

# BP in Georgia Sustainability Report 2010



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# What's inside?

## About this report

This report, BP's seventh annual sustainability report for Georgia, describes our activities in Georgia in 2010 and outlines our performance and activities across a range of sustainability topics. To ensure the report is balanced and includes information on the issues that are most important to internal and external parties, we have used a formal process to determine which issues to cover. As in all previous years, the report has been independently verified.

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### An introduction to Ernst & Young's assurance process

We have reviewed the BP in Georgia Sustainability Report 2010 in order to provide assurance to BP management that the data, statements and assertions made regarding the sustainability performance of BP in Georgia are supported by evidence or explanation. Our scope of work and conclusions can be found on page 20.

### BP group and BP in Georgia

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

### Cautionary statement

BP in Georgia Sustainability Report 2010 contains certain forward-looking statements concerning the businesses, operations and strategy of BP.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will or may occur in the future. Actual results may differ from those expressed in such statements depending on a variety of factors including future levels of industry product supply; demand and pricing; operational problems; general economic conditions; political stability and economic growth in relevant areas of the world; changes in laws and governmental regulations; exchange rate fluctuations; development and use of new technology; changes in public expectations and other changes in business conditions; the actions of competitors; natural disasters and adverse weather conditions; wars and acts of terrorism or sabotage; and other factors discussed elsewhere in this document and in BP Annual Report and Form 20-F 2010. Material is used within this document to describe issues for voluntary sustainability reporting that are considered to have the potential to significantly affect sustainability in the view of the company and/or are expected to be important in the eyes of internal or external stakeholders. Material for the purposes of this document should not, therefore be read as equating to any use of the word in other BP p.l.c. reporting or filings.

### Front cover image

Marine operation at Supsa Terminal on the Black Sea

## 1 Management introduction

BP Georgia continued to deliver strong operating and safety performance in 2010



## 2 Achievements and challenges

We highlight our most significant achievements in 2010 and the challenges we faced in the course of the year



## 3 BP Georgia in context

We have exploration and production interests in 29 countries, including our midstream pipeline activities in Georgia



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## A letter from BP Georgia's general manager

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BP Georgia continued to deliver strong operating and safety performance in 2010, in what was a profoundly difficult year for the BP organization as a whole.

The accident in the Gulf of Mexico in April 2010, which cost 11 lives and led to a major oil spill, called the company's sustainability into question. The tragic incident led to a widespread loss of trust in BP, requiring us to re-examine and make wide-ranging changes to the way we work. We are extremely sorry for what has happened and are focused on building a safer and stronger BP everywhere we work.

This includes our activities in Georgia. While we carried out our operations here without a single recordable injury in 2010, we know we need to remain vigilant to make sure our facilities operate safely and our people are protected from harm.

With our pipelines and associated facilities in Georgia now well-established as routine operations, our focus is on making sure they continue to operate safely and reliably. To this end, we successfully completed several important modification and maintenance activities in 2010. These included replacing the subsea hose system at the Supsa terminal, a substantial project that is undertaken every five years. We carried out our programme of regular pipeline surveying, geo-hazard analysis, and landslide monitoring to ensure the continuing safe and efficient operation of the Western Route Export Pipeline. We began major overhauls of pumps and associated equipment at the BTC pump stations, which are now in their fifth year of operation. All this work underpins our consistently strong operating performance, where we again delivered very high levels of operational efficiency across all the pipelines.

We committed in 2010 to making major investments in the western route in 2013, when we plan to replace the last remaining sections of Soviet-era pipe. BP also advanced its plans to further develop the Chirag and Shah Deniz fields in the Caspian Sea, the source of the hydrocarbons that transit through Georgia in the BTC and SCP pipelines. These are important initiatives not only for Georgia, but for the entire region.

An illustration of our long-term commitment to Georgia is the continuing progress we have made on nationalizing our workforce. Ninety six percent of posts in the business are now held by Georgian nationals. The few remaining positions held by expatriates are posts where extensive experience is required. We took a major step forward this year by appointing two Georgian nationals to the important positions of operations manager and projects manager, with the new appointees initially working back-to-back with an expatriate.

Our commitment to Georgia is also evident in our continuing engagement with local communities. We launched a third phase of our community development initiative in 2010, and ran a range of projects that support education, enterprise and local capacity building – from promoting energy efficiency, to supporting the Project Management College, to helping entrepreneurial farmers bring their produce to market.

In all our activities, we recognize the need to build the trust and support of our stakeholders. This report describes our activities in more detail and we welcome your feedback on it.

A handwritten signature in black ink, reading "Neil Dunn". The signature is fluid and cursive, with a large initial "N" and "D".

**Neil Dunn**  
General Manager  
June 2011

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## Achievements and challenges

We highlight below our most significant achievements in 2010 and the challenges we faced in the course of the year

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Mid water buoyancy tank, Supsa Terminal

### Achievements

#### Operating efficiently, safely and responsibly

we achieved 99.9% operating efficiency on the Georgia sections of the BTC and SCP pipelines in 2010, and more than 97% efficiency on the Western Route Export Pipeline (WREP) (page 5).

#### Strong safety performance

we carried out our activities in Georgia throughout 2010 without a single recordable injury. This was achieved while working more than three million man-hours and driving more than seven million kilometres (page 9).

#### Nationalization

we continued to increase the proportion of Georgian nationals working in our business – now at 96%. This included appointing Georgian nationals to key posts in operations and project management (page 6).

### Challenges

#### Illegal tapping

two illegal hot taps on WREP resulted in oil spills in 2010, and a number of other attempts were made to siphon oil from the pipeline (page 7).

#### WREP integrity

we continue to face the challenge of maintaining the safe and reliable operation of the western route pipeline, which requires careful monitoring of sections of old Soviet-era pipe, as well as managing potential risks arising from landslides and river crossings. This challenge is being met by a rigorous focus on each integrity issue and we are planning to replace the Soviet-era pipe (page 5).

#### Improving local contractor capability

we continue to work with local contractors to build their capacity, seeking to improve their performance and management and their capability in areas such as safety awareness and behaviour (page 7).

# BP Georgia in context

BP's operations in Georgia are part of BP's global operations and part of the Georgian economy

## BP group strategy

### Exploration and Production

Our strategy is growing long-term value by continuing to build a portfolio of enduring positions in the world's key hydrocarbon basins, focused on deepwater, gas and giant fields. This will be enabled by strong relationships built on mutual advantage, deep knowledge of the basins, technology and the development of capability along the value chain in exploration, development and production.

### Alternative Energy

Our focus is on low-carbon businesses and future growth options which we believe have the potential to be a material source of low-carbon energy and are aligned with BP's core capabilities. These are biofuels, wind and solar, along with demonstration projects and technology development in carbon capture and storage.

### Refining and Marketing

Our strategic focus is on holding a portfolio of quality, integrated, efficient positions and accessing available market growth in emerging markets. Our objective has been to improve our performance by focusing on achieving safe, reliable and compliant operations, restoring missing revenues and delivering sustainable competitive returns and cash flows.

### Gulf Coast Restoration Organization

This separate organizational unit was established to provide the necessary leadership and dedicated resources to ensure BP meets its commitments to fulfill its clean-up responsibilities and to support the long-term effort to restore the Gulf Coast.

### Our vision

We are determined that BP will be a safer, more risk-aware business. We will deliver on our commitments from the Gulf of Mexico incident and work hard to earn trust in our operations. We will rebuild value for our shareholders by re-establishing our competitive position within the sector by playing our part in meeting the world's growing demand for energy as well as participating in the transition to a low-carbon economy.

### Our global operations

BP provides customers with fuel for transportation, energy for heat and light, retail services and petrochemicals products for everyday items. We operate or market our products in more than 80 countries and employ approximately 79,700 people. We have exploration and production interests in 29 countries, including our midstream pipeline activities in Georgia.

In 2010, the BP group produced approximately 3.8 million barrels of oil equivalent per day for customers across the world. BP replaced its annual production by 106% in 2010 the eighteenth consecutive year that our reported reserves replacement ratio has exceeded 100%.

## Our operations in Georgia

BP is the operator of the Baku-Tbilisi-Ceyhan oil pipeline and South Caucasus gas pipeline in Georgia. These are now in their fifth full year of operation. The BTC and SCP pipelines run side by side for 248 kilometres within Georgia, with two BTC pump stations, gas offtake pressure reduction and metering

facilities on SCP and a total of 27 block valves in the country. BP operates these facilities on behalf of two international consortia of energy companies and investors.

We also operate the Western Route Export Pipeline (WREP) on behalf of an international consortium of energy companies. Three hundred and seventy three kilometres of WREP lies within Georgia. It carries oil from the Caspian Sea via the Sangachal terminal in Azerbaijan to the Supsa oil terminal on the Georgia Black Sea coast.

Air BP, in a joint venture, provides international grade aviation jet fuel to customers at Tbilisi international airport.

### Our economic contribution

Our operational expenditure in Georgia totalled \$102.1 million in 2010 compared with \$104.9 million in 2009. Capital expenditure amounted to approximately \$29.4 million in 2010, which included the major project to change the subsea hose system at the Supsa terminal.

Profit tax payments from all the BTC business partners linked to the throughput on the BTC pipeline in 2010 totalled \$34.4 million, compared with \$34.3 million in 2009, reflecting the very similar levels of hydrocarbon throughput. WREP tariff payments were made to the Georgian government of \$6.5 million in 2010.

We make an important contribution to the value of Georgia's exports. Government statistics show that our pipeline operations contributed approximately 16.6% of the total value of service exports in 2010.

### BP interests in the Caspian Region





# How we operate

We ran our operations and projects efficiently, safely and responsibly in Georgia in 2010 while continuing to build the skills and experience of our Georgian workforce



Key developments  
[www.bpgeorgia.ge](http://www.bpgeorgia.ge)

## Our Operations in Georgia

With our pipelines and associated facilities in Georgia now well-established as routine operations, our focus is on making sure they continue to operate safely and reliably



## Improving local contractor capability

We continue to work with local contractors to build their capacity, seeking to improve their performance and management and their capability in areas such as safety awareness and behaviour



## Our people

To build an enduring business in Georgia, we recognize the need to develop the operating skills and experience of local people, providing opportunities for all staff



## Our operations in Georgia

With our pipelines and associated facilities in Georgia now well-established as routine operations, our focus is on making sure they continue to operate safely and reliably

### The Baku-Tbilisi-Ceyhan Pipeline

In 2010, for the second consecutive year, the BTC operations team in Georgia achieved operating efficiency of 99.9%. This is a measure of how efficiently we transported oil delivered to the Georgian section of BTC through the pipeline. We transported more than 286 million barrels of oil through BTC in 2010, a slight increase in throughput compared with 2009.

In 2010, 373 tanker loadings were completed from the marine oil terminal at Ceyhan on the Turkish Mediterranean coast, where the BTC pipeline ends.

### The South Caucasus Gas Pipeline

We continued to deliver gas safely and reliably through SCP into Georgian and Turkish markets and to provide fuel gas for BTC pump drivers. We delivered approximately 177,400 mmscf of gas in 2010, equivalent to approximately 30.6 million barrels of oil equivalent (mmbob).

BP is developing plans for the full field development of the Shah Deniz field in the Caspian Sea, which is the source of SCP gas. The plans require expanding the capacity of SCP to increase gas throughput through the pipeline system.

### The Western Route Export Pipeline

We operated WREP at an average of 97.5% efficiency throughout the year, safely transporting approximately 30 million barrels of oil equivalent through the pipeline. Fifty tanker loadings were made from the Supsa terminal, the end point of WREP, in the course of the year.

### Maintaining our operations

We completed construction of the BTC secondary containment sites (settlement basins and dams with sluice gates to contain oil safely in the unlikely event of a pipeline rupture). Subsequent independent testing of the system, as required by the Georgian government, concluded that the facilities would perform as designed, effectively containing oil during maximum flows. These findings have been submitted to the government and are under review.

We also completed a variety of projects in 2010 relating to operational matters at our sites. The most significant involved replacing the subsea hose system at the Supsa terminal. Other projects included constructing permanent accommodation at Area 80 on the BTC/SCP pipeline. We also installed new sewage treatment plants at several locations on the pipelines, and carried out various minor operational modifications.

A number of projects directly affecting the local communities near our operations were completed. These included repairing local roads and reinstating the Andeziti pipeyard, a location which was used for pipe and equipment storage during pipeline construction. This land, approximately three hectares in size, was remediated, reinstated and returned to landowners.

### Pipeline security and integrity

Sections of the western route pipeline pass through territory where there has been political unrest. We therefore carry out regular risk assessments and have developed an emergency response plan for these areas.

We also have many technical controls in place that are designed to maintain pipeline integrity. They include regular pipeline surveys (known as 'pigging') to assess the possibility of internal corrosion, technical surveillance and maintenance of the pipeline route, the use of leak detection technology systems, and geographical hazard monitoring for natural hazards such as landslides, erosion and flooding. We analyze risks to the pipelines systematically and our safety and operations teams report those risks to group, where necessary. An important aspect of pipeline security involves preventing illegal tapping.



The Supsa hose change project, the Black Sea

### The Supsa hose change project

This project at the Supsa terminal, to replace the subsea hoses that connect the subsea export line to a tanker loading buoy located 3 kilometres offshore in the environmentally-sensitive Black Sea, is undertaken every five years. The work was completed on time and to budget, costing more than \$11.6 million and involving more than 150 people of 14 different nationalities, on and offshore.

The project required new hose assembly, flushing and removing the existing hose, and installing new subsea and floating hoses. Saturation diving at the sea bed and shallow air diving was required. New diving techniques reduced the risks and shortened the project's duration.

The work carried out had been carefully planned for more than a year, which enabled the marine activities to be completed safely and efficiently in just 17 days. One of the main goals of the planning was to minimize offshore work, which tends to be higher-risk. An onshore yard was created where much of the work was completed.

According to Alistair Liddle, the BP Georgia Operations Manager: "We set up a project that ran for 12 months, and the advance planning really paid off. We delivered on schedule and to budget with no environmental problems and no recordable injuries. More than 100,000 man-hours were spent on the project and it was a job well done."



# Our people and values People and their capabilities are fundamental to our sustainability as a business

## Our people

People and their capabilities are fundamental to our sustainability as a business. To build an enduring business in Georgia, we recognize the need to develop the operating skills and experience of local people, providing opportunities for all staff.

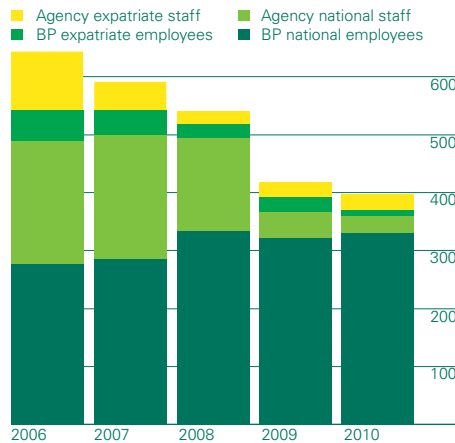
## Nationalizing our workforce

The total size of the BP Georgia workforce declined slightly in 2010 but the proportion of Georgian nationals working in the business in Georgia increased to 96%. This continued the steady growth we have achieved in nationalization since 2004, when Georgian nationals represented 73% of the total headcount.

## Continuing to build skills and experience

As well as seeking to increase the number of Georgian nationals within the business, we aim to build their experience and skills so they can assume leadership positions. In 2010, two important managerial positions – operations manager and projects manager – were assumed by Georgian nationals.

## BP Georgia headcount 2010



## Our values

Our values are there to guide us in everything we do, and the events of 2010 renewed our focus on the need for a shared understanding of what we believe, how we behave and what we aspire to do as a company. Our experience especially highlighted the importance of long-term thinking, collaboration across teams and the humility to learn lessons and listen to others.

With these aims in mind, we are reviewing across the group, the way we express our values and the content of our leadership framework with a goal of ensuring they support our aspirations for the future, align explicitly with our code of conduct and translate into responsible behaviours in the work we do every day. We expect to carry out a programme to renew employee and contractor awareness of our values and the behaviours everyone in BP needs to exhibit as we work to reset our priorities as a company.

## Engaging with our employees

Our employee engagement plan, launched in 2010, seeks to gain the commitment of employees by helping to improve internal communication. One of the plan's goals is to make sure that everyone understands our strategy and the part they can play in achieving it. Cross-team talks provide an opportunity to share challenges and highlights. We launched a new internal newsletter 'By Employees, For Employees' to help improve communication. Through a discussion forum involving team leaders, we have sought to create an environment where people can openly and honestly express their views, share information, strengthen relationships, and obtain clarity on priorities.



## Georgian nationals, appointed to key roles in operations and projects

Misha Datiashvili has worked for BP in Georgia since 1997. In 2010, he was appointed as operations manager for all BP activities in-country, working back-to-back with Alistair Liddle, the existing operations manager. "The role is a real challenge, but all the work I have done for BP in the past has given me a good platform. The support I receive also makes everything easier", says Misha. His past work has seen Misha progress from production technician on the western route, to operations supervisor, site controller at both PSG2 and PSG1, to export system team leader, based in Baku. "Gaining experience outside Georgia was valuable. It took me out of the environment I knew and widened my network of contacts"



Iuri Maisashvili was appointed as Georgia projects manager in 2010, working back-to-back with Jeff Sherman. Before working for BP, Iuri had managed a BP-supported waste management project in Borjomi, and on the sectional pipeline replacement project on the western route. These long-term assignments gave him a good insight into the company and enabled him to develop relationships with many of the people he now works with full time. "We have some large projects coming on stream in future. Developing and delivering these safely, on time and to budget will be a real challenge. But we have very capable people here at BP, so it makes sense to involve them in decision making. Teamwork is always important", says Iuri.

"We are delighted that Misha and Iuri have taken on these roles", says BP Georgia general manager, Neil Dunn. "It is one sign of our long-term commitment to Georgia, building the experience of Georgian nationals so that they can assume key positions like these"



## Employee well-being

We recognize the fundamental importance of having a healthy workforce. As in previous years, we carried out an annual health risk assessment in 2010. Key issues that arise include having the response capability our people need in case of medical emergency, maintaining good levels of industrial hygiene, and encouraging high standards of food safety and drinking water quality. We carry out periodic fitness-for-task assessments, focused on operational staff. We provide medical insurance for employees and their family members and offer support for our people to take advantage of health and fitness facilities of their choosing. We ran awareness sessions for staff on topics such as influenza and heart risk, and we provided basic health checks on 'health days'. We also organized several internal sporting events to promote employee health and team spirit.

## Working with local contractors

We continue to work with local contractors where possible. In 2010, our payments to local companies totalled \$49.2 million compared with \$50.7 million in 2009.

When contracting with suppliers, we include provisions that require them to describe their plans for increasing the number of Georgians in their workforce. We believe this will be a useful mechanism for raising technical and trade skills within the local economy. We review how well a sample of our core contractors are performing against these requirements with annual reviews carried out by our procurement and supply chain management specialists.

We also audit our contractors' employment practices, examining issues such as hours of work, pay rates, redundancy and termination procedures, and disciplinary and grievance procedures. We audited four main contractors in 2010, and will work with them in 2011 to address the findings from this review and any previous recommendations. For example, we are helping one contractor to improve its internal grievance management system so that employees can more easily express their concerns when and if such cases occur.

We continued to provide financial support to the Project Management College, which provides training to individuals from many organizations in the public and private sector on project management.

## Treating people with respect and dignity

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

We continue to highlight the importance of the BP code of conduct, which underpins our aspiration for an open and fair environment. The code sets out standards of behaviour for employees, contractors and suppliers. With clear and concise rules on topics such as safety, child labour, workplace harassment and political activity, it is designed to help them do the right thing in a complex business environment. In support of the code, we appointed a dedicated compliance and ethics officer, based in Tbilisi, in 2010. Activities have included providing training on bribery and corruption and including material on this within our induction process for new joiners. We also check that we are fulfilling the requirements of a policy on gifts and entertainment which specifies the circumstances in which it is acceptable to give or receive gifts and entertainment and how this should be managed in a way that is transparent.

## Security and human rights

### Illegal tapping

Illegal hot tapping – the siphoning of oil from a pipeline – is a problem that affects many pipelines worldwide, including those in Georgia. Illegal taps put the safety of those involved at risk and also result in environmental risk, with the potential to contaminate soil and groundwater.

We use a range of techniques to protect all our pipelines from hot tapping and other security risks. In addition to patrolling by our own security staff, we encourage local law enforcement authorities to take an active approach to surveying and enforcement. We support their efforts to ensure that sanctions are enforced. We work with our guards and use technology to increase pipeline security. In 2010, for example, we carried out a safety awareness campaign for security guards

emphasizing the main security and safety risks for all those working along WREP. We also began work to introduce an intruder detection system on WREP to heighten security.

### Voluntary principles

Specialists from BP group's Security function conducted an internal audit in 2010 examining how BP in Georgia is implementing the Voluntary Principles on Security and Human Rights (the VPs). We use the VPs as a framework for assessing whether human rights issues are likely to arise in relation to our security arrangements and ensuring that appropriate precautionary steps are taken.

The evaluation found that Georgia is in a strong position with regard to many aspects of implementation. The assessment noted the efforts we have made to engage with the government's Strategic Pipelines Protection Department (SPPD) and how we have provided regular training on the VPs for private security contractors. It also noted the controls we have in place to manage the provision of security equipment to the SPPD. We are taking action now to address the report's recommendations, which focused on sustaining the actions already taken and making improvements in areas such as public consultation.

## Code of conduct

### Health, safety and environment

Rules for a safe and secure workplace and a responsible environmental impact

### Employees

Expectations for employee behavior, from respectful treatment of co-workers to our policy on child and forced labour

### Business partners

Guidelines on the giving and receiving of gifts, how to avoid conflicts of interest and other topics

### Governments and communities

How we interact with governments and communities from preventing bribery and corruption to our policy on political activity

### Company assets and financial integrity

Guidance on how to protect the physical, intellectual property and financial assets of BP

# Safety

We work to achieve good safety performance by having consistent management processes, training, risk management and a culture of continuous improvement



## Safety performance

We continued to progress with the introduction of the BP Operating Management System (OMS), with implementation in Georgia forming part of a wider regional effort



## Emergency response

Having the capability to respond to emergencies, whether related to health, safety, security or the environment, is an important aspect of our business



## Protecting health

We carry out regular awareness sessions to encourage employees to look after their own health, covering topics such as smoking and 'caring for your heart'





# Our safety performance

We carried out our activities in Georgia in 2010 – which included several significant projects as well as routine operations – without a single recordable injury

## Safety performance

We carried out our activities in Georgia in 2010 – which included several significant projects as well as routine operations – without a single recordable injury. This performance was achieved while undertaking more than three million man-hours of work, and completing more than seven million kilometres of driving. While we are proud of this performance, we are committed to making sure we continuously improve in this area. For example, we are working to improve our total vehicle accident rate, which increased in 2010 as a result of five accidents, four of which were caused by third party vehicles.

We continued to progress with the introduction of the BP Operating Management System (OMS), with implementation in Georgia forming part of a wider regional effort. Gap assessments and conformance plans were developed for the region, and awareness raising sessions carried out.

More information on our safety performance is provided in the five-year performance table and commentary on page 18 of this report.

## Awareness-raising and training

We undertook regular safety awareness campaigns to increase awareness of risks to personal safety and to guard against complacency. Topics covered include risks arising:

- at the workplace – such as lifting, mechanical pinch points, and pest control
- from driving (which represents one of the highest-risk activities undertaken in our business) – such as dangers to pedestrians, and defensive driving techniques
- in the home – such as indoor electrical safety and carbon monoxide awareness.

In addition, we issue weekly safety circulars to our workforce to tell them about safety incidents (inside and outside BP), the lessons they should apply, and to raise their awareness of risks and hazards.

We know that good safety performance requires consistent attention to personal and process safety. We therefore undertake risk assessments every quarter, covering our operational activities. The assessments identify risks, review the control and mitigation measures we have in place and assess the residual risk we need to manage.

## Safety and operations audit: action closure

Sixteen of the 17 actions that resulted from the safety and operations audit conducted by the BP group audit team in 2009 have been completed. The remaining action related to sewage treatment plant upgrades and is planned to be completed within the agreed deadlines by September 2011.

## Working with contractors on safety

With the goal of improving safety standards among contractors, we hold regular safety leadership team meetings with contractors. These meetings provide an opportunity for BP and contractor safety representatives to share information about incidents, lessons, and good practices. In 2010, three contracted companies received BP Georgia HSE awards for outstanding performance. In October 2010, we also introduced a contractors' executive forum with the purpose of enhancing leadership skills among contractor executives.

To reinforce the importance of safety, members of BP and contractor leadership teams visited BP Georgia construction sites together in 2010. These 'STEP' visits (Safety Team Enhancement Programme) provide an opportunity to emphasize management commitment to safety, and raise leader's awareness of the risks faced on site. They also enable any weaknesses in safety behaviour or practices at the worksite to be identified and tackled.

## Emergency response

Having the capability to respond to emergencies, whether related to health, safety, security or the environment, is an important aspect of our business, in which training and preparedness are critical.

We carried out emergency response exercises in 2010 including two Black Sea offshore exercises focused on the Supsa terminal; one in a potential landslide area on the Western Route and cross-border exercises at the Azerbaijan and Turkish borders. State authorities, emergency response and oil spill response specialists were involved.

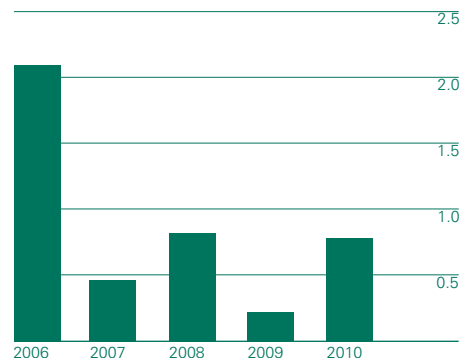
We updated our oil spill response plans and established a new purpose-built oil spill response base adjacent to PSG1. We reviewed our fire fighting capabilities and took steps to improve our emergency preparedness at remote operational sites, purchasing two rapid response vehicles.



Medical emergency support exercise, BP medical provider clinic

## Total vehicle accident rate 2006-2010

(the sum of all light vehicle, all heavy vehicle and all mobile plant accidents per one million kilometres driven)



## Protecting health


We use an internal assessment tool to identify risks to the health of our workforce. The potential health hazards facing those who work in our business are varied and cover issues such as noise, food safety, and water quality. Our assessment gauges the level of risk and devises actions to mitigate the hazards.

We carry out regular awareness sessions to encourage employees to look after their own health, covering topics such as smoking and 'caring for your heart'. We also ensure we are prepared for challenges like swine flu, updating our pandemic response plan and testing our response capability by carrying out a readiness table top exercise.



# Environment

Managing the impact our activities have on the environment is built into the way we run our operations in Georgia

 **Environmental Management**  
[www.bpgeorgia.ge](http://www.bpgeorgia.ge)

## Environmental management

We completed an internal self-assurance review covering BTC, SCP and WREP in 2010



## Ecology management

Landscaping and bio-restoration activities were completed in 2010 at the emergency drain down and secondary containment facilities in Kodiana



## Eco-awards

The programme has successfully delivered a variety of projects that promote responsible natural resource use while sustaining the well-being of local people



# Environmental management

We take a systematic approach to managing the environmental impact of our operations



Secondary containment site velocity testing at Oshora river



Secondary Containment site velocity testing at Tskhratskaro river

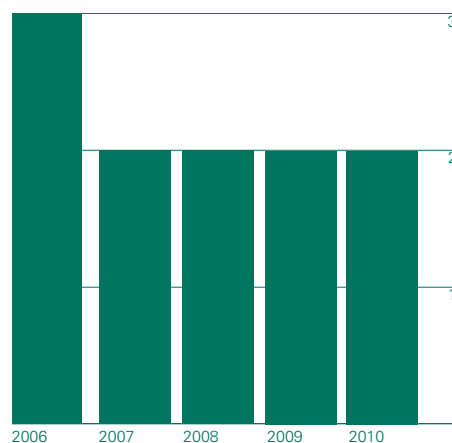
## Environmental management

Our environmental track record in Georgia is underpinned by taking a systematic approach to operations. This includes a comprehensive assurance programme, with internal and external audits, ongoing monitoring of air emissions and effluent discharge, noise surveys, and ecological monitoring.

We continued to manage our existing operations in accordance with our ISO 14001 certified environmental management system (EMS) and integrated new operational facilities (the emergency drain down facility and the BP landfill site) into the EMS. We completed an internal self-assurance review covering BTC, SCP and WREP in 2010, as preparation for the external assessment which will take place in 2011.

The twelfth post-financial audit of the independent environmental consultant, acting on behalf of BTC lenders, was completed in July 2010. The audit, which included visits to operations sites, assessed compliance with the original BTC project environmental and social action plan and relevant management plans. The audit made a number of recommendations about waste

## Number of oil spills in 2006-2010



management and pollution prevention, which we have responded to. It also noted that the Kodiana projects for secondary containment of oil from a potential pipeline rupture had been effectively completed, describing this as a 'major accomplishment'. The emergency drain down facility is now fully operational and the five secondary containment sites – a system of dams and sluices – are also operational with only minor landscaping and electrical work ongoing.

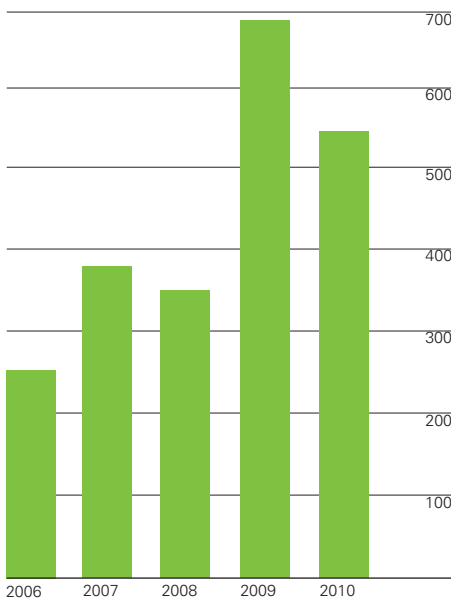
## Remediating illegal pipeline spills

There were four illegal taps on WREP in 2010, two of which resulted in oil spills. Our remediation team removed the contaminated soil, recovered spilled oil from groundwater, and carried out bio-remediation to reinstate the quality of the affected land. One spill resulted in a loss of an estimated 7,854 litres (equal to approximately 50 barrels) of which 7,254 litres (approximately 46 barrels) were recovered. The contaminated soil was removed, treated and restored with as much as possible being returned to the original site. The second illegal tap resulted in a spill of an estimated 17,600 litres to land (approximately 111 barrels), with some groundwater contamination. Approximately 14,500 litres (or some 91 barrels) of the oil spilled was recovered, with the remainder remediated on site.

Responding to a hot tap incident on a pipeline typically incurs costs of hundreds of thousands of dollars. Remediation can involve the immediate recovery of oil from the surface, repairs to sections of pipe, soil excavation and sampling at different depths, and ground and surface water sampling. Laboratory analysis is conducted, in accordance with international standards, to assess hydrocarbon content in the soil or water and to calculate as precisely as possible the quantity of oil spilled. Soil is then bio-remediated, which is a process that can take several months, before being restored (if possible) to the original site. In Georgia, all remediation activities are completed with the oversight and agreement of the national Ministry of the Environment.



**Hazardous waste disposed in 2006-2010 (m<sup>3</sup>)**



**Waste management**

We continued to operate the BP non-hazardous waste landfill site in compliance with requirements in 2010. The site started receiving waste from BP operations in May 2009.

We undertook upgrade works at our central waste accumulation area, where we store hazardous waste before its shipment overseas to licensed hazardous waste management facilities. This included improving the shelter of waste processing facilities and upgrading the waste compactor, which has enabled us to reduce oily solid waste volumes by approximately 30%.



The BP non-hazardous waste landfill site in operation



Bio-restoration activities at Kodiana

**Eco-compensation**

In line with the agreement reached in 2009 with the government of Georgia on eco-compensation for the forestry loss which occurred during pipeline construction, we made the first of two planned payments (each of \$1.75m) towards infrastructure development at the Sataplia State Reserve. The funding will be used to develop visitor amenities and accompanying facilities at this area of international paleontological significance.

**Ecology management**

Landscaping and bio-restoration activities were completed in 2010 at the emergency drain down and secondary containment facilities in Kodiana. This fulfilled our commitments under the original environment and social impact assessment. Sites were seeded, and more than 5,300 trees and shrubs were planted. Tree species were selected to create a habitat similar to adjacent forest land.

We reached agreement with the government of Georgia on an eco-compensation initiative to support forest recovery and reforestation works at the Bakhmaro forests. This support is being provided in lieu of a further programme of re-seeding, bio-restoration and habitat enhancement along the pipeline right of way, following the mixed results of previous initiatives. Under the agreement, BP will provide \$1.25 million for a programme including forest recovery initiatives and an eco-award programme to support NGO projects that conserve the environment and sustain the well-being of local people.

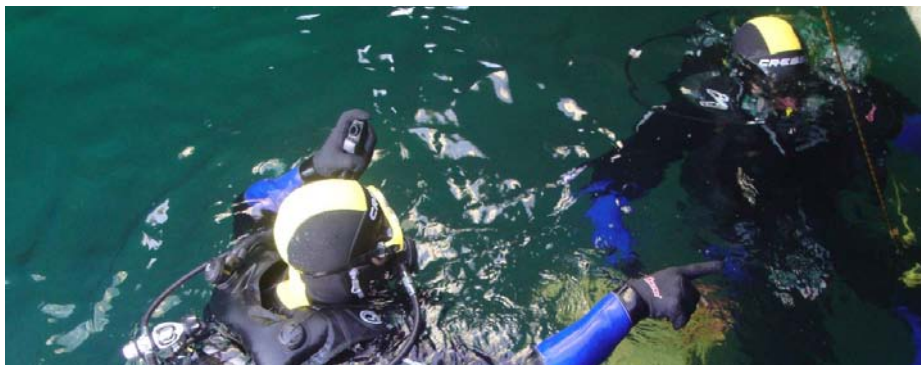




Support of sustainable tourism development on the protected areas, marking of tourist route

### Wildlife response plan

As part of our BTC emergency response capability, we developed a wildlife response plan to set out procedures that would enable us to respond efficiently to an incident which resulted in oiled wildlife. The plan forms part of our incident management and oil spill contingency plans. In accordance with it, we began to construct a permanent wildlife rehabilitation centre, co-located with the existing oil spill response base at PSG1. The facility would act as the primary receiving point and centre of expertise for treating any oiled wildlife should an incident occur.



Minimizing negative impact to the Black Sea ecosystems

### Eco-awards

Grant awards under the eco-awards scheme, which we launched with our partners were made in 2010. Under this initiative, we and our partners provided \$900,000 to the Eurasia Partnership Foundation, to implement a programme over a three year period.

The programme has successfully delivered a variety of projects that promote responsible natural resource use while sustaining the well-being of local people. Interest remains high, shown by the increase in project proposals submitted, from 51 in 2009 to 73 in 2010. The initiative

has benefited from support from a range of environmental bodies, the government and other institutions. Proposal evaluation has been carried out by representatives from government bodies, international donor organizations, environmental institutions, and independent academic experts.

The five projects supported in 2010 have been completed successfully. Each project had clearly-defined goals which included an obligation to communicate what they have done, often local to the project area.

With the programme coming to its planned conclusion in 2011, we are pleased that the initiative will be continued from 2012 in a new eco-award programme that will be administered by the Georgian government.

# Society

We aim to make sure that our socio-economic impact in Georgia is a positive one by running our operations responsibly and by investing in communities in ways that benefit both local populations and BP

 **BP in Georgia and Society**  
[www.bpgeorgia.ge](http://www.bpgeorgia.ge)

## Engaging with communities

Constructive dialogue with stakeholders helps us to make responsible and sustainable decisions



## Supporting Education

We continue to provide financial support to the Project Management College (PMC), which provides training on project management disciplines to participating students



## Community Development Initiative

We are taking a range of steps in our Community Development Initiative (CDI) to help develop local economic capacity





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## Stakeholder Engagement

Constructive dialogue with stakeholders helps us to make responsible and sustainable decisions

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### Engaging with communities

We have a community consultation plan that provides a framework for managing our relationship with communities along the BTC/SCP and WREP pipeline routes.

Our community liaison officers (CLOs) maintain regular contact with village communities, engaging with village heads and trustees, local residents, complainants, landowners, regional Governors and gamgebelis (district heads). CLOs raise awareness of BP and its activities, and discuss safety issues, community investment programmes, and concerns relating to land use such as crop compensation and irrigation.

To reinforce messages about pipeline safety, we developed and distributed a brochure for local communities in which we outlined the recent Presidential decree, which clarifies safety requirements around pipelines. We also provided a calendar that contains important information about safety and restricted activities around the pipeline.

### Civil society capacity building

We work in partnership with a large number of organizations to help build the fabric of Georgian civil society. While this involves partnership with international aid agencies and lenders, such as the International Finance Corporation (IFC) and the European Bank for Reconstruction and Development (EBRD), we have sought to increase the role of Georgian non-governmental organizations (NGOs) in delivering the capacity building programmes we support.

We welcomed the Georgian government's decision in 2010 to require the mandatory use of seat belts in vehicles, a move that was informed by an NGO road safety campaign we have supported.



International School of Economics at Tbilisi State University (ISET)

### Supporting education

Supporting education has long been an important element of our community development initiatives in Georgia. We have financed projects designed to make quick impact, such as refurbishing school buildings, as well as longer-term initiatives that develop the capabilities of students in leadership, advocacy and project management.

In 2010, we commissioned an independent evaluation of the Small Grants to Schools programme. The programme supported capacity building in school administration and projects to upgrade school buildings in communities located within two kilometres of WREP. The evaluation found that training carried out over the programme's three years had improved the functioning of boards of trustees, with benefit to the schools involved. We will continue a youth capacity building programme in communities along the western route as part of our community development initiative.

We continue to provide financial support for the International School of Economics at Tbilisi State University (ISET) established in 2006 to promote excellence in postgraduate economic study and research. ISET took steps to improve its teaching programme in 2010 by increasing the size of its resident faculty and intensifying research and outreach activities. The school's second class graduated in July 2010.

We also continue to provide financial support to the Project Management College (PMC), which provides training on project management disciplines to participating students. In the inaugural 2009-10 academic year, 80 professionals graduated from the PMC and were awarded the 'Masters Certificate in Project Management' from The George Washington University. In the 2010-11 academic year, a further 57 professionals have enrolled. Nearly two-thirds of these students are from local businesses. The College received an award in 2010 for the 'Outstanding Investment in Education' from the Ministry of Economy and Sustainable Development of Georgia.



## Socio-economic development We invest in development programmes that we believe can make a sustainable local impact

### Sharing archaeological knowledge

As part of our collaborative relationship with the Georgia National Museum, we prepared and published a bi-lingual scientific research publication detailing the archaeological findings from the BTC and SCP pipeline construction projects. The book, 'Research Archaeology in Georgia' provides detailed findings for the academic community and the general public. While a number of individual reports and catalogues on this subject have been prepared, this publication provides a comprehensive review.

The breadth of topics covered illustrates the diverse finds made during the BTC/SCP archaeology programme, which was carried out to the highest international specifications and BP's own internal standards for environmental and cultural protection. They range from early, middle and late bronze age burial sites and complexes, to iron age settlements, early medieval cemeteries, medieval wine cellars, aqueducts and monasteries. The publication is a significant contribution to scholarly knowledge in these areas, and forms part of our presentation of results through exhibitions, publications and other media. BP and its co-venturers have supported the national museum in constructing an auditorium; researching and conserving the Dmanisi site; establishing a conservation laboratory at the Simon Janashia Museum of Georgia; and supporting the professional development of Georgian archaeologists.

### Supporting local enterprise and business development

We are taking a range of steps in our Community Development Initiative (CDI) to help develop local economic capacity. Some programmes are linked directly to our operational activities, while others promote economic opportunity in fields such as agriculture, which is particularly important for the communities that neighbour our pipelines.

The programmes within CDI range from providing marketing support for agriculture to capacity building within community-based organizations. The establishment of social enterprises is an important feature – in which business ideas promoted by community-based organizations – are supported. Their focus is to provide services required within their local community with the profits generated being used for the benefit of the community. Assistance is also given to business start-ups, building on a previous initiative targeting female entrepreneurs. The 'Farmers to Market' project offers technical and advisory services to help farmers bring better quality products more efficiently to market. Work in 2010 continued to support the development of consolidation centres designed to bring groups of farmers within a district closer to their buyers.

Agricultural support is also provided through a business development project in the Samtskhe-Javakheti region. The project assists micro-finance projects for beekeeping, veterinary support services for the cattle breeding sector, and cheese production and milk processing. Training on business planning and the basics of marketing has also been provided. A number of the projects have taken steps in 2010 to attract funding from new sources and to generate more income from their own activities, increasing their potential to continue independently in the future.

Support for the food processing industry is now being supplemented by a three-year project on food safety, launched in 2010. The initiative aims to facilitate access to export markets for Georgian food processors by increasing their awareness of food and safety solutions, piloting a food safety management system, and improving food safety regulations and the capacity of Georgian food safety regulators in line with international best practice. BP and its co-venturers are providing \$600,000 to support the project.

On a broader front, we support the EU-Georgia Business Council (EUGBC), which works to promote trade and investment in Georgia. EUGBC activities in 2010 included discussions on trade and investment matters with the representatives from the government of Georgia, EU institutions, and other trade promotion bodies. Publications, trade seminars, workshops and conferences were supported.

- 1 Incubator and egg collection center, Tetrtskaro district
- 2 Cheese production and milk processing facility in Marneuli





Energy awareness-raising activity in the energy bus

### Energy efficiency awareness-raising

We launched the 'Energy Bus' initiative in March 2009, a three-year effort to raise awareness in Georgian communities of how to use energy efficiently and safely. The initiative also seeks to help people install renewable energy and energy-efficient products in their homes.

The bus, a mobile information and demonstration unit, displays information, products and technology that promote energy efficiency. In 2010, it has visited Kutaisi, Poti, Batumi and 36 district centres or small towns and 97 villages. It attracted approximately 23,000 visitors, of whom about 11,000 were adults and 12,000 children. Since it began its visits in April 2009, the Energy Bus has hosted almost 40,000 visitors as at 31 December 2010.

In March 2010, the Energy Efficiency Center, the NGO leading the Energy Bus Project, organized a Sustainable Energy Day, echoing the European Union's Energy Week. The day featured contests for schoolchildren, inviting them to submit paintings, essays, posters, or concepts for electronic media on energy efficiency themes. This marked the first national competition of this type, with awards being made on the day. The event, in common with the activity of the energy bus, was widely covered by the media.

A key feature of the energy bus project is that advice on energy efficiency is backed with a loan scheme to help households finance the installation of energy saving equipment, such as double glazed windows, insulation, solar panels for water heating and energy efficient stoves. In 2010, 217 loans were disbursed by TBC Bank, totaling approximately \$300,000. BP and its co-venturers provided interest rate subsidies totalling approximately \$50,000.



# Our performance

## Five-year performance data, trends and interpretation

For the year ended 31 December

	2006	2007	2008	2009	2010
<b>Performance</b>					
Total hydrocarbon throughput (mmbœ)	106.7	221.4	281.4	349.7	<b>346.5</b>
Social investment (\$ million) <sup>a</sup>	20.1	8.7	8.0	8.5	<b>8.2</b>

## Safety<sup>b</sup>

BP employee fatalities	0	0	0	0	<b>0</b>
BP contractor fatalities	0	0	0	0	<b>0</b>
Days away from work cases (DAFWC) <sup>c</sup> – workforce <sup>d</sup>	3	0	0	0	<b>0</b>
Days away from work cases frequency (DAFWCF) <sup>e</sup> – workforce	0.07	0	0	0	<b>0</b>
Recordable injuries <sup>f</sup> – workforce	5	1	5	3	<b>0</b>
Recordable injury frequency (RIF) <sup>g</sup> – workforce	0.12	0.04	0.26	0.17	<b>0</b>
Total vehicle accidents	33	5	6	2	<b>5</b>
Total vehicle accident rate <sup>h</sup>	2.06	0.49	0.71	0.25	<b>0.71</b>
Hours worked – workforce	8,158,739	4,459,899	3,873,410	3,507,005	<b>3,108,395</b>
Kilometres driven	15,999,715	10,101,030	8,503,842	8,120,198	<b>7,077,498</b>

## Environment<sup>i</sup>

Number of spills – loss of primary containment <sup>j</sup>	3	2	2	2	<b>2</b>
Volume of oil spilled (litres)	10,416	75,290	4,715	5,520	<b>25,454</b>
Volume of oil unrecovered (litres)	0	0*	0	320	<b>3,700</b>
Direct carbon dioxide (CO <sub>2</sub> ) (tonnes)	146,084	408,273	251,090	285,415	<b>255,321</b>
Direct methane (CH <sub>4</sub> ) (tonnes)	396	271	147	311	<b>325</b>
Equity share direct greenhouse gas (GHG) (tonnes CO <sub>2</sub> equivalent)	47,675	122,346	76,443	88,289	<b>79,122</b>
Sulphur dioxide (SO <sub>x</sub> ) (tonnes)	197	109	88	102	<b>90</b>
Nitrogen oxides (NO <sub>x</sub> ) (tonnes)	1,751	2,704	1,992	2,309	<b>2,116</b>
Non-methane hydrocarbons (NMHC) (tonnes)	1,823	91	72	1,206	<b>1,204</b>
Hazardous waste disposed (m <sup>3</sup> )	243	383	352	691**	<b>545</b>
Non-hazardous waste disposed (tonnes) <sup>k</sup>	378	463	497	423	<b>335</b>

## People

Total BP Georgia headcount	654	591	536	405	<b>398</b>
Georgian nationals as % of BP Georgia headcount	75	84	93	95	<b>96</b>

\* This figure has been re-stated. The figure previously reported (51,000 litres) showed the volume of the spill (which resulted from an illegal hot tap) at the time of reporting, which was before site clean-up and remediation had been completed. All the spilled oil was recovered.

<sup>a</sup> Figures show BP and partner spending. They include 'cash out' spending and support provided under the BTC grant and the BP Pledge. For more information on BP Pledge and BTC Grant please see *BP in Georgia Sustainability Report 2005* and *BP in Georgia Sustainability Report 2006*, respectively.

<sup>b</sup> Safety data shows performance for BP in Georgia as a whole, encompassing our in-country activities described in this report (projects, operations (BTC, SCP, WREP, Supsa, and Operations support), administrative support, and Air BP).

\*\*This figure has been re-stated following recalculation. Some hazardous waste previously included was bio-remediated or re-processed for material production.

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

<sup>d</sup> The BP workforce comprises all BP employees, all BP contractors and all BP Directors.

<sup>e</sup> DAFWCF workforce: The number of injury DAFWCs to the BP workforce for every 200,000 hours worked in the same period.

# Trends and interpretation

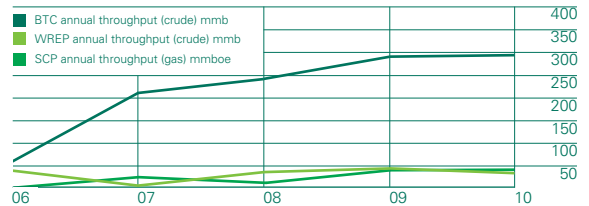
## Performance

The total throughput of hydrocarbons through the BTC, SCP and WREP pipelines remained similar to the level in 2009.



**Performance**  
www.bp.com/performance

## Total throughput of hydrocarbons through BTC/SCP/WREP



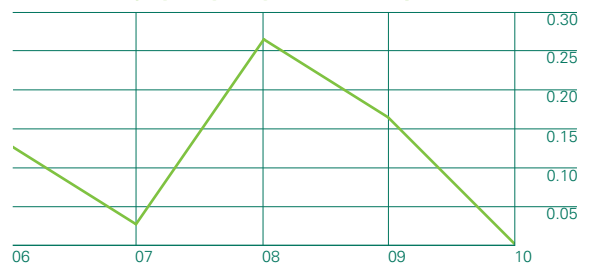
## Safety

There were no recordable injuries or day away from work cases in our activities in 2010. The number of vehicle accidents rose from two to five in 2010. As the kilometres driven decreased from 2009, there was a corresponding increase in our total vehicle accident rate. Reports from these accidents show that four of the incidents resulted from the actions of third party vehicles. We address this risk by providing defensive driver training to our own drivers.



**Safety**  
www.bp.com/safety

## Recordable Injury Frequency (RIF) 2006-10 (per 200,000 hours)



## Environment

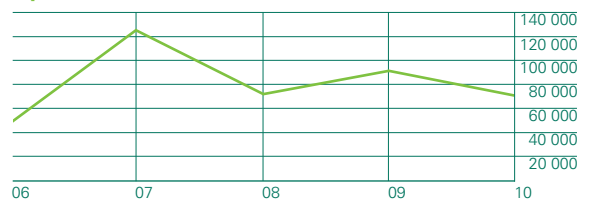
Carbon dioxide emissions, equity share greenhouse gas emissions and most other air emissions reduced slightly in 2010 compared with 2009, reflecting the similar levels of hydrocarbon throughput. Variations in the amounts of waste disposed relate to the nature of our operations in the reporting period. The lower volume of hazardous waste disposed in 2010 compared with 2009, for example, reflects the fact that 2009 saw higher levels of wax waste from WREP pigging operations and the generation of waste soil from spill sites and waste air filters arising from maintenance activities.

The number of oil spills-loss of primary containment, which is an indicator of process safety, has remained broadly steady since 2004. As in 2009, both incidents in 2010 resulted from illegal taps on WREP.

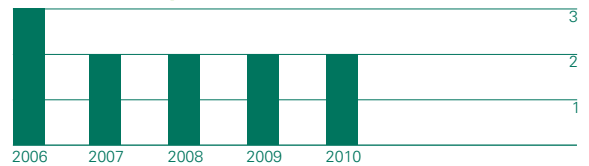


**Environment**  
www.bp.com/environment

## Equity share direct greenhouse gas emissions (tonnes CO<sub>2</sub> equivalent) 2006-10



## Number of oil spills 2006-10



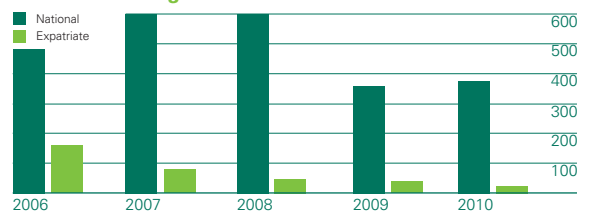
## People

The total BP Georgia headcount declined slightly in 2010, as it has done progressively since the completion of major project activities. The proportion of Georgian nationals within the total BP Georgia headcount continued to increase, reaching 96% in 2010.



**People**  
www.bp.com/employees

## Number of Georgian nationals and expatriate workers within BP Georgia headcount 2006-10



<sup>f</sup> A recordable injury is a work-related injury and illness incident that results in a fatality, a day away from work case, restricted work or job transfer, or medical treatment beyond first aid.

<sup>g</sup> RIF: The total number of recordable injuries to the BP workforce for every 200,000 hours worked in the same period. This is a commonly-used industry measure of personal safety performance.

<sup>h</sup> TVAR: Total Vehicle Accident Rate: the sum of all light vehicle, all heavy vehicle and all mobile plant accidents per one million kilometres driven.

<sup>i</sup> Under with the BP group definition, oil spills are any liquid hydrocarbon release equal to or more than one barrel (159 litres, equivalent to 42 US gallons). A loss of primary containment is an

unplanned or uncontrolled release of material from primary containment.

<sup>j</sup> All environment data relates to total BP-operated emissions with the exception of 'equity share direct greenhouse gas (GHG)' emissions which shows the BP share of emissions from operations on an equity share basis. Environment data for 2005 covers BP operated activities on WREP and the Supsa terminal. Data for 2006 and 2007 covers BP operated activities for all three pipelines (BTC, SCP and WREP) and associated facilities in Georgia.

<sup>k</sup> Non-hazardous waste includes general waste such as household garbage, food contaminated waste and other materials which cannot be recycled.



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# Independent assurance statement to BP management

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

## Independent assurance statement to BP management

*BP in Georgia Sustainability Report 2010* (the Report) has been prepared by the management of BP Georgia, who are responsible for the collection and presentation of information within it. Our responsibility, in accordance with BP management's instructions is to carry out a limited assurance engagement on the Report as outlined below, in order to provide conclusions on the claims, data and coverage of issues within it.

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

## What we did to form our conclusions

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

The Report has been evaluated against the following criteria:

- Whether the Report covers the key sustainability issues relevant to BP in Georgia in 2010 which were raised in the media, BP Georgia's own review of material sustainability issues, and selected internal documentation.
- Whether sustainability claims made in the Report are consistent with the explanation and evidence provided by relevant BP managers.
- Whether the sustainability data presented in the Report are consistent with the relevant business unit level data records.

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

1. Reviewed a selection of external media reports and selected internal documents relating to the sustainability performance of BP in Georgia in 2010 including independent review reports and ethics certificate.
2. Reviewed the outcome of BP Georgia's own processes for determining the key issues to be included in the Report.
3. Reviewed information or explanation about the Report's sustainability performance data and statements. Whilst we reviewed documentation to support the sustainability data contained within the Report, we did not test the data processes for gathering, collating and reporting data at country or site level.

## Level of assurance

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

## Our conclusions

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

1. Does the Report cover the key issues?  
We are not aware of any key sustainability issues relevant to BP Georgia which were raised in the media or the outcome of BP Georgia's own materiality process that have been excluded from the Report.
2. Are the data and statements regarding BP Georgia's sustainability performance contained within the Report supported by evidence or explanation?  
We are not aware of any misstatements in the assertions and data presented by BP management within the Report regarding BP Georgia's sustainability performance.

## Our independence

As auditors to BP p.l.c., Ernst & Young are required to comply with the requirements set out in the Auditing Practices Board's (APB) Ethical Standards for Auditors. Ernst & Young's independence policies apply to the firm, partners and professional staff. These policies prohibit any financial interests in our clients that would or might be seen to impair independence. Each year, partners and staff are required to confirm their compliance with the firm's policies.

We confirm annually to BP whether there have been any events including the provision of prohibited services that could impair our independence or objectivity. There were no such events or services in 2010.



Ernst & Young LLP  
London  
June 2011

<sup>a</sup> International Federation of Accountants' International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (ISAE 3000).

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# Glossary

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<b>BTC</b> Baku-Tbilisi-Ceyhan pipeline	<b>EMS</b> Environmental management system	<b>Mmboe</b> Million barrels of oil equivalent
<b>CDI</b> Community Development Initiative	<b>EU</b> European Union	<b>NGO</b> Non-governmental organization
<b>CLO</b> Community liaison officer	<b>EUGBC</b> EU-Georgia Business Council	<b>SCP</b> South Caucasus Pipeline
<b>CO<sub>2</sub></b> Carbon dioxide	<b>GHG</b> Greenhouse gas	<b>SPPD</b> Strategic Pipelines Protection Department
<b>DAFWC (f)</b> Day away from work case (frequency)	<b>HSE</b> Health, safety and environment	<b>VPs</b> Voluntary Principles on Security and Human Rights
<b>EBRD</b> European Bank for Reconstruction and Development	<b>IFC</b> International Finance Corporation	<b>WREP</b> Western Route Export Pipeline (also known as the Baku-Supsa pipeline)
<b>EDDF</b> Emergency drain-down facility	<b>ISET</b> International School of Economics at Tbilisi State University	



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## More Information

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### BP's sustainability reporting

BP communicates its non-financial commitments and performance at group, country and site levels online, as well as providing interactive tools for its website visitors.

### Group reporting

Our website, [www.bp.com/sustainability](http://www.bp.com/sustainability), is an integral part of our group sustainability reporting, covering a wide set of issues and reporting on them in more depth. The website also includes detailed information about our environmental and safety performance.

BP Sustainability Review 2010 is available in English, Mandarin Chinese, Russian and Spanish.

[www.bp.com/sustainabilityreview2010](http://www.bp.com/sustainabilityreview2010)

### Country and site reporting

We publish country reports on our operations in Angola, Australia, Azerbaijan, Canada, Germany, New Zealand, Southern Africa, Trinidad & Tobago and Turkey. We also maintain a library of site reports for more than 30 of our major operations.

[www.bp.com/sustainabilityreports](http://www.bp.com/sustainabilityreports)

[www.bp.com /site-reports](http://www.bp.com/site-reports)

### Case studies

Our case studies demonstrate our sustainability efforts in action around the world and provide insight into how our policies and practices can make a difference at the local level.

[www.bp.com/casestudies](http://www.bp.com/casestudies)

### Feedback

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

BP Georgia, 38 Saburtalo Street, 0194, Tbilisi, Georgia.

Previous BP in Georgia Sustainability reports are available at [www.bpgeorgia.ge](http://www.bpgeorgia.ge)

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**Photographs:** BP staff, contractors, Gela Kavelashvili