2005	2006	2007	2008
Performance				
Total hydrocarbons produced (mboed) (Op and non-op)	128	133	140	202
Safety				
BP employee fatalities	0	0	0	0
BP contractor fatalities	0	0	0	0
Day away from work cases (DAFWC) ^a – workforce ^b	0	2	4	4
Day away from work cases frequency (DAFWCf) ^c – workforce	0.00	0.062	0.094	0.095
Recordable injuries ^d – workforce	3	8	18	15
Recordable injury frequency (RIF) ^e – workforce	0.14	0.25	0.42	0.35
Total vehicle accidents	10	78	31	30
Total vehicle accident rate (TVAR) ^f	4.56	23.3	9.3	14.3
Hours worked – workforce	4,295,913	6,433,581	8,545,184	8,549,274
Kilometres driven	2,193,063	3,340,962	3,346,010	2,102,528
Environment				
Equity share direct carbon dioxide (CO ₂) ^g – (tonnes)	520,004	484,666	940,541	1,208,764
Equity share indirect carbon dioxide (CO ₂) ^h (tonnes)	0	0	0	0
Equity share direct methane (CH ₄) (tonnes)	1,502	1,643	4,160	2,644
Equity share direct greenhouse gas (GHG) (tonnes CO ₂ equivalent) ⁱ	551,546	519,169	1,027,811	1,264,288
Total gas flared (tonnes)	466	1,987	148,882	200,221
Sulphur dioxide (Sox) (tonnes)	17	108	232	206
Nitrogen oxides (NOx) (tonnes)	272	1,587	5,800	2,923
Non-methane hydrocarbons (NMHC) (tonnes)	26	260	825	6,210
Number of hydrocarbon spills ^j	0	2	2	2
Volume of product spilled (litres)	0	2,543	246,953	27,187
Volume of product unrecovered (litres)	0	2,543	246,953	27,187
Total hydrocarbon discharges to water (tonnes)	0	0	0	3.18
Hazardous waste disposed (tonnes)	138	673	1,054	768
Non-hazardous waste disposed (tonnes)	Not reported	Not reported	749	870
Employees				
Total Angola based staff	294	451	463	598
Total non-Angola based staff	320	357	366	433
Total business staff	614	808	829	1,031

a DAFWC: An injury or illness is classified as a Day Away From Work Case (DAFWC) if as a consequence of it the member of the BP workforce could not have worked on any day after the injury or illness, irrespective of whether there was scheduled work, or when a physician or other licensed health care professional recommends that the member of the BP workforce stay at home but the individual comes to work anyway.

b The BP workforce comprises all BP employees, all BP contractors and all BP Directors.

c DAFWCf workforce: The number of injury DAFWCs to the BP workforce for every 200,000 hours worked in the same period.

d A recordable injury is an injury and illness incident that results in a fatality, a day away from work case, restricted work or job transfer, or medical treatment beyond first aid.

e RIF: The total number of Recordable Injuries to the BP workforce for every 200,000 hours worked in the same period.

f TVAR: Total Vehicle Accident Rate: the sum of all light vehicle and all mobile plant accidents per one million kilometres driven.

g Direct GHG emissions are the physical emissions from operations on an equity share basis.

h Indirect GHG emissions are a consequence of the import by operations of steam, electricity and heat on an equity basis from third-party sources.

i Greenhouse gas emissions include carbon dioxide and methane (converted to the quantity of CO₂ that would create an equivalent warming effect).

j Hydrocarbon spill: An accidental or unplanned loss of hydrocarbon greater than or equal to one barrel from primary containment from a BP or contractor operation, irrespective of any secondary containment or recovery. (One barrel is equal to 159 litres, equivalent to 42 US gallons.)

Independent assurance statement to BP management

This report has been substantiated by Ernst & Young, the BP group auditors. The primary purpose of the report substantiation process is to test that the assertions, claims and data set out in the text regarding BP's sustainability performance can be supported by evidence. This process is intended to give assurance about the report contents from an independent third party. Ernst & Young's scope of work and their conclusions are provided below.

Independent assurance statement to BP management

BP in Angola Sustainability Report 2008 (the Report) has been prepared by the management of BP Angola, who are responsible for the collection and presentation of information within it. Our responsibility, in accordance with BP management's instructions is to carry out a limited assurance engagement on the Report as outlined below, in order to provide conclusions on the claims, data and coverage of issues within it.

Our responsibility in performing our assurance activities is to the management of BP p.l.c. only and in accordance with the terms of reference agreed with them. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organization. Any reliance any such third party may place on the Report is entirely at its own risk.

What we did to form our conclusions

Our assurance engagement has been planned and performed in accordance with the International Federation of Accountants' ISAE3000.^a

The Report has been evaluated against the following criteria:

- Whether the Report covers the key sustainability issues relevant to BP in Angola in 2008 which were raised in the media, BP Angola's own review of material sustainability issues, and selected internal documentation.
- Whether sustainability claims made in the Report are consistent with the explanation and evidence provided by relevant BP managers.
- Whether the sustainability data presented in the Report are consistent with the relevant business unit level data records.

In order to form our conclusions we undertook the steps outlined below.

1. Reviewed a selection of external media reports and internal documents relating to the sustainability performance of BP in Angola in 2008, including risk assessments and ethics certificates.
2. Reviewed the outcome of BP Angola's own processes for determining the key issues to be included in the Report.
3. Reviewed information or explanation about the Report's sustainability performance data and statements. Whilst we reviewed documentation to support the sustainability data contained within the Report, we did not test the data processes for gathering, collating and reporting data at country or site level.

Level of assurance

Our evidence gathering procedures have been designed to obtain a limited level of assurance on which to base our conclusions. The extent of evidence gathering procedures performed is less than that of a reasonable assurance engagement (such as a financial audit) and therefore a lower level of assurance is provided.

Our conclusions

On the basis of our review and in accordance with the terms of reference for our work we provide the following conclusions on the Report. Our conclusions should be read in conjunction with the above section on 'What we did to form our conclusions'.

1. Does the Report cover the key issues?

We are not aware of any key sustainability issues relevant to BP Angola which were raised in the media or the outcome of BP Angola's own materiality process that have been excluded from the Report.

2. Are the data and statements regarding BP Angola's sustainability performance contained within the Report supported by evidence or explanation?

We are not aware of any misstatements in the assertions and data presented by BP management within the Report regarding BP Angola's sustainability performance.

Our independence

As auditors to BP p.l.c., Ernst & Young are required to comply with the independence requirements set out in the Institute of Chartered Accountants in England & Wales (ICAEW) Guide to Professional Ethics. Ernst & Young's independence policies, which address and in certain places exceed the requirements of the ICAEW, apply to the firm, partners and professional staff. These policies prohibit any financial interests in our clients that would or might be seen to impair independence. Each year, partners and staff are required to confirm their compliance with the firm's policies.

We confirm annually to BP whether there have been any events including the provision of prohibited services that could impair our independence or objectivity. There were no such events or services in 2008.

ERNST & YOUNG

Ernst & Young LLP
London
September 2009

^a International Federation of Accountants' International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (ISAE3000).

Glossary

ACEPA

Association of Companies for Exploration and Production in Angola.

ADRA

Ação para desenvolvimento rural e ambiente (Action for Rural and Environmental Development).

ALNG

Angola liquefied natural gas project.

BOPD

Barrels of oil per day.

CAE

Centro de Apoio Empresarial (the enterprise centre).

CDC

Citizens Development Corporation.

CMAS

Competency management assurance system.

DELOS

Deep-ocean environmental long-term observatory system.

FPSO

Floating production storage offloading vessel.

HIA

Health impact assessment.

HIV/AIDS

Human Immuno-Deficiency Virus/ Acquired Immuno Deficiency Syndrome.

HSE

Health, safety and the environment.

ICRA

Institute of Religious Sciences of Angola.

ISCED

Luanda Higher Institute for Educational Sciences (Instituto de Ciências da Educação de Luanda).

LNG

Liquefied natural gas.

MBOED

Thousand barrels of oil equivalent per day.

MCIPS

Member of the Chartered Institute of Purchasing and Supply.

NGO

Non governmental organization.

OMS

Operating management system.

PSA

Production sharing agreement.

PSVM

The Plutão, Saturno, Vênus and Marte fields.

SME

Small and medium sized enterprise.

SPU

Strategic performance unit.

UAN

University Agostino Neto.

UK

United Kingdom.

WATS

Wide azimuth towed streamer technology.

More information

BP's sustainability reporting

BP communicates non-financial commitments and performance at group, country and site levels in both print and online media.

Group level

BP Sustainability Review 2008 is available in English, Mandarin Chinese, Russian and Spanish and BP's HSE performance data is presented as interactive charts.

www.bp.com/sustainability

www.bp.com/hsechartingtools

www.bp.com/sustainabilityworldwide

Country level

Reports are available describing our operations in Australia, Azerbaijan, Georgia, Germany, New Zealand, Southern Africa, Trinidad & Tobago and Turkey.

www.bp.com/countrysustainabilityreports

www.bp.com/worldwide

Site level

Verified site reports and a focus on air quality, access to water and water quality, biodiversity and waste management are also available.

www.bp.com/sitereports

www.bp.com/environmentalmappingtool

www.bp.com/casestudies

Feedback

We welcome feedback on this report. You can write to us at the address below, marked for the attention of the Communications and External Affairs team, or send an e-mail to us at bpangola@bp.com

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