

BP in Azerbaijan

Sustainability Report 2018

bp



The energy we produce serves to power economic growth and lift people out of poverty. In the future, the way heat, light and mobility are delivered will change. We aim to anchor our business in these changing patterns of demand, rather than in the quest for supply. We have a real contribution to make to the world's ambition of a low carbon future.

For a secure, affordable
and sustainable energy future.



bp.com/sustainability

Introduction from our regional president



Sustainability is at the heart of BP's strategy. We believe that a long-term business can only prosper if it is constantly striving to bring a sustainable positive impact to the societies in which it operates.

For more than 26 years that we have been in Azerbaijan, BP has been committed to conducting a safe and sustainable business that benefits all our stakeholders and the wider society.

We safely and reliably operate giant oil and gas fields in Azerbaijan, which have contributed to the development of the Caspian Sea as a modern hydrocarbon province. The work we do in the Caspian, both in the Shah Deniz and the Azeri-Chirag-Gunashli (ACG) fields represents one of the highest levels of activity we have anywhere in the world.

To achieve success, we have combined our international expertise, including experience in developing world-class offshore fields, as well as applying advanced industry technology, together with Azerbaijan's local experience and capabilities.

In our business we aspire to no accidents, no harm to people and no damage to the environment. In 2018, we continued to focus on keeping employees and contractors safe and alert to potential hazards that could occur in their work. We reduced our recordable injury frequency almost twice compared to 2017, reaching the lowest score during the last five years. We also saw a reduction in the total vehicle accidents rate by 27% compared to the previous year.

We continued the efforts to minimize our impact on the environment and contribute to

meeting the dual challenge that we all face today: how to deliver more of the energy our growing world needs but with fewer greenhouse gas emissions. As a result of these efforts we achieved more than 95,000 tonnes of sustainable GHG emissions reductions in our operations in Azerbaijan in 2018, which is over 75% more than in 2017. At the same time, despite the significant reduction in flaring from the Deepwater Gunashli and West Chirag platforms, we saw increase in the volume of gas flared at our operational facilities in 2018 mainly due to the additional flaring from the Shah Deniz Bravo platform and the Sangachal terminal Shah Deniz 2 site.

Speaking about the world scale projects, we witnessed the significant milestones in 2018 – the official inauguration of the Southern Gas Corridor, the first commercial gas deliveries to Turkey from the Shah Deniz 2 development, and the first production from the Shah Deniz Bravo platform. This was the culmination of many years of hard work by thousands of people, across many countries. Together with the government of Azerbaijan, our partners in Shah Deniz, as well as multiple stakeholders in the wider region, we made it happen.

We also signed a new production sharing agreement with SOCAR for the joint exploration and development of Block D230 which underpinned our joint effort to explore further Caspian opportunities in support of long-term production in Azerbaijan.

All these successes would be impossible without huge effort by our employees. I am proud that in 2018 BP achieved the target of 90% nationalization of our professional staff in

Azerbaijan. We hit this important milestone in cooperation with the government, SOCAR and other co-venturers as part of our long-term strategy and commitment to enhancing nationalization of staff and development of our workforce.

As a good corporate citizen and responsible neighbour of the communities where we operate, we continued our efforts in creating sustainable benefits for people and new opportunities for social development. Our activities covered support for capacity building in these communities and local enterprise development. We continued to invest in education through local universities, schools and kindergartens. We also contributed to the promotion of Azerbaijan's rich cultural heritage and development of the country's sports potential.

Through all our achievements, milestones and challenges over the past years, we have created successful and trusted relationships with the government and our stakeholders.

We look forward to continuing to build on our success in Azerbaijan and to work even harder to maintain a business that is resilient and sustainable in challenging times and continues to benefit all our stakeholders, including society at large.

A stylized handwritten signature in dark ink, consisting of the letters 'RJ' followed by a long horizontal stroke.

Gary Jones
Regional president
Azerbaijan-Georgia-Turkey region

About our report

This report covers the calendar year ending 31 December 2018. In some instances, significant events from 2019 have been included.

Unless otherwise specified, the text does not distinguish between the activities of BP p.l.c. and those of its subsidiaries and affiliates. References in this report to 'us', 'we' and 'our' relate to BP in Azerbaijan unless otherwise stated.

When we cite 'BP in Azerbaijan' we refer to operations in Azerbaijan only. If we refer to 'BP AGT' we are including all our activities in Azerbaijan, Georgia and Turkey. Specific references to 'BP' and the 'BP group' mean BP p.l.c., its subsidiaries and affiliates. All dollar amounts are in US dollars and if translated from other currencies reflect the exchange rate at the moment the funds were

committed. All gas volumes are indicated in standard cubic metres or standard cubic feet.

The report is issued annually by BP Exploration (Caspian Sea) Limited in its capacities as operator and manager of the joint operating company for the Azeri-Chirag-Deepwater Gunashli field, as manager of The Baku-Tbilisi-Ceyhan Pipeline Company and by BP Exploration (Shah Deniz) Limited in its capacities as operator of the Shah Deniz field and as technical operator of The South Caucasus Pipeline Company. For this report, each of these entities has provided information relevant to its project and statements applicable to its project.

Cautionary statement

BP in Azerbaijan Sustainability Report 2018 may contain forward-looking statements relating, in particular, to recoverable volumes and resources, capital, operating and other expenditures, and future projects. Actual results may differ from such statements depending on a variety of factors including supply and demand developments, pricing and operational issues and political, legal, fiscal, commercial and social circumstances.

Front cover imagery

BP employees inspect a gas valve at the Shah Deniz site of the Sangachal terminal.



Sustainability Report 2018

Details of our sustainability performance with additional information online.

bp.com/sustainability

What's inside?

BP in Azerbaijan Sustainability Report 2018 covers our business performance, environmental record and wider role in Azerbaijan during 2018. It is our 16th sustainability report and reflects feedback we received about previous reports.

Overview



Introduction

Quick facts and overview of our operations in the Caspian sea and the region.

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Focus areas

Our operations

We aim to deliver safe and efficient operations and projects contributing to sustainable development in the Caspian region.

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Our people

Our long-term success in Azerbaijan depends on having a talented and diverse workforce.

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Safety

We focus on maintaining safe, reliable and compliant operations and put safety and operational risk management at the heart of everything we do.

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Environment

We recognize that managing environmental impacts is an essential part of what it means to responsibly produce oil and gas.

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Society

The energy we produce serves to power economic growth and improve the quality of life for millions of people. We aim to have a positive and enduring impact on the communities in which we operate.

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Five-year performance data

Our key performance data - covering areas including production, safety, environment and social spend.

Page 36

Our operations in the Caspian Sea and the region

The Caspian region has become one of the major oil and gas producing areas in the world, with the reserves of Azerbaijan being transported to global markets through Georgia and Turkey.

Scale

\$72 billion

Capital expenditure on the ACG, BTC, Shah Deniz and SCP projects since the beginning of operations in 1995

\$82 million

Spent jointly with our co-venturers on social programmes including community development and educational initiatives since the start of our operations in Azerbaijan

AZERI-CHIRAG-DEEPWATER GUNASHLI (ACG)

- Oil production and development
- 6 production platforms
- Over 213 million barrels of oil produced in 2018

LOCAL SPEND IN AZERBAIJAN

- In 2018, our in-country direct expenditure with local suppliers in Azerbaijan was \$0.9 billion

SHAH DENIZ

- Gas production and development
- 2 production platforms
- 11.5 billion cubic metres of gas and over 20.5 million barrels of condensate produced in 2018

SHALLOW WATER ABSHERON EXPLORATION AREA

- Interpretation and processing of the 3D data completed in 4Q 2017
- A Notice of Prospectivity signed with SOCAR in 2018; planning for the first exploration well ongoing

CASPIAN SEA

D230 EXPLORATION AREA

- Production Sharing Agreement signed in April 2018
- Planning of a seismic acquisition programme commenced

SHAFAG-ASIMAN EXPLORATION AREA

- Interpretation of the seismic dataset completed
- Planning for the first exploration well ongoing

SANGACHAL TERMINAL

- Integrated oil and gas processing terminal south of Baku
- One of the largest in the world with an area of about 700 hectares
- Processing capacity: 1.2 million barrels of oil per day and around 55 mmscm of gas per day
- Maximum storage capacity: about 4 million barrels

BP in Azerbaijan, Georgia and Turkey

In Azerbaijan, BP operates under several production sharing agreements and host government agreements (HGAs) signed with the government of Azerbaijan. In Georgia and Turkey, BP operates under HGAs that cover export pipelines and terminals.

Legal structure

A number of BP legal entities have registered representative offices in Azerbaijan reflecting the evolution of BP's presence in the region since BP opened its first office in Baku in 1992. The principal legal entity is BP Exploration (Caspian Sea) Limited.

3.5 billion

Barrels of oil were produced by ACG from first oil in 1997 to the end of 2018

100 billion

Cubic metres of total gas were produced by Shah Deniz from first gas in 2006 to the end of 2018

9

Drilling rigs currently involved in our operations, including two mobile offshore drilling units



SOUTH CAUCASUS PIPELINE (SCP)

- 1166.5 km gas pipeline between Sangachal terminal and the Georgia-Turkey border
- 23.5 million cubic meters per day throughput capacity
- Daily average throughput was about 23 million cubic metres of gas per day during 2018

WESTERN ROUTE EXPORT PIPELINE (WREP)

- 829km oil pipeline linking Sangachal terminal to Supsa on Georgia's Black Sea coast
- 106 thousand barrels per day throughput capacity
- 28 million barrels of oil exported during 2018

BAKU-TBILISI-CEYHAN PIPELINE (BTC)

- 1768km oil pipeline linking Sangachal terminal to Ceyhan marine terminal in Turkey
- 1.2 million barrels per day throughput capacity
- In total, about 3.12 billion barrels of oil transported between 2006-2018
- 255 million barrels of oil exported in 2018

MEDITERRANEAN SEA



CEYHAN TERMINAL

- 327 tankers loaded in 2018
- In total, 4,085 tankers were loaded between 2006-2018

ERZURUM



SUPSA



BLACK SEA

Registered address

The registered address of the representative office of BP Exploration (Caspian Sea) Limited is 153 Neftchilar avenue, Nasimi district, Baku, AZ1010, Azerbaijan. Telephone: +994 (0)12 599 3000, Fax +994 (0)12 599 3665.

Employees

The number of people permanently employed by BP in Azerbaijan was 2,714 of whom 2,458 were Azerbaijani citizens, at the end of 2018.



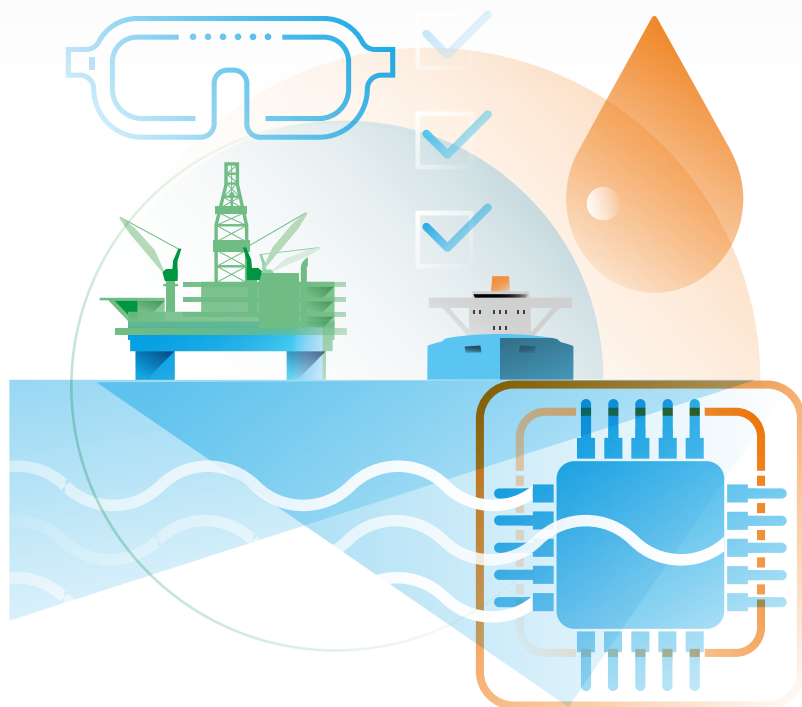
Our operations

We aim to deliver safe and efficient operations and projects contributing to sustainable development in the Caspian region.

What we are doing

Operating safely and reliably

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Operating safely and reliably

BP operates large offshore oil and gas assets in Azerbaijan. Onshore, we operate one of the world's largest integrated hydrocarbon receiving and processing terminals and pipeline links to regional and world markets.

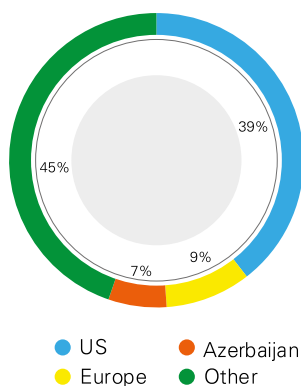
Azeri-Chirag-Deepwater Gunashli

The ACG field is operated by BP. It is the largest oilfield in the Azerbaijan sector of the Caspian basin, located about 100km east of Baku. ACG is geologically challenging with a complicated seabed topography including slumps and mud volcanoes.



Central Azeri platform located 100km east of Baku in the Caspian Sea at a water depth of 128 metres.

Net share of liquids production by BP subsidiaries around the world (%)



In total, 1,051 thousand barrels of crude oil and 88,000 barrels of natural gas liquid per day, excluding equity accounted entities. Other includes Canada, South America, Africa, Asia (excluding Azerbaijan) and Australia.

Azeri-Chirag-Deepwater Gunashli oil production

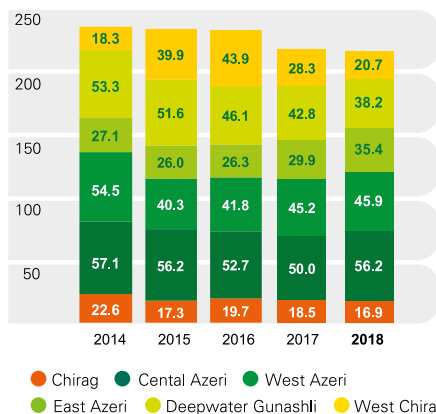
(mmbbl – million barrels; mmte – million tonnes)

Platform	Start of production	Unit of measurement	From the start of production till end of 2018	2017	2018
Chirag	November 1997	mmbbl mmte	721.2 97.5	18.5 2.5	16.9 2.3
Central Azeri	February 2005	mmbbl mmte	888.0 120.0	50.0 6.8	56.2 7.6
West Azeri	December 2005	mmbbl mmte	801.0 108.4	45.2 6.1	45.9 6.2
East Azeri	November 2006	mmbbl mmte	470.1 63.5	29.9 4.0	35.4 4.8
Deepwater Gunashli	April 2008	mmbbl mmte	478.1 64.8	42.8 5.8	38.2 5.2
West Chirag	January 2014	mmbbl mmte	151.1 20.4	28.3 3.8	20.7 2.8
Total		mmbbl mmte	3509.6 474.5	214.6 29.0	213.3 28.8



Employees patrol the area around the Deepwater Gunashli platform on a rescue boat.

Oil production from Azeri-Chirag-Deepwater Gunashli, 2014-2018 (million barrels)



Production began in 1997 from the Chirag section. ACG currently has eight offshore platforms – six production platforms on the Central, West and East Azeri, Deepwater Gunashli, Chirag and West Chirag sections and two process, gas compression, water injection and utilities platforms.

At the end of 2018, a total of 117 oil wells were producing, and 44 wells were used for water and seven for gas injection. A total of 14 oil producer and three water injector wells were completed during the year.

ACG continued to safely and reliably deliver stable production in 2018. Total ACG production for the year was on average 584,000 barrels per day (about 213 million barrels or 29 million tonnes in total).

We also delivered around 6.4 million cubic metres per day of ACG associated gas to the State Oil Company of the Republic of Azerbaijan (SOCAR) which equates to 2.3 billion cubic metres in total for the year.

We spent about \$505 million in operating expenditure and about \$1.150 billion in capital expenditure on ACG activities in 2018.

Shah Deniz

The Shah Deniz (SD) gas field was discovered in 1999. It lies 70km offshore beneath water depths ranging from 50 to 600 metres. The field has a reservoir depth of more than 1,000 metres and is 22km long. SD is geologically challenging and highly pressured with multiple reservoir horizons.

The SD field continued to provide reliable deliveries of gas to markets in Azerbaijan, Georgia and Turkey and to BTC Company in multiple locations in 2018. The field produced about 11.5 billion standard cubic metres (bcm) of gas and 2.6 million tonnes (about 20.5 million barrels) of condensate in 2018.



Production technicians discuss daily tasks on the Shah Deniz Alpha platform.

Liquids production by BP subsidiaries around the world in 2018 (thousand barrels)

Location	Oil	Natural gas
US	445	1,900
Europe	106	152
Azerbaijan	72	256
Other	504	4,593

Shah Deniz gas and condensate production

	Start of production	Unit of measurement	From the start of production till end of 2018	2017	2018
Gas	November 2006	bscm	100.0	10.2	11.5
		bscf	3,531.5	359.0	404.7
Condensate	November 2006	mmboe	608.8	61.9	69.8
		mmbbl	196.2	19.0	20.5
		mmte	24.6	2.4	2.6

(bcm – billion cubic metres; bcf – billion cubic feet; mmboe – million barrels of oil equivalent, mmbbl - million barrels, mmte - million tonnes)

Shah Deniz spent more than \$578 million in operating expenditure and more than \$1.44 billion in capital expenditure, the majority of which was associated with the Shah Deniz 2 project, in 2018.

During 2018, the Shah Deniz Alpha platform drilled and completed the SDA11 well. Also, integrity jobs were conducted on SDA04 and SDA05 wells.

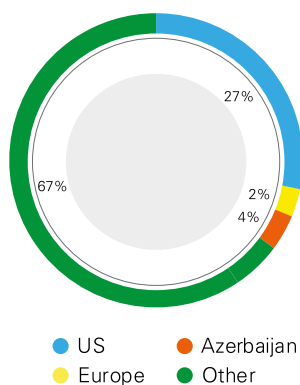
The Istiglal drilling rig delivered five subsea completions – two on the West Flank and three on the East South Flank. The Maersk Explorer rig drilled the SDH02A well to the final depth.

Shah Deniz 2

Shah Deniz 2 (SD2) is a giant project designed to bring gas from Azerbaijan to Turkey and Europe. This will increase gas supply and improve energy security of European markets through the opening of the new Southern Gas Corridor. It is one of the largest gas development projects in the world.

The project will annually provide for export 16 billion cubic metres of additional gas from the Shah Deniz field via some 3,500 kilometres of pipelines to Georgia, Turkey,

Net share of natural gas production by BP subsidiaries around the world (%)



In total, 6,900 million cubic feet per day, excluding equity accounted entities.

Other includes Canada, South America, Africa, Asia (excluding Azerbaijan) and Australia.

Greece, Bulgaria and Italy. This is in addition to 10 billion cubic metres per annum of Shah Deniz 1 production.

After achieving significant commissioning and completion milestones across the whole gas value chain during the first half of 2018, the Shah Deniz 2 and South Caucasus Pipeline Expansion (SCPX) system entered the start-up phase in May 2018. The commercial gas deliveries to Turkey began as planned from the Shah Deniz 2 development project in June.

During 2018, the Shah Deniz 2 project was delivered safely, on schedule and within budget.

In July, the wing valve on the North Flank subsea well SDC-03Z was opened, marking the first production from the Shah Deniz Bravo platform. This milestone marks the very first production from a subsea well in the Caspian. The Shah Deniz Bravo facility is now exporting gas and condensate to the onshore terminal at Sangachal.



Engineers perform commissioning of an open drains pump as part of the Shah Deniz 2 onshore project activities.



Sangachal terminal

Oil and gas from Azeri-Chirag-Deepwater Gunashli (ACG) and Shah Deniz continued to flow via subsea pipelines to the Sangachal terminal in 2018.

The daily capacity of the terminal's processing systems is currently 1.2 million barrels of oil and around 55 million standard cubic metres of Shah Deniz gas. Overall processing and export capacity for gas, including ACG associated gas was around 75 million standard cubic metres per day, as of end of 2018.

Gas was exported via the South Caucasus Pipeline (SCP) and via a SOCAR gas pipeline connecting the terminal's gas processing facilities and Azerigas's national grid system.

In 2018, the Sangachal terminal exported more than 284 million barrels of oil, including third party volumes. Of this, more than 255 million barrels were exported through Baku-Tbilisi-Ceyhan (BTC), 28 million barrels through the Western Route Export Pipeline (WREP), and 1.3 million barrels via a separate condensate export line.

On average, about 28.4 million standard cubic metres (more than 1003 million

standard cubic feet) of Shah Deniz gas were exported from the terminal daily during 2018.

Baku-Tbilisi-Ceyhan (BTC) pipeline

The 1,768km BTC pipeline became operational in June 2006. Since then up to the end of 2018, BTC has carried a total of about 3.12 billion barrels (about 417 million tonnes) of crude oil loaded on 4085 tankers and sent to world markets.

The pipeline exported around 255 million barrels (about 34 million tonnes) of crude oil loaded on 327 tankers at Ceyhan in 2018.

In 2018, the BTC pipeline carried mainly ACG oil and Shah Deniz condensate from Azerbaijan. In addition, other volumes of crude oil and condensate continued to be transported via BTC, including volumes from Turkmenistan, Russia and Kazakhstan.

South Caucasus Pipeline (SCP)

The 691km pipeline has been operational since late 2006, transporting Shah Deniz gas to Azerbaijan, Georgia and Turkey.

SCP's daily average throughput was about 23 million cubic metres of gas per day during 2018.

The SCP has a dual operatorship with BP as the technical operator being responsible for construction and operation of the SCP facilities and SOCAR Midstream Operations, as commercial operator, responsible for SCP commercial operations.

SCP expansion (SCPX) project

SCPX activities continued successfully along the pipeline route across Azerbaijan and Georgia in 2018. All infrastructure across the two countries required to support the first commercial gas deliveries to Turkey were completed on schedule and were ready to operate before commencing gas exports on 30 June.

The pipeline is currently supporting Shah Deniz 2 commercial deliveries to Turkey with export volumes flowing through SCPX facilities.

Western Route Export pipeline

BP, as operator of the Azeri-Chirag-Gunashli field development project, also

operates the Western Route Export Pipeline (WREP). The 829km pipeline moves oil from the Caspian basin via the Sangachal terminal to Supsa on Georgia's Black Sea coast. Since 1997, the WREP has undergone extensive refurbishment by BP and its co-venturers.

The pipeline transported about 28 million barrels of oil in 2018.

In mid-2017, we started the WREP Sectional Replacement project which aimed to replace about 13.6km of the pipeline in Georgia in total with three new sections with the view to avoid landslide areas. The project also included the replacement of two river crossings in both sections – Azerbaijan and Georgia.

Overall progress for the construction of the three re-route sections and two new river crossings is approximately 75% complete. The right-of-way preparation is completed for all sections and the pipeline welding is approximately 85% complete.

About 500 people were involved in the project construction activities in 2018.

Exploration

BP operates three exploration production sharing agreements in Azerbaijan: Shafag-Asiman, Shallow Water Absheron Peninsula (SWAP) and Block D230.

Shafag-Asiman

In 2018, we continued to plan for the first exploration well on the Shafag-Asiman block.

SWAP

Following the finalization of the processing and interpretation of the 3D data acquired from the contract area in 2017, a notice of prospectivity was signed with SOCAR in 2018, signifying our commitment to drill exploration wells in three prospective areas in shallow water Absheron. Planning for the exploration wells drilling in the selected prospective areas continued in 2018.

Block D230

In April 2018, BP signed a new production sharing agreement (PSA) with SOCAR for the joint exploration and development of Block D230 in the North Absheron basin in the Azerbaijan sector of the Caspian Sea. The PSA was signed in London, in the presence of the President of the Republic of Azerbaijan Ilham Aliyev and UK Prime Minister Theresa May, by Rovnag Abdullayev, president of SOCAR, and BP's group chief executive Bob Dudley.

In 2018, we started work on the planning of a seismic acquisition programme, which is expected to be conducted in 2019.

In 2018, BP was also assigned 61% participating interest in the existing onshore Gobustan PSA in Azerbaijan.



A BP employee examines pipe at the starting point of the South Caucasus pipeline at the Sangachal terminal.



Our people

Our long-term success in Azerbaijan depends on having a talented and diverse workforce.

What we are doing

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Managing our workforce

We strive to attract the best talent to BP and develop the skills and capabilities of our employees.

BP's performance depends on a highly-skilled, motivated and talented workforce. We aim to equip our employees with the skills they need to deliver safe and reliable operations. We are committed to respecting individual differences, creating a meritocratic work environment and giving our people equal access to opportunities and challenges.

We also continue to look for ways to maintain our competitiveness, improve efficiency and manage costs. This sometimes includes reducing organizational complexity, which results in making certain positions occupied both by national and expatriate employees redundant. During 2018, BP's overall headcount in Azerbaijan decreased by 268 to 2,835 employees (3,103 in 2017). The total number of our employees included 2,714 permanent employees, of which 2,458 were nationals, while 121 employees were on fixed-term contracts. A further 62 nationals were on overseas assignments at the year end.

National workforce

Building a strong national workforce in Azerbaijan remains one of our key priorities. We invest in training young people with little or no prior work experience, attracting new talent and offering varied development and career opportunities to all employees at any career level.

At the end of 2018, the percentage of national citizens among BP Azerbaijan's permanent professional staff was 90%.

The number of national senior level managers at BP in Azerbaijan reached 358 in 2018. This represents more than 63% of the total senior managers working in the local office and is an increase of around 3% from the previous year. Of these, 18% was female, mostly working in offshore and onshore operations, human resources, procurement and supply chain management, and finance. During the year, another 41 Azerbaijani employees were on assignments in senior level positions in other countries across BP's global business.

A total of 96% of mid-level managers working for BP in Azerbaijan were nationals. Additionally, 27 nationals were on mid-level overseas assignments in 2018.



BP employees discuss work at Xazar Centre office.

Five-year nationalization plan

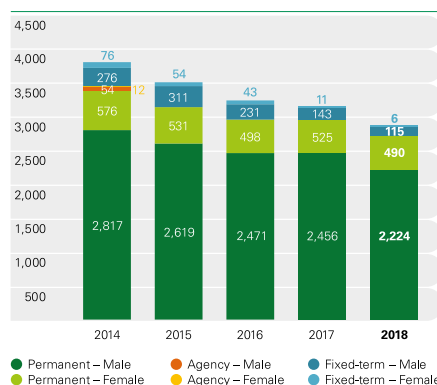
BP Azerbaijan had a five-year nationalization plan for increasing the share of national staff with an ultimate target of reaching 90% by the end of 2018. The plan targeted professional staff on both permanent and fixed-term contracts as well as contingent workforce directly employed by BP for the projects it operates in Azerbaijan. We are proud to have achieved this goal by mid-2018 primarily through development of our national staff which resulted in nationalizing the majority of professional roles initially occupied by expatriate employees. By the end of 2018, 100% of non-professional staff of BP in Azerbaijan were nationals.

BP Azerbaijan continued supporting its contractors in developing and delivering their nationalization plans. This included sharing expertise and providing assistance with performance management. By the end of 2018, the cumulative nationalization of BP's contractors and subcontractors also reached 90%.

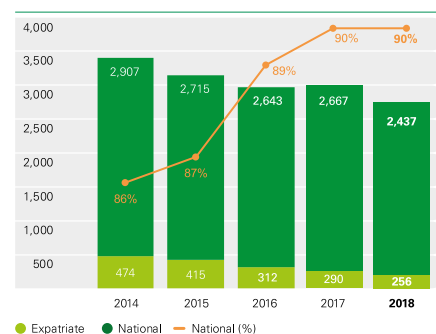
Expatriate workforce

While we are committed to staff nationalization, we also believe that a reasonable ratio of international assignments to and from Azerbaijan is important for development. During 2018, 78 national employees worked at various BP locations outside Azerbaijan. About a third of

BP employees and agency staff based in Azerbaijan



Permanent professional staff of BP in Azerbaijan





BP senior leadership regularly share their experience with staff.

them specialized in offshore and onshore operations.

We had 256 expatriates working for BP in Azerbaijan at the end of 2018. Two thirds of them were from the UK and almost a quarter were from the US. The rest were from Brazil, Canada, Egypt, Georgia, India, Indonesia, Mexico, Oman, Trinidad & Tobago and Turkey. During 2018, 44 new expatriate employees came to work for BP in Azerbaijan while 78

expatriate employees left the country. This resulted in a net decrease of 34 people.

Recruitment

BP aims to create and sustain a positive work environment, where employees treat each other with respect and dignity, and can fulfil their potential. Selecting the right people for the right jobs is key in achieving this goal. We are committed to recruiting and promoting people based on merit.

We received about 670 applications to our annual internship recruitment programme in 2018. As a result, 40 applicants were selected to work for BP as interns.

All ad-hoc vacancies at BP in Azerbaijan are advertised on bp.com/caspian and bp.com/xezer websites. We received more than 2800 applications for these roles in 2018 and hired five experienced national employees.

Employee communication and engagement

Technicians' forum

The BP technicians' forum continues to be an important means of communication with our frontline – the technicians who work on production platforms, in terminals and along pipelines. We invest in the training and development of our technicians, and we realize the importance of regular meetings between this group of employees and top management, where they can provide

feedback, share experiences and raise any concerns.

Around 80 technicians participated in the forum in 2018.

Listening lunches

Listening lunches bring together members of our regional leadership team with employees from a mix of disciplines to openly discuss

business-related subjects. Employees can share their concerns, ask questions and get answers first-hand, while the leadership hears opinions from people throughout the organization. A total of 11 listening lunches were held during 2018, involving more than 100 employees.

Other activities

Employees who work for BP in Azerbaijan for a total of 10, 15 or 20 years receive long-service awards to mark these anniversaries. The awards are usually presented by senior management at town hall events. Since 2008, about 2,189 employees have been recognized in this way.

Learning and development

BP focuses on people development as a priority area. We provided a range of safety, technical, managerial and behavioral training sessions in the region in 2018. Almost 1,000 of these were arranged by our local team, with about 7,760 attendees. About 88% of the sessions was held in Azerbaijan.

Continuing professional education

We continued providing financial assistance to help our national employees attain additional degrees or certificates in their areas of expertise. We supported a total of 70 employees through this programme in 2018. Some of these were new applicants and some continued education from past years.

Leadership development

We continued to offer leadership development programmes to our employees. Around 800 employees participated received the Leadership Development programme training in 2018.

Well control certification

We delivered well control certification training using the well control simulator that is installed at the Xazar Centre. About 100 employees in Azerbaijan-Georgia-Turkey region and 63 contractors attained certification in 2018.



The Sangachal terminal staff discuss daily activities and share ideas in the Shah Deniz control room.

Operations simulations

We provided a variety of site-specific training modules to more than 50 control room technicians as part of operator training simulators optimization programme in 2018.

Challenge programme

Our global Challenge programme has been running within BP in Azerbaijan since 2003. It aims to develop talented graduates with little previous industry experience who are selected through our annual graduate recruitment programme. During the

three-year programme, Challengers typically complete two or three distinct roles.

In 2018, we hired 21 Challengers, and by the end of the year their total number in Azerbaijan was 62.

Other programmes

We continued to offer language training courses to our staff and their eligible family members. In 2018, about 40 people took English lessons, more than 80 chose to study Azerbaijani.



BP's Challenge programme creates development opportunities for young employees.

Our code of conduct

Our values and behaviours are the foundation of our code of conduct. They define how each of us must act to ensure that BP maintains its reputation and continues to earn the trust that allows us to prosper as a company. Our code applies to all BP employees and members of the board. We also expect our contractors and their employees to act in a way that is consistent with our code.

Visit bp.com/codeofconduct to read our code.

Ethics and compliance

We train our employees on how to apply our code in their daily work. In 2018, training focused on anti-bribery and corruption, anti-money laundering, competition, anti-trust and international trade regulations, raising employee awareness around respect and inclusion, managing conflicts of interest, the importance of a speak-up culture and on raising awareness of OpenTalk, BP's confidential helpline. A total of 8,833 ethics and compliance e-learning modules were completed in 2018. More than 3,500 individuals completed the code of conduct refresher e-learning module and 857 employees completed anti-bribery and corruption training.

We held our first ethics and compliance week in the Azerbaijan-Georgia-Turkey region in April 2018 aiming to shine a spotlight on the importance of ethics and compliance within BP. During the week, our leaders together with internal and



BP staff discuss our code of conduct during the ethics and compliance week at the Sangachal terminal.

external professionals talked about the ways to follow our code and our values every day. The organizers used various engagement tools to enhance employee awareness around these types of risks and how they are being managed, as well as to promote an ethics culture. More than 950 people attended the sessions in four different locations.

In 2018, we ran a month-long respect and inclusion spotlight to help our employees think about their own impact on others. This included 22 stand-up sessions across Azerbaijan, Georgia and Turkey, an online survey for all employees on whether, how and when they felt excluded and an #itstartswithme campaign encouraging employees to share their own commitment to be more respectful and inclusive.

Promoting speak-up culture

We want our employees, contractors and other third parties to feel comfortable speaking up if they have a concern or see something unsafe, unethical or potentially harmful.

Our code identifies various channels through which a concern can be raised including line management, supporting teams and through the BP helpline, OpenTalk. In 2018, a total of 110 concerns were recorded through these channels in Azerbaijan, Georgia and Turkey.

BP is committed to following up appropriately on concerns raised. Every concern is reviewed and investigated fairly and objectively. We took 58 actions

including dismissals for non-conformance with our code of conduct or unethical behavior in 2018.

BP has zero tolerance for retaliation against anyone who seeks advice, raises a concern, reports misconduct or participates in an investigation. The consequences for misconduct or retaliation range from coaching and performance management through to dismissal.

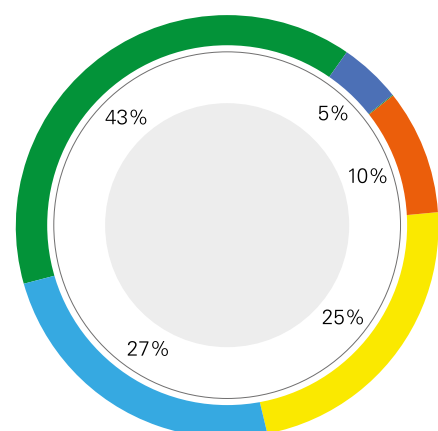
Working with suppliers and business partners

We hold sessions with our suppliers to help them understand our code and how we do business. In 2018, we conducted 26 supplier training events, covering more than 80 individuals. We assess any exposure to bribery and corruption risks when working with suppliers and our business partners. Where appropriate, we put in place risk mitigation plans or reject them if we conclude that risks are too high.

We also conduct monitoring and assurance activities on selected suppliers when contracts are in place. We share areas for potential improvement with our suppliers and work with them to find the best ways to strengthen their procedures. We undertook 35 supplier reviews in 2018.

We are the members of several industry associations that offer opportunities to share best practices and collaborate on issues of importance to our sector. In 2018, we continued to support the Azerbaijan Ethics and Compliance Network and became a member of the Turkish Ethics & Reputation Society.

AGT E&C concerns by code chapters



- Our people
- Our business partners
- Our assets and financial integrity
- Operating safely, responsibly and reliably
- Governments and communities



Safety

We focus on maintaining safe, reliable and compliant operations and put safety and operational risk management at the heart of everything we do.

What we are doing

Managing safety

18





A production technician conducts inspection of equipment on the West Azeri platform.

Managing safety

Creating a safe and healthy working environment is essential to our success. We are committed to keeping people safe, whether they are working at our sites or living in communities near our operations.

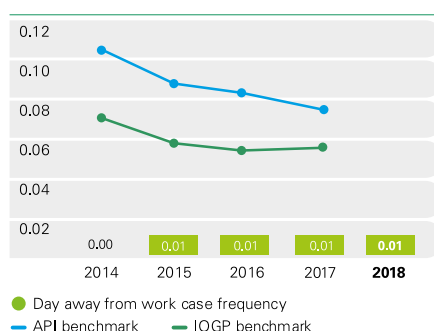
Operating management system

Our operating management system (OMS) is a group-wide framework designed to help us manage risks in our operating activities and drive performance improvements.

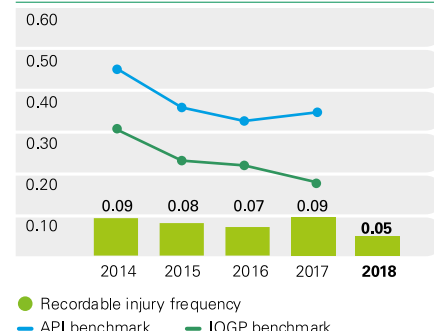
OMS brings together BP requirements on health, safety, security, the environment, social responsibility and operational reliability, as well as related issues, such as maintenance, contractor relations and organizational learning, into a common management system. It sets out the rules and principles that govern key risk management activities such as inspection, testing, competency development and business continuity and crisis response planning. We

review and amend our group requirements in OMS from time to time to reflect BP's priorities and experience or changing external regulations. Any variations in the application of OMS – to meet local regulations or circumstances – are subject to a governance process. OMS also helps us improve the quality of our operating activities. All businesses covered by OMS undertake an annual performance improvement cycle and assess alignment with the OMS requirements.

Day away from work case frequency
(per 200,000 hours worked)



Recordable injury frequency
(per 200,000 hours worked)



Safety performance

Improving operational safety

We completed the year of 2018 without a serious process safety incident, experiencing only two process safety incidents of minor consequence. There were 10 high potential incidents in 2018, meaning incidents or near misses which could have resulted in a health, safety, security or major environmental incident. Six of these took place offshore. All incidents were investigated, and lessons learned reported and shared accordingly.

We initiated a project to further improve the quality of risk assessments of our activities in Azerbaijan in 2018. Focus areas included leadership and accountability, capability development for risk assessment teams, as well as the self-verification of the quality of risk assessments. We developed a risk assessment facilitator guide and supporting video within the company to back-up our efforts.

During 2018, we also implemented a risk barrier health review process which established a systematic method to analyse data and make decisions and interventions related to help prevent major accident risks.

As a result of the review, we identified improvement opportunities and developed action plans to further reduce operational risks at our facilities in Azerbaijan.

We deployed an industrial version of Unmanned Aerial Vehicle (UAV or drone) at the West Chirag and Central Azeri platforms to inspect flare tips and flare booms in 2018. The technology enabled access to otherwise inaccessible structures and details, offering immediate action as an alternative to more traditional, time consuming, risky and costly inspection methods like rope access and scaffolding. At the same time, UAV technology gives operators a safer and faster way of gaining bigger insight into operation-critical processes.

We also carried out inspections using magnetic eddy current and ultrasonic technology on 16 wells in 2018. We used innovative magnetic 'crawler' technology, which both inspected and cleaned the conductors and facilitated inspection across the affected areas. These techniques made it practical to inspect the conductors' internal and external surfaces safely without effecting ongoing production

operations. The results of these inspections allowed to accurately evaluate the condition of the conductors to facilitate detailed analysis work and steer remediation efforts with the aim of ensuring long-term mechanical integrity of assets.

We continued to use Ampelmann heave compensated gangway on fast crew boats in 2018 as a primary means of personnel transfer. By the end 2018, the total number of people transported in and out offshore on these boats was about 80,000, while 55% of them was transferred through the gangway.

Since the introduction of 'Red zone' management in 2014-2015 we achieved a significant decrease in the number of dropped object incidents. In 2018, we continued the implementation of the actions, resulting from 2017 drilling contractors' third-party specialist Dropped Object Prevention Scheme (DROPS) inspections. In addition to this, we conducted independent DROPS inspections of the service providers' facilities in the country, which was followed by the development of the dedicated action plans. We also supported



Our offshore employees use Ampelmann gangway connecting the crew change vessel to the platform to get to work safely.



Workers insulate the sections of pipe at the Sangachal terminal.

the delivery of workshops organized by one of our drilling contractors and attended by BP, other drilling contractors and service providers.

We continued to collaborate with our key suppliers on safety in 2018. We held an annual safety forum with our contractors from Azerbaijan, Georgia and Turkey. The aim of the forum was to continue efforts in creating an incident-free environment within our operations through shared learning while connecting leaders in BP and our contractors to operate as one team. The focus was on understanding human performance and human factors as

part of the risk management process and how we could minimize these risks in the workplace. The event was designed as an interactive discussion and generated valuable inputs from senior leaders both from BP and contractor companies.

Driving safety

Our driving activities decreased by more than 8% in 2018 compared with 2017, with almost 26 million kilometers driven.

We completed several exercises in land transportation such as route optimization, transportation eligibility and vehicle optimization.

We also have achieved significant improvement in driving safety reporting by our land transportation service provider in 2018. The number of driving safety observations increased by three times and reached 6526 inputs/year. In addition, our land transportation contractor fully established its management system and obtained external ISO 9001, ISO 14001, OHSAS18001 certifications.

To increase the reliability of our driving operations, we launched the use of the 'GASPER' system for vehicles preventative maintenance programme and self-verification in 2018. Since the launch of the system till the end of 2018, we experienced no operational disruption due to vehicle service or breakdown.

Safety performance of BP in Azerbaijan

	2017	2018
Fatalities	0	0
Day away from work case frequency	0.01	0.01
Recordable injury frequency	0.09	0.05
Hours worked (millions)	43.74	26.47
Total vehicle accidents rate	1.1	0.8
Kilometres driven (millions)	28.15	25.83

Audit and verification

Audit and verification by the BP group helps us prioritize the safety and reliability of our operations to protect the welfare of our workforce, the environment and local communities.

BP group audited our operations in Azerbaijan twice in 2018 as part of the audit plan. The scope of these audits included crisis and continuity management and emergency response, as well as risk areas of well incident, partners, supplier and contractors, and marine incidents. As a result, 11 actions were raised during 2018.

BP group also conducted rig audits on the West Azeri, Deepwater Gunashli, Chirag, West Chirag platforms and the Maersk Explorer drilling rig. A total of 109 actions were raised during these audits, 93 of which were closed during 2018.

Integrity management

We conducted inspections of our onshore and offshore facilities in 2018. This included about 3086 equipment and piping pressure system inspections for the Sangachal terminal and export operations, more than 236 inspections of onshore structures, 431 inspections of supports and concrete foundations onshore, 374 offshore structural inspections, as well as inspections of the Central Azeri and Shah Deniz Alpha platform jackets using remotely operated underwater vehicles. We also conducted corrosion management and fabric maintenance programmes on all eight platforms as planned, including painting over 6,917 m² of decks and over 1,843 m² of pipework offshore.

In addition, we completed more than 984 km of pipeline inspections across Azerbaijan and Georgia with 6,950 km of cathodic protection surveys.

We deployed over 14.5 million litres of chemicals in the region to assure fluid flow, integrity of plant and infrastructure, and quality of export products, with over 7.6 million liters transported to offshore and deployed without incident.

Crisis management and emergency response

Our crisis and continuity management planning helps us to respond effectively to emergencies and mitigate potentially severe disruptions in our operations. BP identifies potential risks on an annual basis and carries out regular exercises to test how prepared our teams are to respond.

We carried out regular drills and exercises to test our assets' preparedness to respond to emergency events in 2018. In addition, cyber security contingency plans were established for all assets and tested by business support teams.

Also, we conducted a cross border exercise involving our oil spill response contractors in Azerbaijan and Georgia - Briggs Environmental Services Ltd (BESL)

and National Response Corporation. The exercise involved mobilizing and testing the oil spill response and emergency pipeline repair equipment transfer process across the Azerbaijan-Georgia border to confirm that the oil spill contingency procedures were effective and tested appropriately with customs.

We also held a large-scale firefighting exercise at the Sangachal terminal, both on ACG and the newly commissioned Shah Deniz 2 sites. It was designed to validate existing firefighting equipment capabilities and enhance fire responders' knowledge, skills and experience in dealing with incidents.

We conducted a foam deluge function test for the first time at all our offshore facilities.

Our new contract with the oil spill response contractor BESL for combined oil spill response and firefighting scopes entered into effect as of February 2018 which further enhanced our capability.



Rescue and emergency response vessel crew member on duty inspects the Deepwater Gunashli platform.

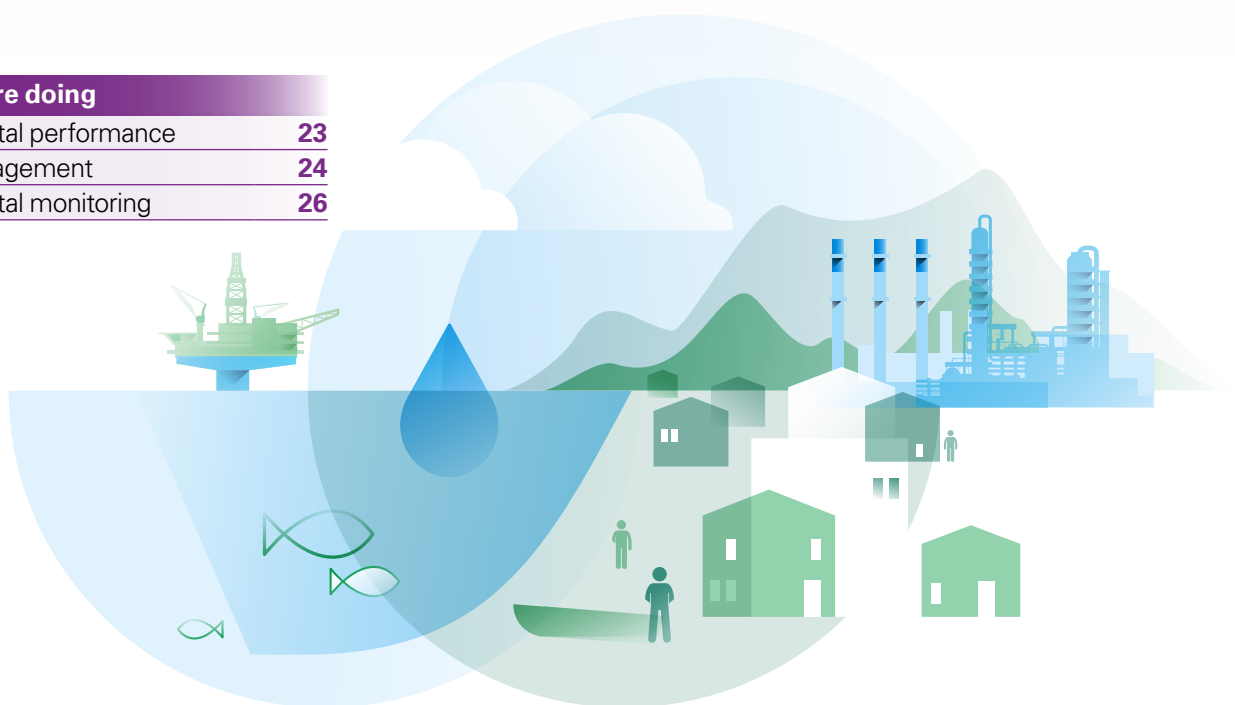


Environment

We recognize that managing environmental impacts is an essential part of what it means to responsibly produce oil and gas.

What we are doing

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Waste management	24
Environmental monitoring	26



Environmental performance

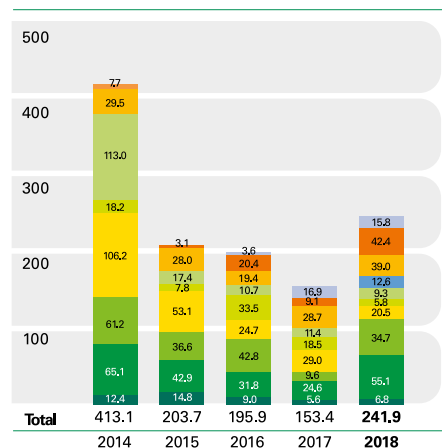
BP works to avoid, minimize and mitigate environmental impacts wherever we do business.

Air emissions

Our emissions to air originate from internal combustion of fuels, gas flaring and venting. Also, there are indirect emissions resulting from use of electricity from municipal grids. In 2018, we emitted about 3.7 million tonnes of gross greenhouse gases (GHGs), which is 11% higher than in 2017. The largest contributors to our GHG emissions remain the Central Azeri platform (22%), the Deepwater Gunashli platform (17%) and the Sangachal terminal ACG and Shah Deniz sites (18% and 10% respectively).

Despite a significant reduction in flaring from our Deepwater Gunashli and West Chirag platforms, the volume of gas we flared at our operational facilities increased from 153 kilotonnes in 2017 to 241.9 kilotonnes in 2018 mainly due to the additional flaring from the new Shah Deniz Bravo platform and Sangachal terminal Shah Deniz 2 site, as well as high flaring from the West Azeri and East Azeri platforms and the Sangachal terminal ACG plants.

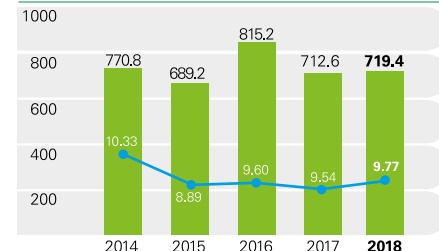
Gross flaring by asset
(thousand tonnes)



● Sangachal terminal (SD)
● Sangachal terminal (ACG)
● Chirag
● Deepwater Gunashli
● Istiglal MODU (SD2 clean up flaring)
● East Azeri
● West Azeri
● Central Azeri
● West Chirag
● Shah Deniz Bravo

BP recognizes the urgency of the climate challenge and is working to be a part of the solution. BP has signed up to the World Bank Zero Routine Flaring by 2030 initiative, joined the Climate and Clean Air Coalition's Oil and Gas Methane Partnership and Oil and Gas Climate initiative – currently chaired by our group chief executive Bob Dudley. We achieved more than 95,000 tonnes of sustainable GHG emissions reductions in 2018.

Net GHG emissions

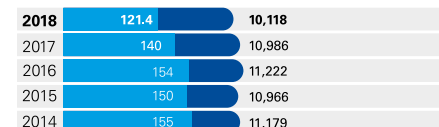


● Operational net greenhouse gas (GHG) emissions (thousand tonnes)

— Normalized operational GHG emissions (tonnes per thousand barrels of oil equivalent)

(starting from 2018 normalized operational GHG emissions are calculated using gross production number)

Gross non-GHG emissions
(tonnes)



● Nitrogen oxide (NOx)

● Sulphur oxides (SOx)

The methane intensity for BP Azerbaijan in 2018 was 0.032%, compared with the BP group target of 0.2%.

Oil spills

In 2018, there were two oil spills of over one barrel in volume. All oil spills were contained and fully recovered.

BP Azerbaijan achieved conformance with the new revision of ISO 14001 standard

In 2015, the International Organization for Standardization (ISO) updated its ISO 14001 standard and set 14 September 2018 as a timeframe for all certified organizations to conform with it. The new standard, ISO 14001:2015, reinforces the environmental management within the organization's strategic direction, increases the role of environmental leadership, requires stronger commitment to proactive initiatives and attaches high importance to communication.

When we launched the transition activities in 2017, we compared each element of our environmental system against the requirements of the new standard and identified 15 actions to achieve conformance. We implemented a new process for environmental aspects identification, re-wrote the key procedures to better define our scope of operations and identified related stakeholders and possible communication channels. In May 2018, we hosted the certification audit for ISO 14001:2015 standard and our operations in Azerbaijan were awarded with a new ISO certificate valid for three

years. We organized two training sessions for employees working in environmental roles to familiarize them with the specifics of the new ISO standard and enhance internal auditing skills in 2018.



Waste management

We adopt a life cycle approach to waste management, with a goal of avoiding, reducing and reusing the waste that is created by our operations.

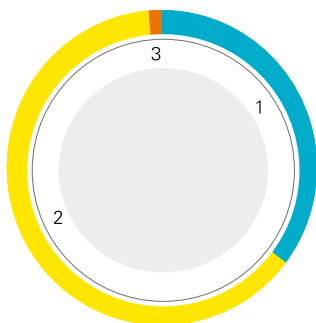
In 2018, we achieved a 66% reuse and recycling rate for non-hazardous waste, 13% more than in the previous year. The recycled non-hazardous waste streams traditionally include metals, plastics, paper, and cardboard. Out of hazardous waste 45% was sent for reuse and recycling, which is 4% more than in the previous year, the largest streams being oily water, cement and oils.

Drill cuttings

Drilling activity in the Caspian Sea continued in 2018, generating about 50,000 tonnes of drilling muds and cuttings – about 50% less than in 2017. BP Azerbaijan continued to reinject drill cuttings to subsurface with volumes 30% less than in the previous year. At the Chirag platform we successfully shipped synthetic muds and cuttings onshore, thus eliminating discharges offshore. About 36% of all drilling fluids shipped to shore was recovered in the form of base oil and water.

The permitted discharges of muds and cuttings to sea was just 694.5 tonnes in comparison to 20,409 tonnes in 2017. This was achieved mainly due to the fact that only the Central Azeri platform drilled on water-based muds at top-hole sections.

Fate of drilled cuttings in 2018



- 1. Injected 18,074.1
- 2. Shipped 32,444.7
- 3. Discharged 694.48



A lab specialist carries out a test as part of our environmental monitoring activities.

Sewage

We regularly monitor and analyse the performance of sewage treatment and the quality of discharged water. Our new Shah Deniz Bravo platform started operations in 2018, and we set up a sewage treatment monitoring programme with all parameters meeting the standard requirements.

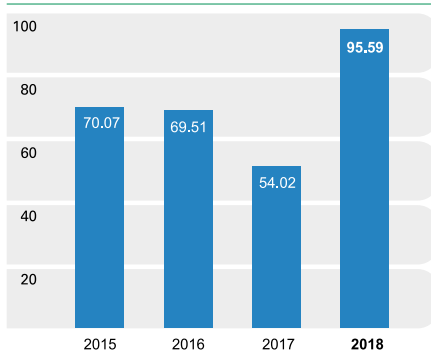
Improved maintenance and monitoring practices, the positive results of which were reported in 2017, continued in 2018. We reduced off-spec sanitary water discharges at offshore facilities further by 39%. The sewage treatment plant at the Sangachal

terminal operated in compliance with standards throughout the year. There were, however, minor off-spec results encountered at both onshore and offshore facilities, which were addressed and resolved. We continue to observe the results at the Shah Deniz platform, with a plan in place to install an additional treatment unit.

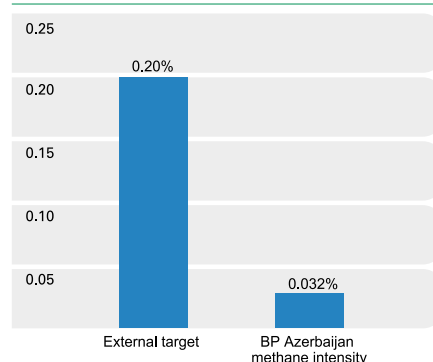
Produced water

As oil reservoirs naturally deplete every year, the share of water extracted with the oil increases. Produced water from the Azeri-Chirag-Gunashli (ACG) field is separated both offshore and at the

GHG sustainable emissions reduction CO₂e, gross (thousand tonnes)



Methane intensity in 2018, BP Azerbaijan vs BP external target (%)



Generated waste quantities (tonnes)

	2017	2018
Hazardous waste (excluding produced water and sewage)	108,848	103,504
Non-hazardous waste	19,254	27,131

Energy consumption

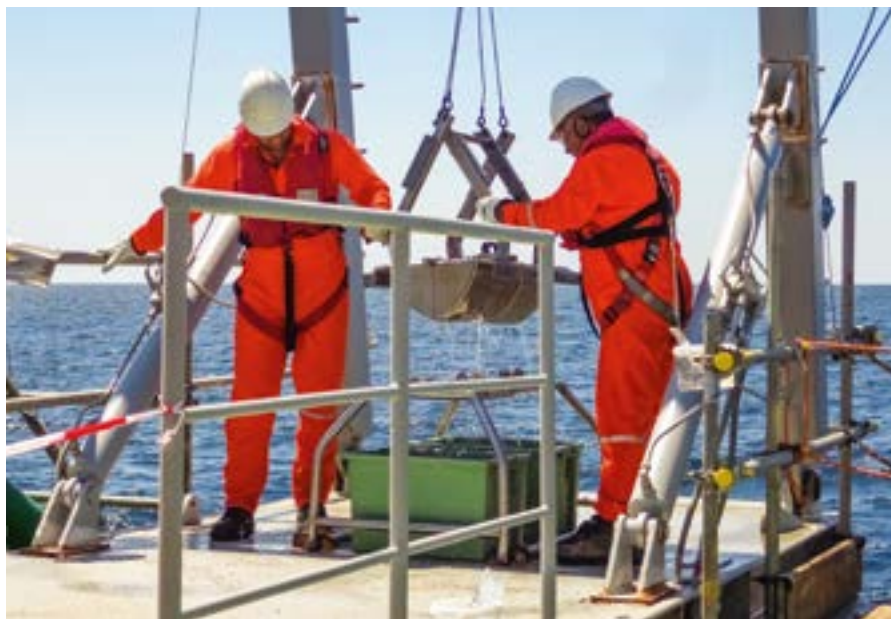
	2017	2018
Fuel gas (thousand tonnes)	938.8	1,013.5
Diesel (thousand tonnes)	81.4	59.6
Electricity import (megawatt hours)	11,655	31,238

Sangachal terminal. In March 2018, we connected the produced water from the Shah Deniz field to the ACG facilities. This made the Sangachal terminal produced water treatment plant a shared facility. Small volumes of the produced water from the Shah Deniz field, totaling around 7,000 tonnes were sent to storage ponds in 2018. However, since April 2018 no more produced water has been discharged to ponds at the terminal.

The ACG and SD fields produced and treated more than 8 million tonnes of produced water in 2018. Separated produced water is reinjected offshore through dedicated wells to sustain pressure in the oil reservoir.

We've maintained the injection efficiency of produced water at maximum level, and in 2018 the efficiency increased to 99.7%, compared with 99% in 2017.

Discharges of produced water to the sea almost halved from 2017, primarily due to a targeted maintenance campaign to fix the sources of discharges.



Environmental specialists carry out a baseline nearshore environmental survey.

Waste managed efficiently as Sangachal sewage treatment plant upgrades

The Sangachal terminal's approach to environmental management and operational integrity has always been effective. The upgrade of a new waste outfall basin to manage waste in an environmentally conscious way is just another example.

Historically, several Soviet-era third-party pipelines run between the Sangachal terminal and the coastal highway. Given the strategic importance of the area, BP jointly with SOCAR, regularly inspect these pipelines to assess the level of risks to their integrity. Due to the accumulation of water over the lines, some high-risk sections of the lines had not been inspected. Since the presence of water might increase the corrosion rates of the pipelines, we initiated a project to analyse the sewage

treatment plant at the Sangachal terminal to better understand the cause of water accumulation. The treatment plant discharged treated effluent into a channel that drains into the Caspian Sea. South of the main terminal area, the channel is unlined and informal. As a result, the treated effluent spread over a wider area with a proportion infiltrating into the ground over the oil and gas pipelines.

To address the issue, the outfall pipeline from the wastewater treatment plant was upgraded and extended. This enabled the effluent to be conveyed through

the sensitive area with no risk of infiltration.

We completed the installation of a new 200mm, high-density polyethylene pipeline in 2018, which means that treated sewage water is now being discharged to a new outfall basin.

The new pipeline has increased the efficiency of flow, by reducing the amount of time taken for pumping treated water from the treatment plant to the outfall area.

The new outfall enables flows to reach the Caspian Sea in a way which meets environmental requirements and helps to avoid erosion and flooding risks.



Environmental monitoring

We have been conducting environmental monitoring around our operational facilities and on the regional contract areas since 1995.

We do this to understand the potential impacts of our activities to the marine, shoreline and terrestrial environment in BP Azerbaijan contract areas.

We conducted 17 ambient environmental monitoring studies in 2018, these included both offshore and onshore surveys.

Offshore, we conducted environmental monitoring surveys around the Chirag, Central Azeri, East Azeri, West Chirag platforms, and one post-installation survey at the Shah Deniz Bravo platform. In addition, four environmental monitoring surveys were conducted in inshore waters; three baseline monitoring surveys in the Shallow Water Absheron Peninsula (SWAP) contract area, and one Shah Deniz 2 related post-trenching monitoring survey in the Sangachal bay. The scope of these surveys was to study the distribution and abundance of macrobenthic and planktonic populations in the area and the physical and chemistry characteristics of the local environment.

Onshore, we conducted 12 surveys around BP facilities – the Sangachal terminal, the Western Route Export Pipeline and the Serenja Hazardous Waste Management Facility. The monitoring surveys included ambient air quality, ambient noise, groundwater quality at all facilities, surface water quality at Sangachal, soil stability and vegetation cover monitoring around the Serenja facility. The bio-restoration survey along the BTC pipeline corridor was also completed in 2018.

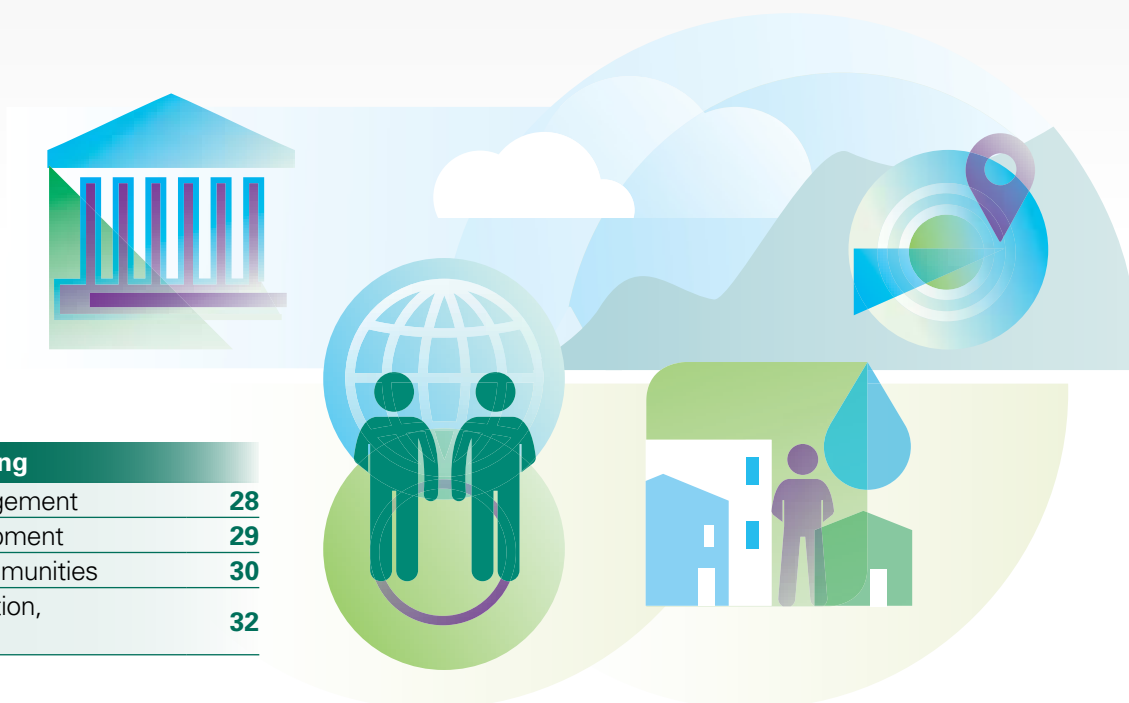


An expert conducts a soil and vegetation survey around the Sangachal terminal.



Society

The energy we produce serves to power economic growth and improve the quality of life for millions of people. We aim to have a positive and enduring impact on the communities in which we operate.



What we are doing

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Supporting education, culture and sport	32

Stakeholder engagement

BP in Azerbaijan engages with a wide range of stakeholders, building relationships that help us make responsible decisions.

We continued to work with the State Oil Company of the Republic of Azerbaijan (SOCAR) on issues of mutual importance within the framework of our production sharing agreements (PSAs), host government agreements and other agreements.

BP's group chief executive, Bob Dudley met with the President of the Republic of Azerbaijan, Ilham Aliyev on a number of occasions throughout the year. He was received by President Aliyev during the World Economic Forum in Davos, Switzerland, in January 2018. They also met during the signing of a new production sharing agreement for the joint exploration and development of Block D230 in the North Absheron basin in the Azerbaijan sector of the Caspian Sea in April, and in Eskishehir, Turkey, during the inauguration ceremony of the Trans Anatolian Pipeline

project in June 2018. President Aliyev also hosted the official opening ceremony of the Southern Gas Corridor in the Sangachal terminal on 29 May 2018.

As part of the co-operation with the Government of Azerbaijan, BP Azerbaijan-Georgia-Turkey regional president Gary Jones regularly met with government officials to provide updates on the ongoing operations and projects like Shah Deniz Stage 2 and South Caucasus Pipeline expansion (SCPX) and on our new exploration projects.

In February, Gary Jones and the members of his leadership team attended the Southern Gas Corridor Advisory Council Fourth Ministerial Meeting attended by President Aliyev.

In May, during the 25th Caspian Oil and Gas Exhibition in Baku, Gary Jones hosted President Aliyev at the BP stand.

In October, the Head of BP Russia and the Commonwealth of Independent States (CIS) Economics, Vladimir Drebentsov visited Baku to launch BP's 2018 Statistical Review of World Energy and Energy Outlook - 2040 report. The report was presented to a wide range of audiences including key ministries, embassies, international organizations, the civil society and media.

BP Azerbaijan and the Ministry of Energy of the Republic of Azerbaijan signed a memorandum of understanding to jointly explore potential opportunities for the

development of renewable energy in Azerbaijan in December 2018.

We hosted 28 site visits to the Sangachal terminal in 2018, with more than 400 people participating with diverse backgrounds, such as politicians, journalists and guests of our co-venturers as well as representatives of financial, educational and other organizations from a number of countries.

We saw substantial media interest in our activities during 2018 and engaged media in all aspects of our business in Azerbaijan, arranging briefings and providing interviews for local and international journalists. We invited representatives of key media outlets to all BP-hosted external events. We also arranged trips for international media representatives to our sites. Our 24-hour media response line continued to be available to the media.

Revenue transparency

We support transparency in the flow of revenue from oil and gas activities to governments. In 2017, BP joined the Azerbaijan Extractive Industries Transparency Commission (EITC), created by decree of the President of Azerbaijan. The EITC reports revenue transparency along the same principles as the international Extractive Industries Transparency Initiative, and involves representatives from the government, extractive companies and the civil society.

BP submitted its 2017 EITC report to the commission in the summer of 2018. You can find the full report at bp.com/caspian.



The President of the Republic of Azerbaijan Ilham Aliyev talks to BP staff on the Shah Deniz Bravo platform via a direct link during the 25th Caspian Oil and Gas Exhibition.

Enterprise development

We help to build a sustainable local supply chain for the Caspian region by supporting capability development in Azerbaijan's business sector.

We worked with 302 local suppliers in Azerbaijan in 2018, 249 of which were small and medium-sized enterprises and individuals. Our joint operations and projects expenditure in the country totalled nearly \$3.4 billion in 2018, which is lower than previous years mainly due to the completion of major procurement activities

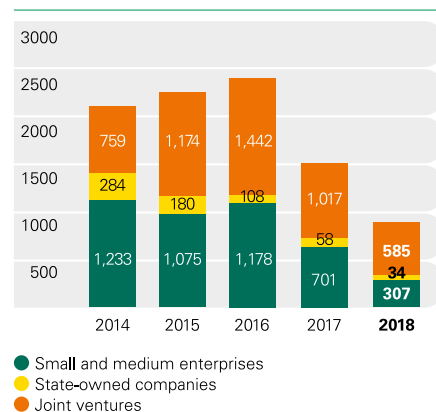
for the Shah Deniz 2 project. Our in-country direct expenditure with local suppliers in Azerbaijan was \$926 million.

We also identified that we could drive more sustainable value with an integrated approach to local content by leveraging company resources, third-party expertise and partnership with the government. So, in 2018, we established a National Content Workgroup with SOCAR to enhance delivery of the national content plans through events like BP-SOCAR National Content Forum.

Enterprise development programme

Our enterprise development programme (EDP), launched in 2007, supports local companies with strong business potential so that they can meet international standards and improve their competitiveness in the market. The long-term aim is to increase the number of local companies that can provide products and services to the industry in the region, thus contributing to the development of the local economy.

BP spend with national suppliers (\$ million), 2014-2018



In 2018, 41 companies completed the programme, bringing the total number of companies that have completed it to 259.

New procurement system to encourage local suppliers

We continue to work on how we can engage a wider range of local companies to bid for BP work in Azerbaijan. In 2018, we held benchmarking sessions with other BP regions, major oil operators and public companies to understand good practices in this area and discussed the requirements with our procurement teams. This approach helped us design our bid announcement system which provides timely and early bid notices and guidance through publicly available sources. This also helps us meet new regulations in the country.

The system is designed to mitigate one of the main obstacles faced globally in increasing local content: lack of awareness among local businesses about the opportunities and how to access

them. On the one hand, the system enables potential bidders to assess their readiness for the scope of work and prepare themselves for a bid. On the other, it helps BP assess the level of local market interest for the work and identify potential suppliers early in the process. We designed the bid

announcement system using the local suppliers' portal we developed as part of the enterprise development programme. More than 2,500 national suppliers had already registered in the portal by the end of 2018. This is one of the largest and most complete databases of local suppliers in the country.



Working with communities

We aim to have mutually beneficial relationships with the communities around our operations, underpinned by open dialogue and work together to address community challenges.

Maintaining community relations

BP regularly informs communities along the Baku-Tbilisi-Ceyhan (BTC) pipeline and the South Caucasus Pipeline (SCP) route in Azerbaijan about our plans and we listen to their concerns. We engage in a number of ways, from community meetings and distribution of literature, to written correspondence and responses to requests or complaints.

Our community liaison officers hold public consultations and manage community-related grievances as well as requests in these communities.

We conducted more than 750 group and individual consultation meetings with more than 3,000 external stakeholders in 2018.

We received 436 requests from communities and other stakeholders, mainly about permissions for infrastructure works to be carried out on the pipeline corridor. By the end of 2018, we had responded to about 400 of these requests.

Grievance management

We believe that open dialogue helps us build strong, mutually beneficial working relationships over the long term, and enables all parties to constructively resolve any disagreements.

Our grievance resolution mechanism for communities along the pipeline routes has been in place since 2007, and we listen and respond to all complaints through the formal grievance mechanism. In 2018, we received seven BTC/SCP pipeline related complaints and closed them all out by the end of the year. In addition, we discussed and resolved questions and concerns raised by the communities during our group and individual consultation meetings throughout the year.

In 2018, the South Caucasus Pipeline Expansion (SCPX) project continued its regular engagement activities with communities along the 424-kilometre pipeline route in co-ordination with its pipeline contractor, Saipem-Azfer Joint Venture (SAJV). Throughout the year, we continued to implement the community grievance mechanism in order to understand and respond to all community concerns. A team of community liaison officers representing BP and our construction contractor registered, acknowledged and responded to all community grievances and requests. Our aim is to register and acknowledge community grievances within seven days and address

them within 30 days. In 2018, we received 47 SCPX project related complaints and closed them all out by the end of the year. In 2018, through investigating and responding to grievances, we followed a defined process to recognize and compensate three bona fide users (actual land users) of project land.

In 2018, 74 community awareness meetings were held across communities in Absheron, Agsu, Kurdamir, Yevlakh, Ujar, Hajigabul, Agdash, Goranboy, Samukh, Shamkir, Tovuz and Agstafa districts. These sessions covered topics including community safety, the demobilization process and general updates on the project.

The SCPX project also held 134 school safety sessions as part of the school safety programme, which were attended by 3555 school children and 164 teachers.

Land acquisition

In 2018, the land parcels acquired earlier for the SCPX project continued to be reinstated and handed back to land owners and users, and the process was completed in the beginning of 2019.

Development initiatives

As part of our operations in Azerbaijan, we support a variety of community development initiatives, including projects designed to improve local education, build skills and capabilities, and provide training and finance that local enterprises need in order to grow. In 2018, about 5,000 people benefited from the implementation of our sustainable development initiatives.

Health awareness sessions

In 2018, we organized 37 training sessions on detection, prevention and treatment of tuberculosis for primary health doctors and nurses working in the communities of Hajigabul, Kurdamir, Ujar, Agdash, Yevlakh, Gobustan, Goranboy, Samukh, Shamkir, Tovuz, Agstafa districts along the pipeline and two cities – Sumgait and Ganja. Overall, 863 healthcare specialists benefited from these sessions. The training sessions were approved by Azerbaijan's Ministry of Health and run by the specialists from the scientific-research Institute for Lung Diseases.

Building early intervention services

In September 2018, we completed the second phase of the project on providing early intervention services in 13 districts along the pipeline route and beyond - Hajigabul, Kurdamir,

Agdash, Ujar, Yevlakh, Samukh, Goranboy, Shamkir, Tovuz, Agstafa, Agsu, Gobustan and Shirvan.

During the second phase, the project provided services for identification of children's disabilities and development delays as well as for provision of appropriate assistance. It also included establishing early intervention centres, building inclusive pre-school education systems, training early intervention specialists, and empowering parents to be active participants in their children's development. In 2018, 541 parents and 1028 children benefited from the services provided.

Building upon the achievements, we launched the third phase of the project which will last for 12 months with additional services and pre-schools in three new districts. 431 children benefited from the implementation of the third phase in 2018.

English for communities

Launched in 2016, the project aimed to enhance the language skills of the communities along the pipeline route in Goranboy, Samukh, Shamkir, Tovuz and Agstafa districts through improving the quality of English language teaching. Building on the success, the project was extended twice. In the second phase, the project provided trainings to 165 teachers and 480 community members from 11 rural districts along the pipeline route.

In December 2018, we launched the third phase of the project to provide further trainings to 22 English language teachers, who participated in the previous phases, as well as 330 community members from 11 regions (Agstafa, Samukh, Shamkir, Goranboy, Tovuz, Kurdamir, Hajigabul, Garadagh, Yevlakh, Ujar, Agdash).

'Sweet Gold' project

In 2018, 297 community members received trainings on beekeeping, honeybee diseases management, honey extraction and winter preparations, sales and marketing as part of this



Our 'Sweet Gold' project aims to help the targeted community members to build competitive honey-making businesses.

project, which was extended for three years in 2017. In addition, 200 of them were provided with beehives, honeybee colonies as well as tools and equipment necessary for beekeeping. As part of the project we continued to invest in improving the quality of honey through planting trees for bee feeding. The types of trees and planting areas were identified in consultation with relevant authorities as well as experts.

Agricultural vocational education

In 2018, we also supported the second phase of the "Agricultural Vocational Education: Development of New Occupations" project, which ended in September. The project developed up-to-date teaching materials, textbooks and training methodology for agricultural occupations and trades. In addition to 12 modules (three in horticulture, five in crop production, four in agricultural machinery) from the first phase, the project's second phase developed textbooks, teaching materials and training methodology for seven additional modules in the areas of vegetable and fruit growing. The project scope also included the delivery of nine master-classes by the authors of the text books for the students, teachers and trainers of vocational schools in Gabala, Ismayilli and Gakh, as well as general capacity-building and the new modular approach methodology training for a group of agricultural experts and vocational school teachers.

'Firavan' project

The project was launched in 2017 and aimed to help 10 farmer groups in 10 villages of three target districts (Samukh, Yevlakh and Ujar) increase their farm production and overall income via capacity-building and equipment support. The project was completed in August 2018. All of the 100 farmers from the three districts received training on greenhouse farming, beekeeping, cultivation of strawberry plants and comparative feeding in animal breeding.

Green Sangachal

This is a new environmental project and was launched in 2018. It aims to help improve the environmental conditions in the neighbouring communities. Establishing a green yard within one of the residential areas, which will be cleaned and fertilized in preparation for planting trees, will be the main outcome of the project.



We support projects to help local communities in getting access to improved infrastructure.

In 2018, the project activities included completing the irrigation system, selecting tree species for planting and preparing the land for planting and for the placement of walkways.

Social infrastructure

We continued to implement social infrastructure projects in various pipeline affected communities in 2018 which included:

- Renovating and repairing three kindergarten buildings in Shamkir, Tovuz and Baku's Garadagh districts;
- Purchasing and installing of furniture for two kindergartens in Shamkir and Tovuz.

Business and human rights

We respect internationally recognized human rights as set out in the International Bill of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. These include the rights of our workforce and those living in communities affected by our activities.

We set out our commitments in our human rights policy and our code of conduct. Our operating management system (OMS) contains guidance on respecting the rights

of workers and community members.

Human rights principles are already at the heart of many of BP's existing practices, particularly in our code of conduct and values, as well as in many operational requirements.

Voluntary Principles on Security and Human Rights

Compliance with Voluntary Principles on Security and Human Rights (VPSHR) remains one of the main objectives in ensuring that public and private security services assigned for the protection of our assets and operations do comply and maintain proper application of the principles on day to day duty.

Throughout 2018, our private security service provider progressed with developing personnel. They conducted training on VPSHR to 21 personnel assigned to BP offices and sites.

Our state partner in protection of operations - Export Pipelines Protection Department (EPPD), which employs 76 training officers - continued to provide VPSHR training to their staff. In 2018, 45 newly recruited officers and 370 existing ones completed and refreshed professional courses containing information on VPSHR.

Of the 86 horse patrollers assigned to survey BP operated export pipelines and adjacent infrastructure, 31 were from the EPPD and 55 were from local communities.

The quick-dial '114' emergency communication tool established along the Azerbaijan export pipelines by BP in 2009 remains in operation. This tool provides affected communities with the opportunity to report any incidents or concerns directly to the EPPD for further joint investigation with BP's security team. The '114' procedure is overseen by a joint protocol with the state security provider. There were no incidents related to the VPSHR during 2018 reported via the '114' number.



We work closely with the local communities around our operations to help improve their livelihoods.

Supporting education, culture and sport

In addition to our community development initiatives, we support programmes that focus on education and capacity building, culture and sport.

Educational initiatives

Our involvement in education is diverse and wide-ranging, guided by our goal of enhancing national capability to support the oil and gas industry in Azerbaijan.

'Build your future' project

We launched this project in September 2016 to support a large group of 11th grade

students from disadvantaged families in their preparation for university admission exams. The project activities include two components – academic knowledge and social integration.

We completed the second phase of the project in November 2018. Out of 93 young people, including five people with disabilities, 85 were admitted to local universities.

The project has had two successful phases with 91% of participants admitted to local universities. Based on this success, the project has now entered its third phase.

Improving Computer Science education in high schools

We launched this project in December 2017 with the aim of equipping high school students with computer science knowledge and skills. The project, run in partnership with the Ministry of Education, developed a new curriculum for IT specialized high schools supported by teaching materials. As a pilot study, 50 teachers representing 25 schools in Baku tested the new curriculum.

The process to select schools and teachers, as well as the pre-assessment of the selected teachers, was completed in 2018. English language and IT training sessions were also held for the 50 teachers participating in the pilot.



Bringing international economics knowledge to Azerbaijan

BP supported the publication of the Azerbaijani language edition of three international books on economics in 2018.

This project provided direct access to the world's three most widely used books on international economics theory and policy,



'Build your future' project participants celebrate successful graduation from the programme.

macro-and microeconomics. This was the first time they had been translated into Azerbaijani with the view that they would be used by the students and professors of economics as well as by a wider group of people specializing in economic theories, policies and developments.

The project aims to improve the quality of teaching and to modernize economics education at Azerbaijan's universities.

Business education for engineers

In 2018, we launched an innovative educational project at Baku Higher Oil School to help national engineers smoothly step from university to business career. The programme is designed to help fifth-year engineering undergraduate students integrate into the business environment more efficiently.

The course consisted of eight core modules on topics such as presentation, negotiation and communication skills, project management, leadership, risk management and budgeting. Students were given an opportunity to develop their skills in analysing complex business problems and cultivating a methodical approach to decision making.

Enhancing employability skills for people with disabilities

Since its launch in 2017, this project aims to create employment opportunities for people with disabilities as skilled or semi-skilled workforce. The project partners with the Ministry of Labour and Social Protection of Population and the State Employment Centres.

In 2018, the project supported the development of skills and capabilities of 86 selected people through trainings and other specialized activities as well as providing psychological counselling sessions to enhance the participants' self-confidence.

Azerbaijan Business Case Competition

BP supports the Azerbaijan Business Case Competition (ABCC) for university students, in which teams compete to solve real-life business problems using their knowledge in business disciplines from finance and marketing, to accounting and management. They present their solutions to a panel of judges representing major businesses in Azerbaijan.

In 2018, 60 teams applied for ABCC and 26 teams from six universities participated in the competition. Only 16 teams out of 26 earned the chance of passing to the semi-final stage, and four teams reached the final. The students went through five weeks of training in business case analysis and strategy development and four weeks of preparation sessions. In addition to the financial support, our employees contributed to the project as trainers, coaches and jury panel members.



BP employees talk to participants of a job fair for people with disabilities.

ASOIU-DAAD summer school

In August 2018, we hosted the students of the 'ASOIU-DAAD Summer School 2018' organized by the Azerbaijan State Oil and Industry University (ASOIU) and German Academic Exchange Service (DAAD).

More than 20 young people met with BP Azerbaijan leadership team, listened to presentations about the oil & gas industry in Azerbaijan and BP's business, and visited the Sangachal terminal.

Supporting the establishment of effective migration management in Azerbaijan

We partnered with the International Organization for Migration to support a project on effective migration management in 2018. The project was designed to help the transition of international best practices in implementing efficient migration strategies, policies and legislation through capacity building and technical assistance. The beneficiaries of the project were the state agencies dealing with visa matters.

The outcomes from the project included:

- Launch of the first e-service;
- Development of a Consular Reference Manual for the Ministry of Foreign Affairs;
- Capacity-building trainings for consular officers;
- Establishment of an English language laboratory and English language courses for state migration service officials.

Modernizing monitoring and evaluation e-infrastructure of CAERC

The project aims to provide technical assistance to a local organization. It supports the modernization of monitoring and evaluation e-infrastructure of the Center for Analysis of Economic Reforms and Communication (CAERC) through

development of a sophisticated software.

The new software will be utilized for monitoring and evaluation of the measures undertaken by the government within the framework of the Strategic Road Maps for social and economic development of Azerbaijan. It will support CAERC in effectively processing the economic data which it receives from 47 public bodies, including ministries, agencies and committees.

In 2018, needs assessment and software development activities were completed.

Sponsorship of conferences and workshops

ADA Baku Summer Energy School

BP sponsored the 12th Annual Baku Summer Energy School of Caspian Center for Energy and Environment of ADA University. The annual two-week certificate programme for energy professionals, which was organized jointly by SOCAR and BP, brought together 40 participants from 15 countries in 2018 to explore and gain a better understanding of global and Caspian energy and environmental issues.

National Project Management Forum

We supported the first National Project Management Forum held in Baku in December 2018. The event gathered more than 200 participants, representing the majority of the large-scale companies operating in the country. The forum agenda included 12 speakers from various organizations, as well as panel discussions on eight topics. The main goal of the forum was to evaluate the development of project management in Azerbaijan, introduce the international standards in this area and discuss the achievements made locally in this direction.

Eurasian Conference of the International Association for Energy Economics (IAEE)

BP in Azerbaijan also acted as one of the sponsors of the third IAEE Eurasian Conference on the 'Implications of Global Developments within the Energy Industry in the Caspian and Central Asia Region', held in October 2018. The event brought together managers and experts from the energy sector of many countries including Chile, France, Georgia, Kazakhstan, Pakistan, Kirgizstan, Romania, Russia, Slovenia, Turkey and the USA. The conference was a good opportunity to discuss the progress in the oil and gas industry of the region and review the overall processes taking place in this area.

Roundtable discussion on 'Building trust in paying taxes'

We supported a roundtable discussion on 'Building trust in paying taxes' organized by the American Chamber of Commerce (AmCham) in Azerbaijan in June 2018. The event was a contribution to improvement of tax administration and communication between taxpayers and tax authorities in Azerbaijan and a chance to get first-hand

information on tax policy-related issues.

Workshop of the International Working Group on Sustainable Development of the Caspian Sea Region

The first general meeting of the International Working Group on Sustainable Development of the Caspian Sea Region (IWG SDCSR) took place in 2018.

The purpose of the IWG SDCSR was to contribute to the development of a decision-making support system at the regional level. While connecting local dynamics of changes to the United Nations 2030 Agenda for Sustainable Development, the IWG aimed to bridge environmental and anthropogenic hazards and risk assessments to inform policy for the sustainable development of the Caspian Sea region. The workshop was organized by the Institute of Geography of the Azerbaijan National Academy of Sciences.

International Scientific Conference of young scientists and students

We supported the seventh International Scientific Conference of young scientists and

students on Information technologies in solving modern problems of geology and geophysics.

The conference brought together young researchers from all areas of geology, geophysics and included new approaches and methods in investigation of the Earth's crust; information technologies in solving geological and geophysical problems; using advanced technologies in prospecting for minerals and geological events and processes; geological risk assessment areas of interest.

The organizer of the conference was the Institute of Geology and Geophysics of the Azerbaijan National Academy of Sciences.

Conference on 'Problems of Inland Waters Basin: Thematic Study of the Caspian Basin'

In 2018, BP sponsored this conference, the main purpose of which was to explore the ways to solve existing problems in the basins of the Caspian Sea, Aral, Van and Urmia lakes, and to expand international

Future engineers learn from BP's valuable experience

We continued to arrange business lectures by BP experts and senior executives to support national petroleum engineers' development in Azerbaijan. Baku Higher Oil School (BHOS) and the Azerbaijan State Oil and Industry University (ASOIU) host our senior managers and members of the leadership team as guest lecturers to share their knowledge and experience with young engineers as well as information on BP's activities, technology and operations processes.

Orkhan Guliyev, BP AGT vice president for safety and operational risk, held a comprehensive seminar for the students of Azerbaijan State Oil and Industry University in November 2018. In his interactive presentation, Orkhan talked about the specific hazards in the industry and

the measures taken to eliminate or minimize the risks. Speaking about the assessment of risks at all stages of oil and gas projects, Orkhan explained to the students the importance of risk management in high hazard environments.

To give better insight, Orkhan shared some real-life industry incidents and lessons learned aimed at preventing and reducing the likelihood and severity of major accidents. The session

also featured understanding the potential consequences of an incident, and importance of the required knowledge to respond effectively in the event of emergency.

"I was pleased to be part of this initiative also because it is aligned with our social investment and sponsorship strategy aimed to create tangible benefits from our projects and operations for the people of the region," – said Orkhan.





scientific cooperation in this direction. The conference was organized by the Institute of Geography of the Azerbaijan National Academy of Sciences.

International School-seminar 'Oil and Geo-ecology'

We sponsored the first International school-seminar of young scientists and students on 'Oil and Geo-ecology' which was held in 2018. The event was organized by the Oil and Gas Institute of the Azerbaijan National Academy of Sciences and was dedicated to the 100th anniversary of the Azerbaijan Democratic Republic. The seminar covered such topics as geology of oil and gas, geochemistry (petroleum, ore, isotope), lithogenesis and hydrocarbon formations, geomedicine, well drilling technology, development and operation of oil and gas fields.

Sport initiatives

In 2018, we continued our official partnership with the National Olympic and Paralympic Committees. This included sponsoring Azerbaijan's National Olympic and Paralympic teams and a group of athletes that have been selected as our ambassadors.

In June, BP and National Paralympic Committee (NPC) held the Children's Paralympic Festival in Goygol. A total of 110 children with special needs were brought together from across Azerbaijan and Georgia to compete in various sports including tennis, taekwondo, swimming and judo.

BP has proudly sponsored NPC since the 2012 London Games. NPC is the first such organization worldwide to establish a Children's Paralympic Committee under its auspices.

Cultural initiatives

Contribution to the 100th anniversary celebrations of the Azerbaijan Democratic Republic, a great source of pride of the people of Azerbaijan, the first democratic republic in the East

We made two very important contributions to the Azerbaijan Democratic Republic (ADR) 100th anniversary celebrations: the research book 'The Founders of the Republic' dedicated to the founders of the ADR, and the documentary 'The Last Session' featuring the last session of the ADR parliament.

The book is a result of long and thorough research conducted in the archives of Azerbaijan, Georgia, Turkey, Russia, Germany and Poland. It includes historical data, facts and episodes from the lives of the 59 founders, as well as information about their short and tragically ceased activities as government and state officials. The author of the book is well-known historian Dr. Nasiman Yagublu.

'The Last Session' documentary depicts the tragic fall of the Azerbaijan Democratic Republic.

The film was presented in many countries, as well as at BP sponsored events in Baku, London, Ankara and Tbilisi. The documentary was made in cooperation with the Heydar Aliyev Foundation and Baku Media Center.

Kelaghayi Art book

BP, in cooperation with the Ministry of Culture and Tourism of Azerbaijan sponsored a cultural and historical research into one of the national art trends of Azerbaijan – Kelaghayi Art, and publication of an exquisitely designed book to present the

results of the research. Through this project we aimed to support the preservation of one of the world's most ancient cultures and enhance international recognition of Azerbaijan's rich cultural heritage.

The book is a result of the research conducted in the museums of Azerbaijan, Georgia, Russia and Ukraine.



Our ambassador athlete Ilaha Gasimova at presentation event of BP-sponsored Kelaghayi Art book.

Five-year performance data¹

For the year ended 31 December 2018					
Operating	2014	2015	2016	2017	2018
Total hydrocarbons produced (thousand barrels of oil equivalent per day) ²	900	903	908	858	871
Financial ³					
OPEX (operating expenditure) – total spend, gross (\$ million)	1,872	1,445	1,117	1,069	1,238
CAPEX (capital expenditure) – total spend, gross (\$ million)	7,186	7,430	6,180	4,873	2,988
Safety					
Fatalities – employees	0	0	0	0	0
Fatalities – contractors	0	0	0	0	0
Day away from work cases – workforce	0	2	3	2	1
Day away from work case frequency – workforce	0	0.01	0.01	0.01	0.01
Recordable injuries – workforce	14	17	22	19	6
Recordable injury frequency – workforce	0.09	0.08	0.07	0.09	0.05
Hours worked – employees (million hours) ⁴	13.41	8.5	9.2	7.3	7.5
Hours worked – contractors (million hours) ⁵	18.8	35.2	50.2	36.4	18.9
Environment					
Direct carbon dioxide (CO ₂), gross ⁶ (thousand tonnes)	3,846.50	3,275.21	3,394.17	3,224.15	3,566.75
Indirect carbon dioxide (CO ₂), ⁷ gross (thousand tonnes)	0.7	1.2	1.6	2.1	5.3
Direct methane (CH ₄), gross (thousand tonnes)	11.6	5.9	5.9	4.3	5.3
Direct greenhouse gas emissions, ⁸ gross (thousand tonnes CO ₂ equivalent)	4,067	3,400	3,543	3,331	3,699
Flaring (exploration and production), gross (tonnes)	413,120	203,651	195,893	153,425	241,856
Sulphur oxides (SO _x), gross (tonnes)	155	150	154	140	121
Nitrogen oxides (NO _x), gross (tonnes)	11,179	10,966	11,222	10,986	10,118
Non-methane hydrocarbon, gross (tonnes)	3,406	2,438	767	882	1,040
Number of oil spills ⁹	6	6	11	4	2
Volume of oil spilled (litres)	14,311	4,463	67,372	4,116	1,695
Volume of oil unrecovered (litres)	40	835	15	0	0
Operational discharges to water – drill cuttings with synthetic-based mud (tonnes)	881	2,753	1,322	450	0
Employees ¹⁰					
Number of employees of BP in Azerbaijan ¹¹	3,393	3,150	3,243	3,135	2,897
Number of professional staff of BP in Azerbaijan ¹¹	3,381	3,130	3,211	3,108	2,874
National ¹¹	2,907	2,735	2,785	2,686	2,511
National (%)	86%	87%	87%	86%	87%
Expatriate	474	415	426	422	363
Senior level Azerbaijani managers	230	275	314	343	358
Social spend					
Total for BP and co-venturers in Azerbaijan (\$ million) ¹²	5.9	4.5	1.5	5.7	4.1

¹Unless otherwise stated, performance data relates to BP in Azerbaijan only.

²This includes Azeri-Chirag-Deepwater Gunashli oil, Shah Deniz gas and condensate, associated gas delivered to the State Oil Company of the Republic of Azerbaijan.

³The BP AGT and its co-venturers.

⁴Hours worked by employees – are identified as hours worked by individuals who have a contract of employment with BP; this definition is consistent with BP's group definition.

⁵Hours worked by contractors – are identified as hours worked by contractors under the sphere of our control; this definition is consistent with BP's group definition.

⁶Gross numbers represent total of all partners' participating interest in production sharing agreements (PSA). Net numbers represents BP's participating interest in PSA.

⁷Indirect GHG emissions are a consequence of the import by operations of steam, electricity and heat from third-party sources.

⁸Direct GHG emissions are the physical emissions from operations.

⁹Oil spills are defined as any liquid hydrocarbon release of more than, or equal to, one barrel (159 litres, equivalent to 42 US gallons).

¹⁰Starting from 2016 numbers include both permanent and fixed term employees.

¹¹Includes Azerbaijani employees working on overseas assignments for BP in Azerbaijan.

¹²This is the cash-out number spent under the BP-operated projects.

Independent Assurance Statement

Scope of assurance

We have been engaged by BP Exploration (Caspian Sea) Limited to perform an assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised) ('the Standard') to provide public limited assurance on selected non-financial performance data presented in 'BP in Azerbaijan Sustainability Report 2018' ('the Report') for the year ended 31 December 2018.

Assurance procedures and roles

We carried out limited assurance on the selected key performance indicators specified below. To achieve assurance the ISAE 3000 (Revised) requires that we review the processes, systems and competencies used to compile the areas on which we provide our assurance. Considering the risk of material error, we planned and performed our work to obtain all of the information and explanations we considered necessary to provide sufficient evidence to support our assurance conclusion.

To form our conclusions, we undertook the following procedures:

- Analysed and reviewed on a sample basis the key structures, systems, processes, procedures and controls relating to the aggregation, validation and reporting processes of the selected sustainability performance indicator;
- Reviewed information and reasoning about the Report's assertions regarding sustainability performance in 2018; and
- Reviewed the content of the Report against the findings of the aforementioned procedures and, as necessary, provided recommendations for improvement.

We believe that our evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Roles and responsibilities

- BP's Management in Azerbaijan are responsible for the preparation of the sustainability information and statements contained within the 'BP in Azerbaijan Sustainability Report 2018'. Management are also responsible for determining

BP Exploration (Caspian Sea) Limited sustainability objectives and for establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived.

- Our responsibility is to express a conclusion on the selected Subject Matter based on our procedures. We conducted our engagement in accordance with the ISAE 3000 (Revised) Assurance Engagements other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with the independence and ethical requirements and to plan and perform our assurance engagement to obtain sufficient appropriate evidence on which to base our limited assurance conclusion. We performed the engagement in accordance with Deloitte's independence policies, which cover all of the requirements of the International Federation of Accountants' Code of Ethics and in some areas are more restrictive. The firm applies the International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our engagement provides limited assurance as defined in ISAE 3000. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

- Our work has been undertaken so that we might state to BP Exploration (Caspian Sea) Limited those matters we are required to state to them in this Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than BP Exploration (Caspian Sea) Limited for our work, for this Report, or for the conclusions we have formed.

Selected non-financial performance data for public limited assurance

- Safety indicators: total recordable injury frequency (TRIF) (employees and contractors on site), day away from work case frequency (DAFWC) (employees and contractors on site), number of fatalities (employees and contractors on site), number of oil spills, process safety events (Tier 1 and Tier 2), and
- Environmental indicators: operational control-based greenhouse gas (GHG) Scope 1 emissions, equity-based GHG Scope 1 emissions, total sustainable GHG emissions reductions, and methane emissions intensity.

Our conclusions

Limited assurance conclusion

Based on the scope of our work and the assurance procedures we performed we conclude that nothing has come to our attention that causes us to believe that the selected key performance data which we were engaged to provide limited assurance on, as specified in the 'Roles and responsibilities' section above are materially misstated.

Deloitte & Touche LLAC

Baku, Azerbaijan
13 May 2019

Further information



Find out more online

Our bilingual website,

[i bp.com/caspian](http://bp.com/caspian)

is the main information source about our Caspian region energy projects.

Browse through latest news, project details, environmental and social impact assessments, legal agreements governing the projects, earlier BP in Azerbaijan sustainability reports and other documents.

Your feedback is important to us

You can send it online through

[i bp.com/caspian/contactus](http://bp.com/caspian/contactus)

You can also telephone
+994 (0)12 599 3000

or write to:

Transparency and public reporting
BP AGT region
BP Xazar Centre,
14 floor, 153 Neftchilar avenue,
Baku, AZ1010, Azerbaijan.

Apply for a job

Visit the Careers section of our website at

[i bp.com/caspian/careers](http://bp.com/caspian/careers)

to learn more about the technicians' recruitment programme, the graduate and intern recruitment programmes and any experienced professional vacancies at BP in Azerbaijan.

Raise issues or seek guidance

The Open Talk is available 24 hours a day, seven days a week. You can raise your concern in your preferred language, via telephone, fax, letter or you may submit a report online.

Online form:

[i opentalkweb.com](http://opentalkweb.com)

Azerbaijan:

+994 (0)12 599 3888 International:

+1 704 540 2242

Fax: +1 704 556 0732

Letter: BP OpenTalk, 13950 Ballantyne
Corporate Place,
PMB 3767,
Charlotte,
NC 28277,
USA.

Raise a concern or request information

To express your grievance or concerns, or to request information, please contact our community liaison officers:

Garadagh, Absheron, Hajigabul, Agsu,
Kurdamir, Ujar

+994 (0)55 225 0251

Agdash, Yevlakh, Goranboy, Samukh

+994 (0)55 225 0254

Shamkir, Tovuz, Agstafa

+994 (0)55 250 5831

Public Information Centres' numbers:

Kurdamir +994 (0)55 225 0251

Ganja +994 (0)55 250 5831

+994 (0)55 225 0254

For all security-related grievances and concerns please call 114.

Apply for a community programme grant

Learn more about grants for community programmes at our website

[i bp.com/caspian](http://bp.com/caspian)

You may also contact us at

[i cdi@bp.com](mailto:cdi@bp.com)

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