

bp in Azerbaijan

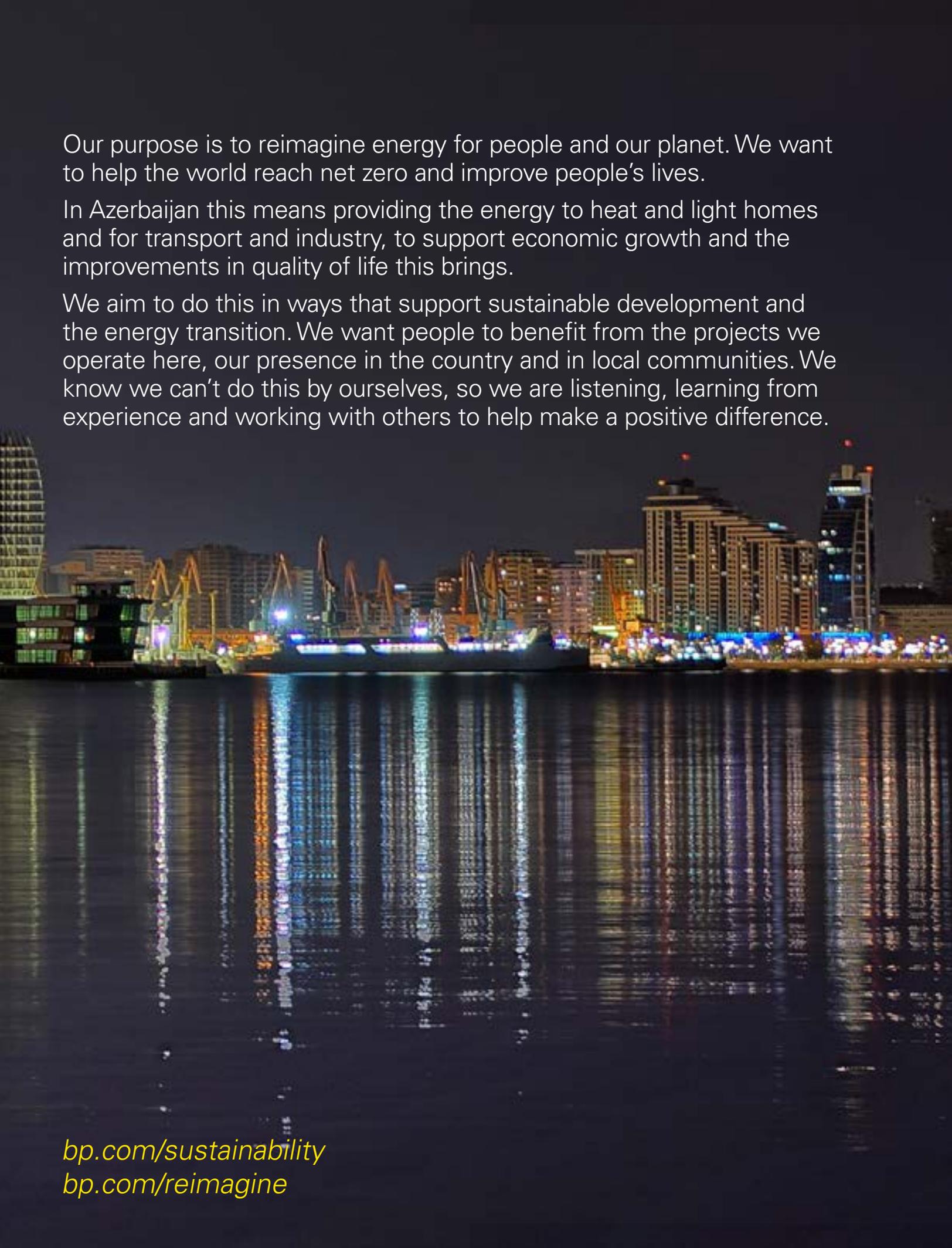
Sustainability Report
2019



Our purpose is to reimagine energy for people and our planet. We want to help the world reach net zero and improve people's lives.

In Azerbaijan this means providing the energy to heat and light homes and for transport and industry, to support economic growth and the improvements in quality of life this brings.

We aim to do this in ways that support sustainable development and the energy transition. We want people to benefit from the projects we operate here, our presence in the country and in local communities. We know we can't do this by ourselves, so we are listening, learning from experience and working with others to help make a positive difference.

A nighttime photograph of a city skyline reflected in a body of water. The skyline includes several tall buildings, some with distinctive architectural features like curved facades, and a large industrial structure with multiple cranes. The lights from the buildings and cranes are reflected in the water, creating a shimmering effect. The sky is dark, and the overall scene is illuminated by the city lights.

bp.com/sustainability
bp.com/reimagine

Introduction from our regional president

Welcome to the *bp in Azerbaijan Sustainability Report 2019*. It is coming out during an unprecedented global pandemic, as the coronavirus (COVID-19) is affecting everyone around the world. As bp, we are playing our part where we can, helping communities, providing support to governments, and most importantly continuing to run our operations safely and reliably, as it is key to our stakeholders. Low oil prices also complicate the challenge.

Nevertheless, we remain committed to our new ambitions, which we set out earlier this year. bp now has a new ambition to get to net zero by 2050 or sooner, and to help the world get to net zero. We are confident that we will get through the current global crisis and we will meet our longer-term ambition.

The year 2019 already seems like a long time ago. But the work we have done last year and indeed the past 27 years that we have been present in Azerbaijan, is a strong foundation which enables us to work even harder for a sustainable future. A sustainable approach to business is inherent in our purpose – reimagining energy for people and our planet. By being a safe, reliable and responsible operator in Azerbaijan and beyond, we can help improve people's lives and help the world meet its growing desire for cleaner energy.

Over these years, we have forged a strong partnership with the government of Azerbaijan, based on mutual trust and respect. We have received and given support through both good and hard times, and we believe this is the right way to do sustainable business.

We are clear and confident in our long-term commitment to Azerbaijan. Last year, we signed a final investment decision for the next phase of development of the great ACG oil field. ACG has been the backbone of our operations in Azerbaijan. We believe it still has great potential to bring immense benefits to all its stakeholders, partners and most importantly, the people of this country.

We have also started exploration activities at Shafag-Asiman and D230 – two promising blocks in the offshore Caspian basin. bp's advanced technology and exploration expertise, coupled with Azerbaijan's capability and long-standing oil and gas industry experience gives us confidence to pursue these opportunities for the long term.

In this publication, we report in an open and transparent way our activities in 2019, laying out our safety and environmental performance, our operations and projects in Azerbaijan, achievements and stories of our employees, and our efforts to support the communities where we work, as well as contributing value in various areas of society as a whole.

I hope you enjoy reading the report and find it useful. We value you as a reader and encourage you to tell us your opinion, especially on areas where we can do and be better as a company.



Gary Jones
Regional president
Azerbaijan-Georgia-Turkey region



About our report

This report covers the calendar year ending 31 December 2019. In some instances, significant events from 2020 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 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 capacity as operator of the Shah Deniz field. 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 2019 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

Night view of Baku bay



Sustainability Report 2019

Details of bp's sustainability performance with additional information online.

bp.com/sustainability

What's inside?

The bp in Azerbaijan Sustainability Report 2019

covers our business performance, environmental record and wider role in Azerbaijan during 2019. It is our 17th sustainability report and reflects feedback we received about previous reports.

Overview



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

Focus areas

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

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

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

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

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

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

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

\$75 billion

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

\$86 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 195 million barrels of oil produced in 2019

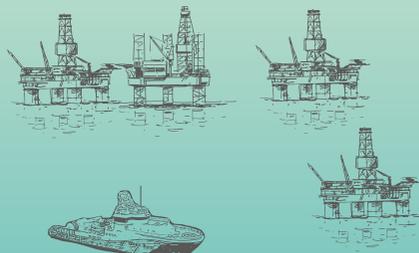


LOCAL SPEND IN AZERBAIJAN

- In 2019 our in-country direct expenditure with local suppliers in Azerbaijan was \$0.9 billion

SHAH DENIZ

- Gas production and development
- 2 production platforms
- 16.8 billion cubic metres of gas and over 28.6 million barrels of condensate produced in 2019



D230 EXPLORATION AREA

- Production Sharing Agreement signed in April 2018
- 3D seismic acquisition programme commenced in 4Q 2019

SHAFAG-ASIMAN EXPLORATION AREA

- Interpretation of the seismic dataset completed
- First exploration well spudded in January 2020

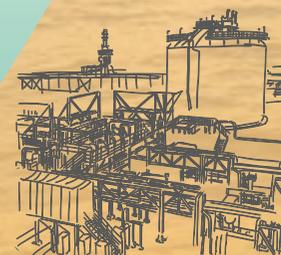
SHALLOW WATER ABSHERON EXPLORATION AREA

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

CASPIAN SEA

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 and around 80 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.

3.7 billion

Barrels of oil were produced by ACG from first oil in 1997 to the end of 2019

117 billion

Cubic metres of total gas were produced by Shah Deniz from first gas in 2006 to the end of 2019

9

Drilling rigs were involved in our operations during 2019, including two mobile offshore drilling units



SOUTH CAUCASUS PIPELINE (SCP AND SCPX)

- 1166.5 km gas pipeline between Sangachal terminal and the Georgia-Turkey border
- 72.2 million cubic meters per day throughput capacity
- Daily average throughput was about 29 million cubic metres of gas per day during 2019



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 2019

BAKU-TBILISI-CEYHAN (BTC)

- 1,768km oil pipeline linking Sangachal terminal to Ceyhan marine terminal in Turkey
- 1.2 million barrels per day throughput capacity
- In total, about 3.35 billion barrels transported between 2006-2019
- 233 million barrels exported in 2019



ERZURUM



SUPSA

BLACK SEA

MEDITERRANEAN SEA



CEYHAN TERMINAL

- 296 tankers loaded in 2019
- In total, 4,381 tankers were loaded between 2006-2019

Registered address

The registered address of the representative office of BP Exploration (Caspian Sea) Limited is 153 Neftchilar avenue, Baku, AZ1010, Azerbaijan. Telephone: +994 (0)12 525 6000

Employees

The number of people permanently employed by bp in Azerbaijan was 2,657 of whom 2,411 were Azerbaijani citizens, at the end of 2019.



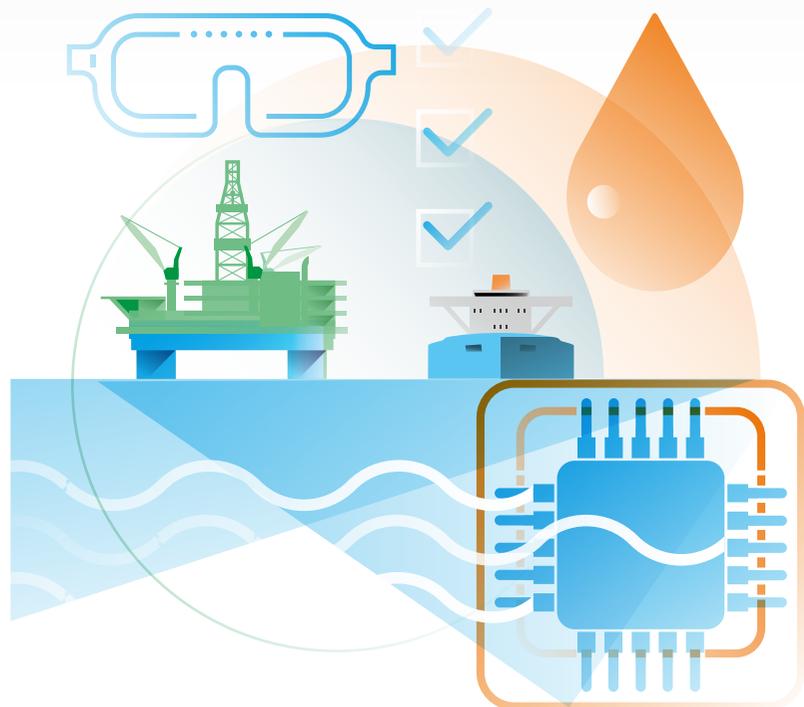
Our operations

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

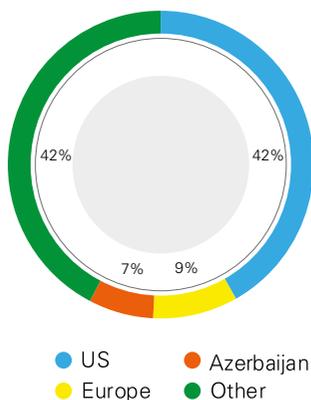
Azeri-Chirag-Deepwater Gunashli (ACG)

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.



ACG achieved the 500 millionth tonne production milestone in December 2019.

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



In total, 1,046 thousand barrels of crude oil and 104 thousand 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 2019	2018	2019
Chirag	November 1997	mmbbl	736.1	16.9	14.9
		mmte	99.5	2.3	2.0
Central Azeri	February 2005	mmbbl	936.9	56.2	48.8
		mmte	126.6	7.6	6.6
West Azeri	December 2005	mmbbl	845.3	45.9	44.3
		mmte	114.3	6.2	6.0
East Azeri	November 2006	mmbbl	502.7	35.4	32.6
		mmte	67.9	4.8	4.4
Deepwater Gunashli	April 2008	mmbbl	513.0	38.2	34.8
		mmte	69.5	5.2	4.7
West Chirag	January 2014	mmbbl	170.7	20.7	19.6
		mmte	23.1	2.8	2.7
Total		mmbbl	3,704.6	213.3	195.1
		mmte	500.9	28.8	26.4

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

At the end of 2019, a total of 125 oil wells were producing, and 46 wells were used for water and seven for gas injection. A total of 10 oil producer and one water injector wells were completed during the year.

ACG continued to safely and reliably deliver stable production in 2019. Total ACG production for the year was on average 535,000 barrels per day (more than 195 million barrels or 26 million tonnes in total).

We also delivered an average of 5.7 million cubic metres per day of ACG associated gas to SOCAR which equates to 2.1 billion cubic metres in total for the year.

We spent about \$567 million in operating expenditure and \$1,476 million in capital expenditure on ACG activities in 2019.

In April 2019, the ACG partnership took a decision to commence the next stage of development of the ACG field with a \$6 billion project which includes a new offshore platform, Azeri-Central-East, and facilities designed to process up to 100,000 barrels of oil per day. The project is expected to achieve first production in 2023 and produce up to 300 million barrels of oil over its lifetime.

Oil production from Azeri-Chirag-Deepwater Gunashli, 2015-2019 (million barrels)



The Azeri-Central-East platform construction activities in the topside assembly area of the fabrication yard.



A crew worker on board the Shah Deniz Alpha platform.

The project awarded the main fabrication, marine and subsea contracts in 2019 and started construction activities in July 2019.

In September 2019, the ACG partnership celebrated the 25th anniversary of the ACG production sharing agreement (PSA).

Watch ACG-25 journey in sandpainting video [here](#).

Shah Deniz

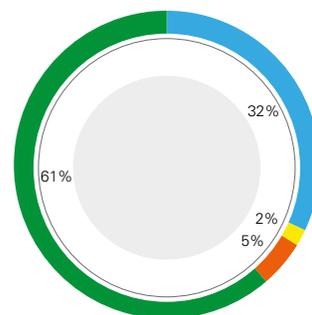
The Shah Deniz gas field was discovered in 1999. It lies 70km offshore beneath water depths ranging from 50 to 600 metres. The field has a reservoir depth of more than 1,000 metres and is

22km long. Shah Deniz is geologically challenging and highly pressured with multiple reservoir horizons.

The Shah Deniz field continued to provide reliable deliveries of gas to markets in Azerbaijan, Georgia and Turkey and to BTC Company in multiple locations in 2019. The field produced about 16.8 billion standard cubic metres (bcm) of gas and 3.6 million tonnes (about 28.6 million barrels) of condensate in 2019.

Shah Deniz spent about \$544 million in operating expenditure and \$1.1 billion in capital expenditure, the majority of which was associated with the Shah Deniz 2 project, in 2019.

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



US Azerbaijan
Europe Other

In total, 7,366 million cubic feet per day, excluding equity accounted entities. Other includes Canada, South America, Africa, Asia (excluding Azerbaijan) and Australia.

Liquids production by bp subsidiaries around the world in 2019 (thousand barrels)

Location	Oil	Natural gas
US	481	2,358
Europe	103	129
Azerbaijan	79	367
Other	487	4,513

Shah Deniz gas and condensate production

	Start of production	Unit of measurement	From the start of production till end of 2019	2018	2019
Gas	November 2006	bscm	116.8	11.5	16.8
		bscf	4,125.2	404.7	593.7
		mmboe	711.2	69.8	102.4
Condensate	November 2006	mmbbl	224.7	20.5	28.6
		mmte	28.2	2.6	3.6

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



View of the illuminated Sangachal terminal from the Shah Deniz 1 plant.

In 2019, Shah Deniz Alpha platform rig was on warm stack and conducted rig maintenance and TAR in between.

The Istiglal rig delivered one subsea well completion on the East South flank, two completions on the West South flank and two completions on the East North flank. The rig then drilled top holes of two East North flank wells. The Maersk Explorer rig drilled SDH01 well to its final depth, one top hole on the North flank and two top holes on the West South flank. The rig then drilled SDF03 well on the West South flank to its final depth and commenced drilling the lower section of SDF04 well.

By the end of 2019, the above two rigs had already drilled 17 wells in total, and completed 16 out of those, for Shah Deniz 2 production and subsequent ramp up.

Shah Deniz 2

Shah Deniz 2 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.

In 2019, the Shah Deniz 2 project achieved final acceptance of offshore and onshore facilities. The project team continued to support operations through the first year of production to ensure high operating efficiencies of the Shah Deniz 2 assets.

During the year the project also continued to perform subsea construction activities, including installation of infrastructure to the deep-water flanks to support the next East South flank start-up in 2021. Delivery of subsea assets and installation activities using the subsea construction vessel Khankendi and the pipelay barge Israfil Huseynov will continue over the coming years to deliver plateau gas production.

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 2019.

The daily capacity of the terminal's processing systems was 1.2 million barrels of oil and around 80 million standard cubic metres of Shah Deniz gas. Overall processing and export capacity for gas, including ACG associated gas was around 100 million standard cubic metres per day, as of end 2019.

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

In 2019, the Sangachal terminal exported about 263 million barrels of oil. Of this, about 235 million barrels were exported through Baku-Tbilisi-Ceyhan (BTC) and about 28 million barrels through the Western Route Export Pipeline (WREP).

On average, more than 45 million standard cubic metres (about 1,600 million standard cubic feet) of Shah

Deniz gas were exported from the terminal daily during 2019.

Baku-Tbilisi-Ceyhan (BTC) pipeline

The 1,768km BTC pipeline became operational in June 2006. Since then up to the end of 2019, BTC carried a total of more than 3.35 billion barrels (more than 447 million tonnes) of crude oil loaded on 4,381 tankers and sent to world markets.

The pipeline exported around 233 million barrels (about 31 million tonnes) of crude oil loaded on 296 tankers at Ceyhan in 2019.

In 2019, 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. The 474km expanded section of the pipeline commenced commercial deliveries to Turkey in June 2018.

SCP's daily average throughput was 29 million cubic metres of gas per day during 2019.

In 2019, the SCP had 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.

Western Route Export pipeline (WREP)

bp, as operator of the ACG field development project, also operates the WREP. The 829km pipeline moves oil from the Caspian basin via the Sangachal terminal to Supsa on Georgia's Black Sea coast. Since 1998 when the pipeline became operational, the WREP has undergone extensive refurbishment by bp and its co-venturers.



Operators walk in pipeline corridor at the Sangachal terminal.

The pipeline transported about 28 million barrels of oil in 2019.

In mid-2017, we started the WREP Sectional Replacement project which aimed to replace about 13.6km of the pipeline in Georgia with three new sections in total with the view to avoid landslide areas. The project also included the replacement of three river crossings in both sections – Azerbaijan and Georgia- which was successfully completed in 2019.

Exploration

bp operates three exploration contracts in Azerbaijan: Shafag-Asiman, Shallow

Water Absheron Peninsula (SWAP) and Block D230.

Shafag-Asiman

In 2019, we continued planning for the first exploration well on the Shafag-Asiman offshore block. We spudded the well in January 2020. Once completed, the well data will be analysed and, if successful, an evaluation programme may be conducted to confirm the results.

SWAP

In the SWAP, we continued planning for the exploration wells drilling in the

selected three prospective areas in 2019. We plan to commence drilling activities once the upgrade of the rig selected to drill the first well is completed.

Block D230

We commenced a 3D seismic acquisition programme on D230 in December 2019. The programme was successfully completed in March 2020. It will be followed by the processing and interpretation of the acquired data. Based on the results of the seismic survey we will begin planning for the first exploration well.



We safely completed a 3D seismic acquisition programme on Block D230.



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 2019, bp's overall headcount in Azerbaijan decreased by 92 to 2,743 employees (2,835 in 2018). The total number of our employees included 2,657 permanent employees, of which 2,411 were nationals, while 86 employees were on fixed-term contracts. A further 93 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 2019, the percentage of national citizens among bp Azerbaijan's permanent professional staff was 91%, while our non-professional staff remained as 100% nationalized.



bp employees discuss work at Xazar Centre office.

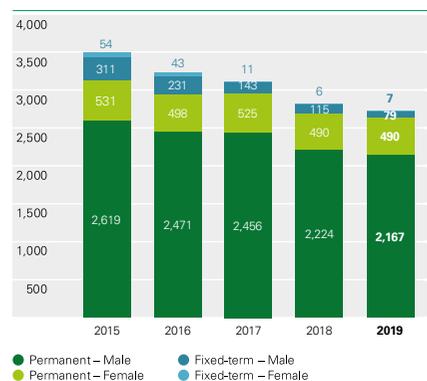
The number of national senior level managers at bp in Azerbaijan reached 365 in 2019. This represents almost 63% of the total senior managers working in the local office and is about the same as in the previous year. Of these, 19% were female, mostly working in offshore and onshore operations, human resources, procurement and supply chain management, and finance. During the year, another 63 Azerbaijani employees

were on assignments in senior level positions in other countries across bp's global business.

More than 97% of mid-level managers working for bp in Azerbaijan were nationals. Additionally, 35 nationals were on mid-level overseas assignments in 2019.

At the end of 2019, the cumulative nationalization of bp's contractors and subcontractors remained at 90%.

bp employees and agency staff based in Azerbaijan



Permanent professional staff of bp in Azerbaijan



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 diversity and development. During 2019, 113 national employees worked at various bp locations outside Azerbaijan. About a third of them specialized in offshore and onshore operations.

We had 246 expatriates working for bp in Azerbaijan at the end of 2019. About two thirds of them were from the UK and almost a quarter were from the US. The rest were from Australia,

Brazil, Canada, Egypt, France, India, Indonesia, Oman, Russia, Trinidad & Tobago and Turkey. During 2019, 65 new expatriate employees came to work for bp in Azerbaijan while 75 expatriate employees left the country. This resulted in a net decrease of 10 people.

Recruitment

Our aim is to attract top talent to our company, so we strive to create and sustain an engaging and positive work environment. 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.

Our annual internship program is very popular among the young generation. In 2019, we received about 600 applications to our annual internship recruitment programme, of whom 28 were selected to work for bp as interns.

Watch 'bp in the eyes of interns' video [here](#).

Ad-hoc vacancies at bp in Azerbaijan are advertised on bp.com/azerbaijan website. We received more than 13,000 applications for these roles in 2019 and hired 36 experienced national employees.



Crew meeting on board the Shah Deniz Alpha platform.

Employee communication and engagement

Employee forums

The bp technicians' forum continues to be an important means of communication with our frontline – the technicians who work on production platforms, at 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. More than 30 technicians participated in the forum in 2019.

Our listening forums 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 team hears opinions from people throughout the organization.

In 2019, we hosted an engineering listening forum with a randomly selected group of around 30 discipline engineers, who had the opportunity to gather various questions from the larger population across the organization to later voice them to the leadership team.

In addition, we held several big employee engagement events during the year.

We held quarterly all employee town hall meetings with our regional leadership team members. During these meetings employees heard the latest updates from the company leadership, asked questions and voiced concerns. These town hall events were translated live via webcast to



Our senior leadership regularly meet with employees and listen to their views.

all regional employees in Azerbaijan, Georgia and Turkey, as well as our offshore population.

In March 2019, an extended leadership team of managers and senior level leaders from around the business gathered together in our Baku office for a three-day event. The topics of discussion during these three days ranged from further improving the safety and business culture in the company to equipping the managers with skills and tools to better lead the organization.

Our engineering away day and engineering awards ceremony events saw attendance from more than 450 engineers. The events focused on numerous topics including the latest discipline updates, best practices and achievements, and served as a great opportunity for networking.

Employee wellbeing

We pay big attention to the wellbeing of our employees. In 2019, we introduced several initiatives aimed

at further improvement of employee experience and home-life balance.

We started to implement shortened working hours on Fridays allowing our office-based employees to finish their working day three hours earlier than usual if operational circumstances permit.

To further support the development and professional growth of our employees, we introduced monthly development days for our office-based staff in 2019. We held eight development days during the year with a plan to continue this practice in 2020, expanding it to the rest of our sites.

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, we recognized our employees almost 2500 times in this way.

Learning and development

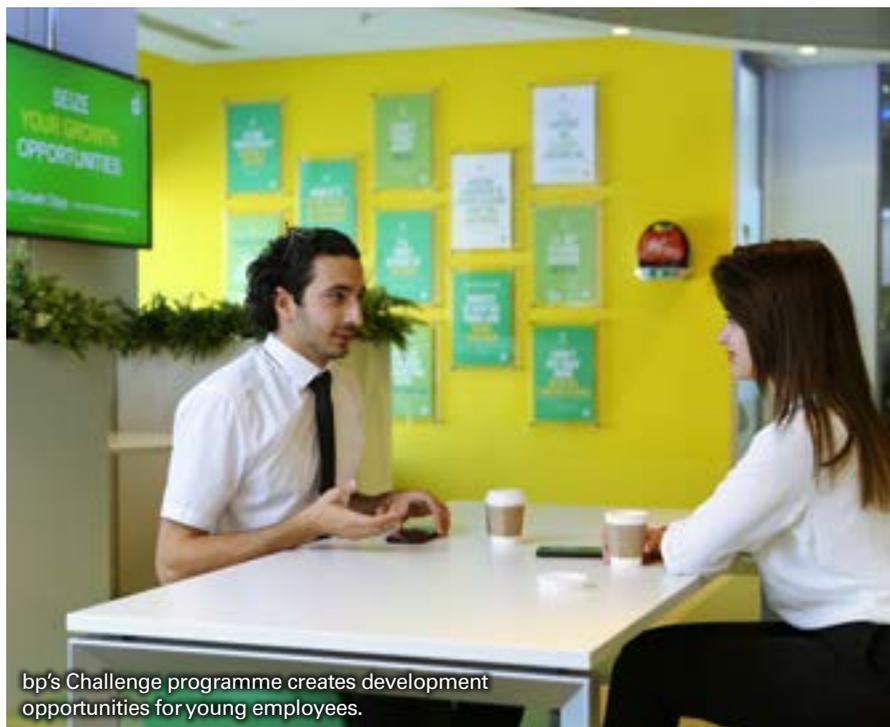
bp focuses on people development as a priority area. We provided a range of safety, technical, managerial and behavioral training sessions in the region in 2019. More than 1,000 of these were arranged by our local team, with almost 7,500 attendees. About 87% of the sessions were held in Azerbaijan.

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 more than 100 employees through this programme in 2019. 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 1,060 employees received the leadership development programme training in 2019.



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

Well control certification

We delivered well control certification training using the well control simulator installed at the Xazar Centre. More than 100 employees in Azerbaijan-Georgia-Turkey region and almost 70 contractors attained certification in 2019.

Operations simulations

We provided a variety of site-specific training modules to around 150 control room technicians as part of operator training simulators optimization programme in 2019.

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 2019, we hired 26 challengers, and by the end of the year their total number in Azerbaijan was 70.

Other programmes

We continued to offer language training courses to our staff and their eligible family members. In 2019, about 75 people took English lessons, around 60 chose to study Azerbaijani.



Employees discuss agile ways of working and share experience.

Our code of conduct

We are committed to conducting our business in an ethical and transparent way by using our values and our code of conduct to guide us.

For bp it is crucial to make sure we do what is right, and nothing puts us at risk more than failure to do so. Our code of conduct is our guide to doing the right thing in business and it sets clear expectations for how we work at bp. It applies to all our employees, officers and members of the board. We also expect our contractors and their employees to act in a way that is consistent with our code. If those expectations are not met, we take appropriate action.

Visit bp.com/codeofconduct to read our code.

Ethics and Compliance (E&C) related training, communications and engagement

Each year, our employees certify that they understand the code, and confirm that they have met their responsibilities and reported any breaches. We train



Employees discuss our code of conduct during the ethics and compliance stand-up session.

our employees on how to apply the code in their daily work. In 2019, E&C trainings focused on anti-bribery and corruption (ABC), anti-money laundering, competition, anti-trust and international trade regulations, raising employee awareness around respect and harassment prevention, conflicts of interest, exchanging gifts and entertainment with third parties, as well as how to advance one's listening skills. A total of 4,146 ethics and compliance e-learning modules were completed in 2019. More than 2,955 individuals completed the code of conduct refresher e-learning module and 569 employees completed the anti-bribery and corruption training. We continued to issue Azerbaijan, Georgia and Turkey E&C quarterly newsletters and published four issues throughout the year that contained recent case studies illustrating real misconduct and positive behaviors as well as metrics and news about other important activities.

To continue the dialogue started in 2018, in October 2019 we had a month-long spotlight campaign on respect and inclusion focusing on how we can create a better environment for everyone in bp. This included eight stand-up sessions across Azerbaijan,

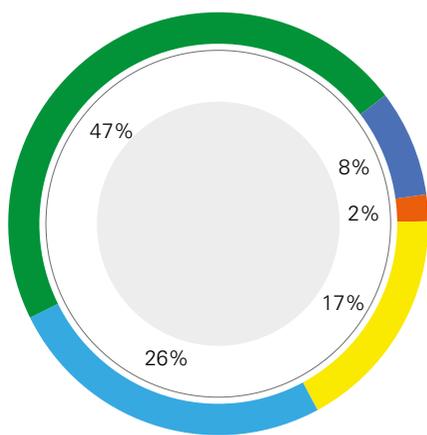
Georgia and Turkey including remote locations, and internal communications including interviews with our employees on their personal stories and commitments to being more respectful and inclusive.

Promoting speak-up culture

We want our employees, contractors and any 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 confidential helpline, OpenTalk. In 2019, a total of 98 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 28 actions, including termination of employment contract for non-conformance with our code of conduct or unethical behavior, in 2019. bp does not tolerate retaliation against anyone who seeks advice, raises a concern, reports misconduct or participates in an investigation. The consequences for

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

misconduct or retaliation range from coaching and performance management to dismissal.

Working with suppliers and business partners

Our suppliers and partners are key to our business, and we want to make sure that we work with those who share our values and principles. We conduct due diligence and assess any exposure to bribery and corruption risks before engaging in any contractual relationship with third parties. Where appropriate, we put in place risk mitigation plans or reject them if we conclude that risks are too high.

In June 2019, we held the first supplier E&C forum in Azerbaijan, hosting more

than 70 representatives of almost 50 supplier companies. During the event, we communicated our expectations to our business partners, shared key E&C risks and best practices in mitigating those. The key themes for the event were (i) promoting speak-up culture and raising awareness of bp's OpenTalk helpline; (ii) sharing tips on conducting internal investigations and (iii) conducting third party due diligence. As a follow up to the supplier forum, we started issuing supplier E&C newsletters in October and reached out to 604 suppliers, aiming to continue the dialogue on ethics and compliance and help each other overcome ethics and compliance related challenges and risks.

We held sessions with our suppliers

to help them understand our code and how we do business. In 2019, we conducted 32 supplier training events, covering more than 160 individuals. 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 ABC risk management and internal control systems. We undertook 20 supplier reviews in 2019.

We also continued to share our best E&C practices and collaborate on various issues through the external networks of Azerbaijan Ethics and Compliance Network and Turkish Ethics & Reputation Society.



Representatives of supplier companies discuss best ethics and compliance practices during the forum.



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

21





A production technician records equipment parameters to the snapshot data collector on board the West Chirag 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

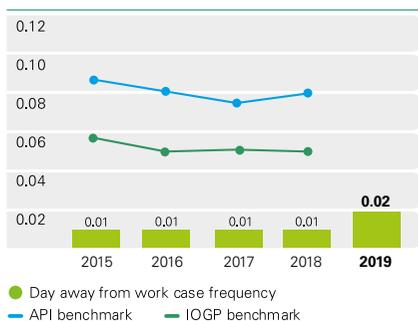
Our operating management system (OMS) is a group-wide framework designed to help us manage risks in our operating activities and drive

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

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



Recordable injury frequency
(per 200,000 hours worked)



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.

 Watch the video about safety in our operations in AGT [here](#).

Safety performance

Improving operational safety

We completed the year of 2019 with one tier 1 and two tier 2 process safety incidents. We saw a reduction in the number of high potential incidents compared to the previous year, meaning incidents or near misses which could have resulted in a health, safety, security or major environmental incident. Out of nine high potential incidents, six took place offshore.

We continued to focus on risk management ensuring that we have effective process in place to verify the condition of our risk prevention and reduction barriers and rectify any potential degradation. We implemented a systematic process for barrier health

reviews including the development of a schedule and standardized information required for these reviews. The outcomes of the barrier health reviews were used as an input to risk reviews and for barrier model updates for our facilities.

We also enhanced the application of data analytics in support of our risk barrier assurance activities. Instead of sampling data manually, we started to use technology and coding to analyse big volumes of data. The ability to generate insights into real-time data trends allows us to be more effective in identifying opportunities to improve and enhance our ability to detect potential deviations.

In a first for bp, we successfully used a robotic crawler to inspect the operating crude oil storage tank at the Sangachal terminal that otherwise would not have been inspected online. This allowed us to avoid exposing our employees to tank entry, keep tanks in service and reduce costs of cleaning large crude oil storage tanks.

In 2019, we reassessed our pigging programme based on the regional and global expertise. Pigging is essential to maintaining the throughput and integrity of flowlines. It is using devices called

‘pigs’ to perform cleaning or inspection of pipelines. As a result of the reassessment, we managed to reduce the total number of routine pigging runs by 23% whilst maintaining the system integrity. This allowed us to improve safety through reducing our operational risks, as well as reduce on-site workload and costs.

In 2019, we also deployed an Unmanned Surface Vessel (USV) to inspect almost 2/3 of our underwater pipelines using multibeam echo survey of shallow water and near shore sections. Through using the USV instead of a large ship, we removed our personnel from the worksite thus enhancing personal safety. Just as importantly, the use of the USV reduced the risk of collision damage when deployed close to facilities such as jackets and risers.

We continued to collaborate with our key suppliers on safety issues throughout 2019. First time in Azerbaijan, we organized two bp global supplier forums where the CEOs of the selected contractors from Azerbaijan and bp globally shared their best safety practices. In addition, we

Operator Workbench goes live in bp Azerbaijan

We started the deployment of a new tool for operations with multiple functionalities in one collaborative system – Operator Workbench (OWB) – at our sites in 2019.

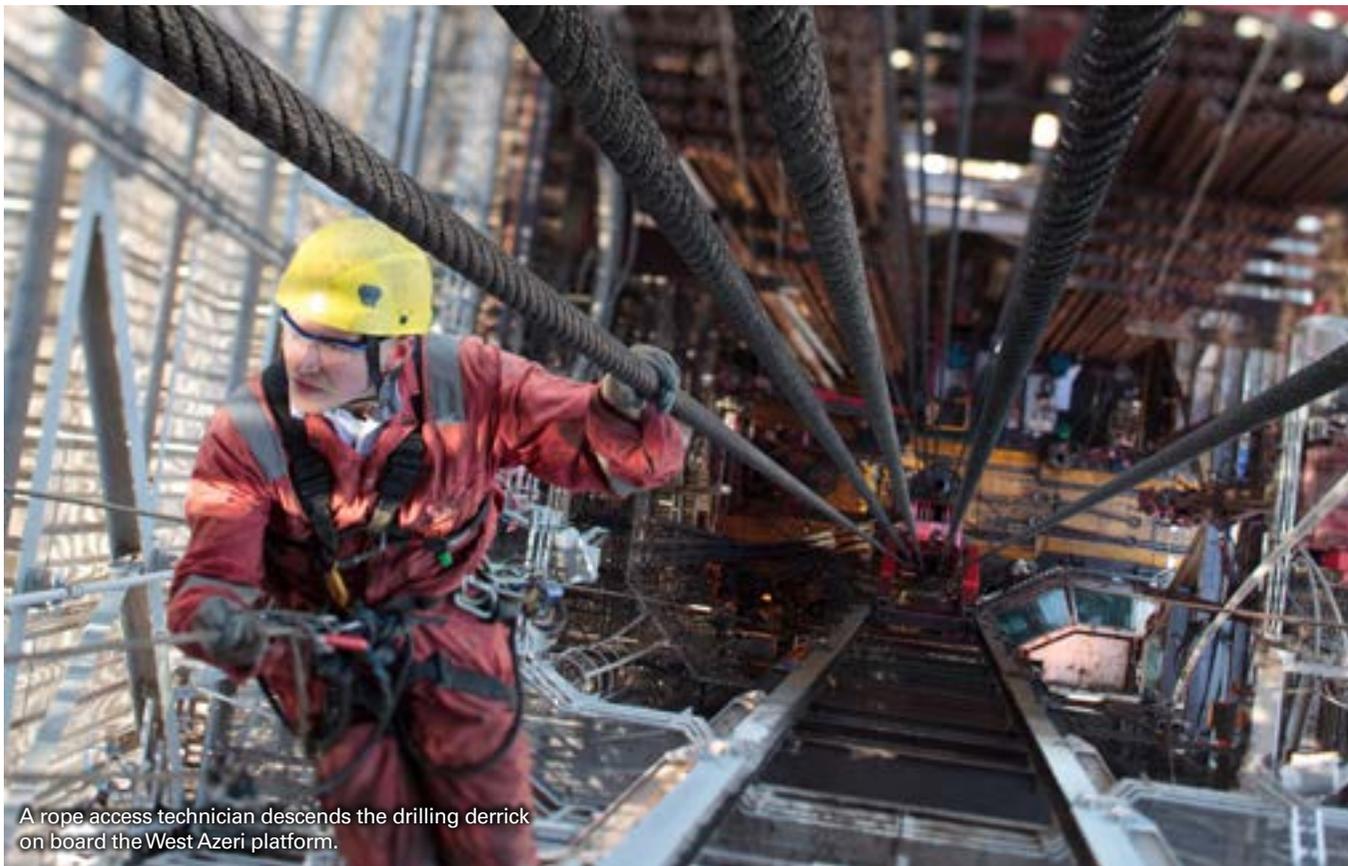
The EX rated handheld devices (mobiles and tablets) and operating software of OWB enable us to collect, analyse and use information in a highly efficient and much more powerful way. This also removes the need to complete reams of paperwork – while improving efficiency, reliability, collaboration and safety.

OWB brings a number of benefits to our operations. It utilizes a mobile technology to digitize our business processes to improve safety and efficiency for

front line operations in a hazardous environment. Creating software applications to bring work processes, relevant information and tools onto mobile devices and into the palms of our operators, not only boosts productivity by reducing administration but also improves safety. As an example, OWB allowed us to save over one hour during the leak testing of six pressure safety valves at the Sangachal terminal.

In 2019, we deployed the OWB tool at the Sangachal terminal Shah Deniz 1 & 2 sites and the produced water and export site, as well as on the Deepwater Gunashli platform, which marked the first offshore application of OWB to our operations in Azerbaijan. We are planning to have OWB operating on all our offshore platforms and at the remaining sites of the Sangachal terminal by the end of 2020.





A rope access technician descends the drilling derrick on board the West Azeri platform.

held contractors’ leadership forums to discuss the importance of speak-up culture and self-verification as well as review the follow-up commitments from 2018. With these events, we intended to continue engaging our contractors’ leadership in the ongoing HSE matters and listen to their feedback and concerns for continuous improvement.

Driving safety

Our driving activities decreased by about 32% in 2019 compared to 2018,

with almost 18 million kilometers driven.

We conducted an Upstream driving safety practice review for our activities in Azerbaijan and closed all actions identified as a result of this review in a due course.

We also launched a fleet renewal programme together with our transportation service provider aiming to upgrade the fleet we use to fully comply with the latest industry safety standards.

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 four times in 2019 as part of their audit plan. The scope of these audits included pipeline validation and pipeline integrity management system, self-verification, regulatory compliance management, as well as risk and management of change. As a result of these audits, 16 actions were raised in 2019.

Our global wells organization also conducted rig verification audits on the Central and East Azeri platforms, as well as on the Heydar Aliyev and Maersk Explorer drilling rigs. A total of 167 actions were raised during these audits, 115 of which were closed during 2019.

Safety performance of bp in Azerbaijan

	2018	2019
Fatalities	0	0
Days away from work case frequency	0.01	0.02
Recordable injury frequency	0.05	0.13
Hours worked (millions)	26.47	19.58
Total vehicle accidents rate	0.8	1.19
Kilometres driven (millions)	25.83	17.65



A banksman conducts pedestal crane hook block inspection on board the West Chirag platform.

Integrity management

We conducted a large number of inspections of our onshore and offshore facilities in 2019. This included about 2,817 equipment and piping pressure system inspections for the Sangachal terminal and export operations, 216 inspections of onshore structures, 886 civil inspections of supports and concrete foundations onshore, 255 offshore structural inspections, as well as inspections of the Chirag, Shah Deniz Bravo, Central Azeri and West Azeri platform jackets using remotely operated underwater vehicles. We completed the dropped object surveys on the East Azeri, West Azeri and Shah Deniz Bravo platforms as well.

We also conducted the corrosion management and fabric maintenance

programmes on all eight platforms as planned, including painting over 8,617 m² of decks, 5,945 m² of pressure system, staircase and bridges and over 2,311 m² of jacket, leg and underdeck areas.

In addition, we completed more than 984 km of onshore pipeline inspections across Azerbaijan and Georgia with 6,950 test points of cathodic protection surveys. We carried out in-line inspection in 2,521 km of pipelines across Azerbaijan, Georgia and Turkey. Offshore, we conducted inspections of two ACG 18 inch in-field lines – gas and water injection and initiated an underwater inspection of 930 km of subsea pipelines using an unmanned vehicle.

We deployed over 16.1 million litres of chemicals in the region to assure

fluid flow, the integrity of plant and infrastructure, and the quality of export products, with over 7.7 million litres transported to offshore and deployed without any incident.

Crisis management and emergency response

Our crisis and continuity management planning helps us maintain a constant state of readiness to respond effectively to emergencies wherever and whenever needed and reduce potentially severe disruptions to our operations.

In 2019, we conducted a number of exercises to enhance our response readiness at all levels, including large scale and long-lasting events.

We also supported numerous activities, responding to incidents across offshore and onshore operational sites, such as an offshore platform partial evacuation and a hazardous material spill response event.

We conducted deployment exercises at the Sangachal terminal to practice the crude oil full surface tank fire fighting response plans, test the equipment functionality and verify conformance with the defined performance standard.

We also staged a full-day regional emergency response exercise in Baku to practice our incident command system processes responding to a 'worst credible case' well control scenario. More than 100 participants were challenged with managing and

coordinating all operations including search and rescue, mass casualty medical evacuations, source control and out of country equipment mobilization, finance, legal and communications during the exercise.

We conducted an oil spill response (OSR) cross-border exercise involving our Azerbaijan and Georgia teams. The exercise involved mobilization and deployment of an OSR and emergency pipeline repair equipment transfer process across the Azerbaijan-Georgia border to verify the effectiveness of the relevant plans and procedures.

In December 2019, we participated in a two-day workshop organized by the Oil Spill Preparedness Regional Initiative (OSPRI) which promotes and fosters

effective oil spill response across the Caspian and Black Sea regions at the national, regional and international levels. During the workshop, we shared information on the existing process, presented the results of our laboratory tests, case studies and communications materials. The workshop was attended by representatives of the Ministry of Ecology and Natural Resources (MENR), Ministry of Emergency Situations (MES) of the Republic of Azerbaijan, SOCAR and Equinor.

To further enhance our professional relationship with the MES we engaged the ministry representatives in our exercises and participated in the MES organized large-scale exercise on earthquake response management.



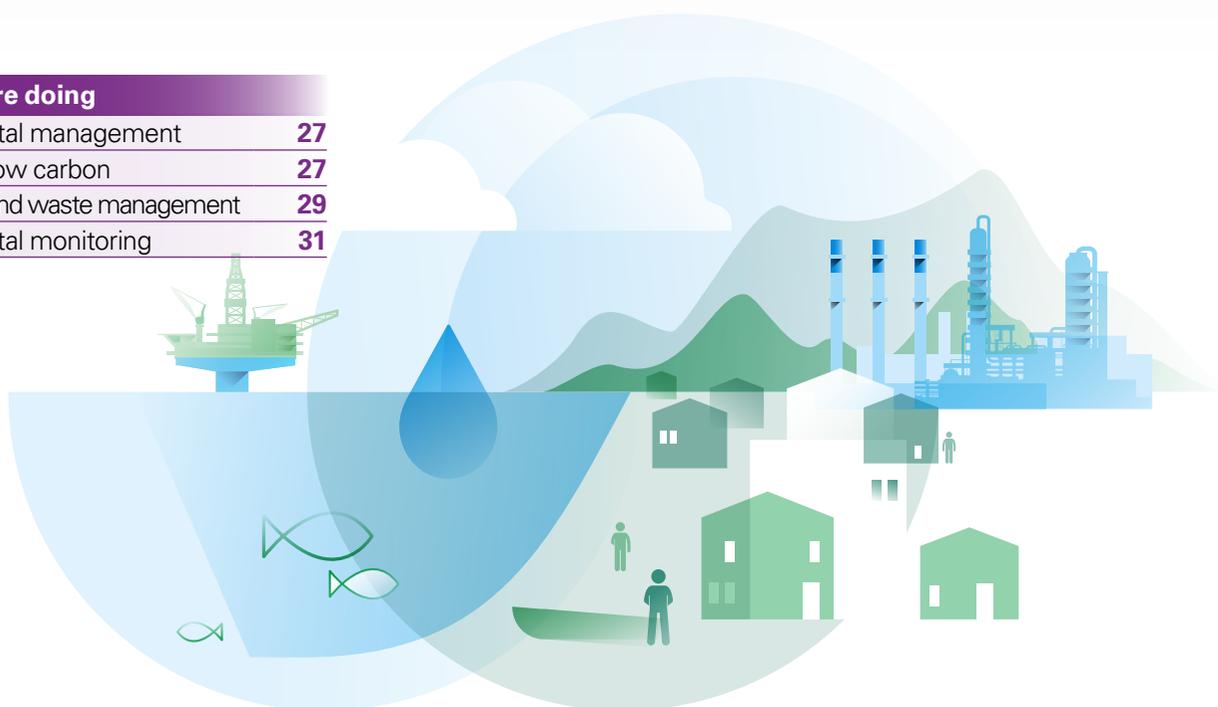
Incident management team members discuss actions during the regional emergency response exercise.



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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Environmental management

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

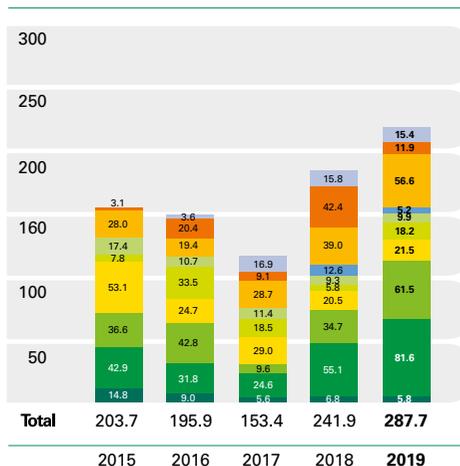
In 2019, we continued to maintain the certification of our operations in accordance with the ISO14001 Environmental Management Systems standard and our Compliance Management System. We also further expanded our certification scope to cover a number of newly built operational facilities of the new gas export chain. These included Shah Deniz Bravo platforms, Shah Deniz 2 area of the Sangachal terminal and the SCPX gas export pipeline.

Our environmental self-verification processes help us control actual operational activities and identify areas for improvement. These include external and internal environmental and compliance audits, site environmental inspections and management reviews.



A crew worker checks gas pipes with hand-held infrared camera to detect leak on board the Shah Deniz Alpha platform.

Gross flaring by asset
(thousand tonnes)



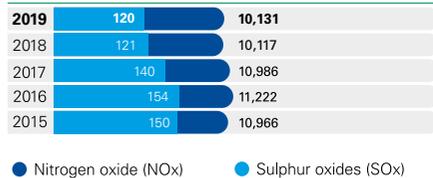
- Sangachal terminal (SD)
- Sangachal terminal (ACG)
- Chirag
- Deepwater Gunashli
- Istiglal MODU
- East Azeri
- West Azeri
- Central Azeri
- West Chirag
- Shah Deniz Bravo

Gross GHG emissions



- Gross direct GHG, 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)



Advancing low carbon

bp recognizes the urgency of the energy transition and is playing an active role in meeting the dual challenge to provide more energy to the world but with fewer carbon emissions.

In addition to being a founding member of the Global Gas Flaring Reduction public-private partnership, bp has signed up to the World Bank's Zero Routine Flaring by 2030 initiative, joined the Climate and Clean Air Coalition's Oil and Gas Methane Partnership, as well as the Oil and Gas Climate initiative.

In Azerbaijan, we have conducted a number of events to contribute to the low carbon agenda. These include an energy efficiency workshop in 2014 based on the outcome of our energy efficiency surveys, a joint partnership programme with SOCAR on flaring reduction in 2014-2015, a climate change agenda workshop in 2017, 'Advancing low carbon' awareness campaign launched in December 2017,

bp-Equinor workshop in May 2018, as well as 'Keep advancing' and 'Meeting the dual challenge' events in 2019.

These events contributed to bp's target under our 'Reduce-Improve-Create' framework and generated several documents for tracking the implementation of agreed actions and communication of results. These documents include the energy efficiency roadmap, a 10-year GHG

sustainable emissions reduction plan, a five-year routine flaring reduction/elimination plan and a methane monitoring programme.

Starting from 2016, we have achieved 256,792 CO₂ equivalent tonnes of greenhouse gas (GHG) sustainable emissions reduction, out of which about 37,672 tonnes were achieved in 2019. All projects contributing to this achievement are accredited through bp's Advancing Low Carbon accreditation programme.

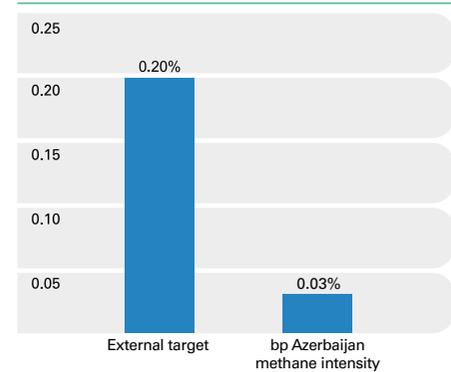
The methane intensity for bp Azerbaijan in 2019 was 0.03%, compared with the bp group target of 0.2%. Visit bp.com/energy-transition for more information.

Our emissions to air originate from internal combustion of fuels (gas and diesel), gas flaring and cold venting. Also, there are indirect emissions resulting from the use of electricity from municipal grids. In 2019, we emitted about 3.8 million tonnes of gross GHGs, which was 3.7% higher than in 2018. The major reason for the increase was the new Shah Deniz 2 facilities becoming operational in mid-2018 and thus, contributing to the full-year results in 2019. In addition, there was substantial flaring and cold vent during

GHG sustainable emissions reduction CO₂e, gross (thousand tonnes)



Methane intensity in 2019, bp Azerbaijan vs bp external target (%)



the year, which contributed to the increase of GHG volumes as well.

The largest contributors to our GHG emissions remained the Central Azeri platform (20%), the Deepwater Gunashli platform (15%) and the Sangachal terminal Azeri-Chirag-Gunashli (ACG) and Shah Deniz sites (19% and 10% respectively).

Despite a substantial reduction in flaring from Central Azeri, Shah Deniz Bravo and the Sangachal terminal Shah Deniz site, the volume of gas we flared at our operational facilities increased from 241.9 kilotonnes in 2018 to 287.7 kilotonnes in 2019 mainly due to the significant flaring from the Sangachal terminal ACG plant, the West Azeri, East Azeri and

Energy consumption

	2018	2019
Fuel gas (thousand tonnes)	1,013.5	995.5
Diesel (thousand tonnes)	59.6	60.2
Electricity import (megawatt hours)	31,238	10,593

Deepwater Gunashli platforms as a result of the planned turnaround activities.

Oil spills

In 2019, there were three oil spills of over one barrel in volume. All oil spills were contained and fully recovered.

bp plants thousands of trees as part of SCPX offset project

In October 2019, we successfully handed over the South Caucasus Pipeline expansion (SCPX) offset project – more than 11,000 trees, planted two years ago along the pipeline right of way in Yevlakh – to the Ministry of Ecology and Natural Resources of Azerbaijan (MENR).

This offset project was designed to make up for the vegetation removed from the right of way (RoW) section in Yevlakh, during the SCPX construction phase. The ratio and species type of the saplings were agreed with the MENR taking into consideration their survival rate and suitability for the conditions of the Yevlakh zone.

Throughout the project, a group of qualified specialists provided irrigation,



pest control and daily care of the saplings. In addition, a drip irrigation system (DIS) was installed in the area, that significantly contributed to the survival and well-being of the saplings adding value to the sustainability of the project. Moreover, as

part of the DIS, we installed an electrical transformer at the site to support the intention of the MENR to run the irrigation system with cleaner energy in the future when the site will be connected to the national power grid.

Discharges and waste management

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.

Hazardous waste (excluding produced water and sewage)

In 2019, we generated 40% less total hazardous waste than in the previous year. The hazardous waste streams generated in a less quantity were water oily and those generated from our drilling activities. The reduction was mainly due to the restoration of the cutting reinjection wells on the West Chirag platform in 2019 and the further reinjection of a major part of hazardous waste into those wells from this offshore installation. Another reason for the reduction in total hazardous waste were fewer drilling activities in 2019 compared to the previous year. Almost a half - 43%

Generated waste quantities (tonnes)		
	2018	2019
Hazardous waste (excluding produced water and sewage)	103,504	62,163
Non-hazardous waste	27,131	17,226

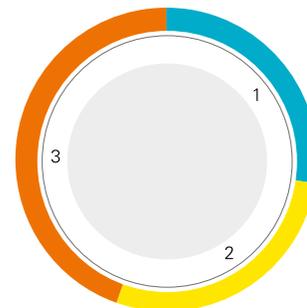
of the total hazardous waste was sent for reuse and recycling. The largest recycled streams were cement and oils.

Non-hazardous waste

In 2019, we generated 37% less non-hazardous waste than in 2018. This was mainly due to less construction debris produced throughout the year compared to 2018 when the Shah Deniz 2 site expansion project at the Sangachal terminal was executed.

We achieved 60% reuse and recycling rate of non-hazardous waste in 2019, which is slightly less than in 2018. The recycled non-hazardous waste streams mainly included metal scraps, plastics, paper, cardboard and wood.

Fate of drilled cuttings in 2019



1. Injected	15,836.1
2. Shipped	15,992.4
3. Discharged	25,663.0

Drill cuttings

In 2019, we continued our drilling activity in the Caspian Sea, generating about 57,500 tonnes of drilling muds and cuttings- about 15% more than in 2018. We also continued to reinject drill cuttings to subsurface with the total volume 15% less than in the previous year. About 48% of all drilling fluids shipped to the shore was recovered in the form of base oil and water, compared to 36% in 2018.

The permitted discharges of muds, including other drilling fluids and

Plastic waste minimization at Sangachal terminal

At the Sangachal terminal, we ran a pilot project in 2019 to reduce our single-use plastic in several ways. As part of this project we took the following steps:

- eliminated the use of plastic bags for catering purposes. This allowed us to save around 16 kg of plastic per day.
- stopped provision of plastic plates to tea/coffee points.
- merged the industrial and non-industrial sections of our canteen facilities. This resulted in the reduced consumption of single-use plastic dishes and cutlery items previously used in the industrial canteen.
- started to serve packed lunch in paper bags as opposed to plastic bags.
- changed our bottled water provider in order to improve water quality aiming to encourage our employees to reduce the use of plastic water bottles. Achieving 50% reduction may result in avoiding the use of around eight tonnes of plastic per annum.
- increased the awareness about the danger of plastic waste through placing posters in our Sangachal offices and including plastic waste minimization topic in the agenda of the general environmental awareness sessions.

Once we get the quantifiable results from these actions, we plan to share the best practice for plastic waste minimization with our other facilities.





A lab specialist carries out testing as part of sewage treatment monitoring activities.

cuttings, to the sea as a result of the routine drilling activities in 2019 were equal to 25,663 tonnes. These were mainly discharged from the Chirag platform, the Istiglal and Maersk Explorer mobile drilling units. This volume also included mud and cuttings discharges associated with the pilot hole drilling as part of the Azeri-Central-East (ACE) project.

Sewage

We regularly monitor and analyse sewage treatment performance and the quality of discharged water.

We continued implementing improved maintenance and monitoring practices

throughout the year, maintaining compliant sewage treatment performance across our facilities in Azerbaijan. The sewage treatment at our midstream facilities was in compliance with the national discharge standards throughout the year. However, there were minor off-spec results observed at some offshore facilities, which were addressed and resolved. For instance, we continued to observe the results of the sewage treatment monitoring at the Shah Deniz Alpha platform and put 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-Deepwater Gunashli (ACG) field is separated both offshore and at the Sangachal terminal.

The ACG and Shah Deniz fields generated and treated 8 million tonnes of produced water in 2019. The separated produced water was reinjected offshore through dedicated wells to sustain pressure in the oil reservoir.

We maintained the injection efficiency of produced water at a maximum level of 99.6%, slightly higher than in 2018.

Environmental monitoring

We have been conducting environmental monitoring surveys around our operational facilities and on the regional contract areas since 1995. These surveys are focused on revealing ambient environmental health around bp-operated facilities.

Through these monitoring studies we aim to understand the potential impacts of our activities to the marine, shoreline and terrestrial ambient environment in the bp-operated contract areas in Azerbaijan.

In 2019, we conducted 19 complex ambient environmental monitoring studies. These included offshore, inshore and onshore surveys.

Offshore, we carried out environmental monitoring surveys around the Chirag, West Azeri, Deepwater Gunashli and Shah Deniz Alpha platforms. In addition, we conducted a post-drilling survey at the Shah Deniz 2 East South manifold area, and a regional survey in the Azeri-Chirag-Deepwater Gunashli (ACG) contract area. We also undertook three environmental monitoring surveys in inshore waters. Out of them, two baseline monitoring surveys were conducted in the Shallow Water Absheron Peninsula (SWAP) contract area, and one survey in the Sangachal bay. The scope of these surveys included a study of the distribution and abundance of macrobenthic and planktonic populations in the area, as well as physical and chemical characteristics of the local ambient environment.

According to the results of the surveys, the ambient environment around the offshore platforms showed no signs of



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

increasing levels of contamination. The concentrations of drilling discharges related contaminants - water-based mud and hole-cleaning drilling fluid compounds - had reduced at the survey locations compared with the previous survey levels. The survey carried out around the Shah Deniz Bravo platform indicated the presence of a physical disturbance in one station and this was related to the installation of the adjacent seabed infrastructure. There were no widespread physical impacts or contamination observed within this survey area.

Onshore we conducted 10 ambient environmental surveys (ACG and Shah Deniz production sharing agreements scope) around the bp-operated onshore facilities covering the Sangachal terminal, the export pipelines and the Serenja hazardous waste management facility (HWMF). 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 HWMF. There was no evidence of persistent impact on the ecosystems quality or environmental health around the Sangachal terminal, Serenja HWMF or the export pipelines.



Experts collect samples during onshore environmental monitoring activities.

In addition, within the non-ACG and Shah Deniz PSA scope, we carried out the following ambient monitoring activities in 2019: noise measurement, invasive species survey, landscape monitoring, bio-restoration study along the SCPX pipeline; air quality, ground-surface water quality, noise and bio-restoration surveys

along the Baku-Tbilisi-Ceyhan pipeline.

Our operational environmental monitoring focused on emissions, discharges, consumption of fuel, power and water, waste streams, noise emissions associated with the activities at our operational facilities.

Building oiled wildlife response capability

We continuously work to improve our capability to respond to oiled wildlife cases in line with our goal to minimize negative impacts of our activities on the environment wherever we do business.

In Azerbaijan, we completed an oiled wildlife response capability-building project in 2019 to be prepared for a potential oiled wildlife situation. The project brought together the representatives of the relevant government authorities, oil companies operating in the region, universities and other educational institutions, as well as non-governmental organizations.

The experts designed the project considering the species, concentration and distribution of wildlife (marine and terrestrial) so that it would cover all bp operations in Azerbaijan- offshore and onshore. All aspects of oiled wildlife response and rehabilitation (plant, process, people) were identified and included.

With this project, we developed a sustainable capability for our own operations as well as for the country. The project outcomes include a validated response plan, an oiled wildlife responder local pool (nearly 150 experts from various organizations registered as potential oiled wildlife responders in our pool), as well as an exercise and training programme. In

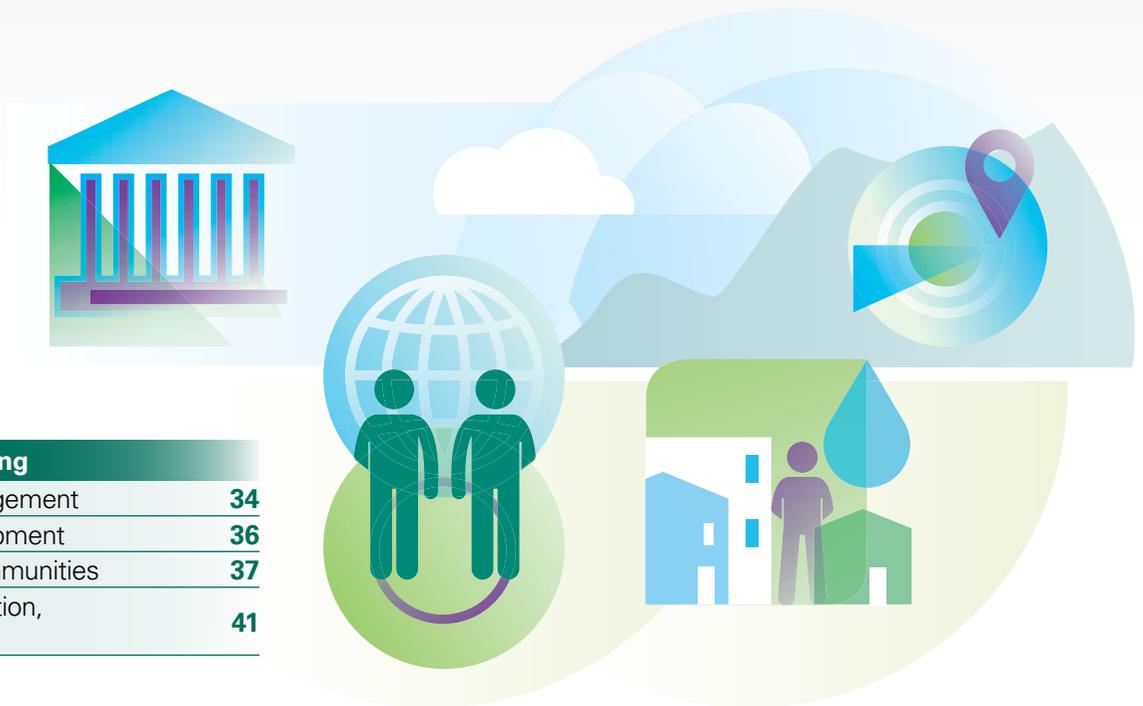


addition, the newly developed capability includes a functional mobile oiled wildlife response and rehabilitation unit, which can be mobilized and deployed in almost any location, as well as associated tools and a set of equipment.



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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Stakeholder engagement

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

In 2019, we continued to work with SOCAR on issues of mutual importance within the framework of our production sharing agreements (PSAs), host government agreements (HGAs) and other agreements.

bp's then group chief executive, Bob Dudley met with the President of the Republic of Azerbaijan Ilham Aliyev

twice throughout the year. In January, he was received by President Aliyev during the World Economic Forum in Davos, Switzerland. They also met in December, during Bob Dudley's visit to Baku, when he introduced his successor Bernard Looney to President Aliyev. During that meeting, Mr. Dudley briefed the President on the status of and plans for the bp-operated projects in the region and covered bp's continued delivery as the operator of Azerbaijan's major oil and gas production, transportation and exploration projects.

In September, President Aliyev received a delegation led by Helge Lund, chairman of the bp board. The sides hailed the long-term successful cooperation between Azerbaijan and bp and underlined the role of the oil and gas industry development in diversifying Azerbaijan's economy.



bp is our key partner in major strategic projects. Our co-operation in the development of both Azeri-Chirag-Deepwater Gunashli and Shah Deniz fields, TANAP and the recently signed contracts is long-term – it has a history of 25 years. This cooperation will be continued for at least another 25-30 years.



Ilham Aliyev
The President of the Republic of Azerbaijan

As part of the co-operation with the Government of Azerbaijan, Gary Jones, bp Azerbaijan-Georgia-Turkey regional



The President of the Republic of Azerbaijan Ilham Aliyev visits bp stand during the 26th Caspian Oil and Gas Exhibition.

president, regularly met with government officials to provide updates on the ongoing operations and projects such as Shah Deniz 2 and South Caucasus Pipeline expansion (SCPX), and on our new exploration projects.

In February, Gary Jones and the members of his leadership team took part in the fifth Ministerial Meeting of the Southern Gas Corridor Advisory Council attended by President Aliyev. During the 26th Caspian Oil and Gas Exhibition in Baku in May, Mr. Jones hosted President Aliyev at the bp stand. In September, Gary Jones attended a ceremony hosted by President Aliyev to mark the 25th anniversary of the 'Contract of the Century' and the Oil Workers' Day.

In October, Vladimir Drebentsov, head of bp Russia and the Commonwealth of Independent States (CIS) Economics, visited Baku to launch bp's 2019 Statistical Review of World Energy

and Energy Outlook- 2040 report. The report was presented to a wide range of audiences including those in the key ministries, embassies, international organizations, the civil society and the media.

We hosted 24 site visits to the Sangachal terminal in 2019, covering in total around 300 people with diverse backgrounds, such as politicians, journalists and guests of our co-venturers as well as representatives of financial, educational and other organizations from several countries.

We saw substantial media interest in our activities during 2019 and engaged the media in all aspects of our business in Azerbaijan, keeping them updated, arranging briefings and providing interviews for local and international journalists. We invited representatives of the key media outlets to all bp-hosted external events. We also arranged

trips for visiting international media representatives to our sites. Our 24-hour media response line continued to be available to the media during the year.

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 the 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 2018 EIT report to the commission in the summer of 2019. The full report is available at bp.com/azerbaijan.



We regularly host visits of foreign diplomatic missions' representatives to the Sangachal terminal.

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 280 local suppliers in Azerbaijan in 2019, 234 of which were small and medium-sized enterprises. Our joint operations and projects expenditure in the country totaled nearly \$3 billion in 2019 of which more than \$913 million was spent directly with local suppliers.

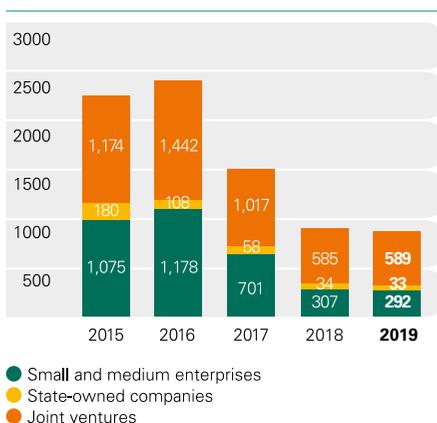
Enterprise development programme

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.

In 2019, 21 companies completed the programme, bringing the total number of the companies that have completed it to 280.



bp spend with national suppliers (\$ million), 2015-2019



Our company graduated from the EDP in September 2019, specializing in event management. The EDP gave us ideas to re-engineer the company, to develop its brand identity, to clarify a number of points in our business plan, and to build our future team according to the two core services which are very different by nature.



Ali Ahmadov
'ING' LLC director

National manufacturing programme

As part of our Azeri-Central-East (ACE) project we launched a new tool for building trust with the national producers – a national manufacturing programme. For this, a group of bp experts conducted extensive industry research to evaluate national manufacturing opportunities in Azerbaijan. As a result of this research, we established the product lines and identified the prospective national manufacturers - candidates for the manufacturing of components either on their own or by forming an alliance



with an international manufacturer. The selected national manufacturers received a unique chance to understand qualification criteria required to be able to effectively manufacture components to the required standards. The whole programme enhanced the capacity of

national manufacturers by promoting compliance with the international quality requirements and providing support prior to sourcing and thus, lowering the risk of non-performance at the post-contract stage. All this in the long run adds value to the local market in which we operate.

Working with communities

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

Maintaining community relations

bp regularly informs communities along the Baku-Tbilisi-Ceyhan (BTC) pipeline, the South Caucasus Pipeline (SCP) and South Caucasus Pipeline Expansion (SCPX) routes in Azerbaijan about its business activities and plans. We engage in a number of ways - from community meetings and distribution of pipeline protection awareness materials to written correspondence and responses to requests or complaints.

Our community liaison officers hold regular public consultations to listen and address requests and manage community-related grievances. They also conduct needs-based assessments and monitoring of community and social

investment projects.

We conducted more than 700 group and individual consultation meetings with about 2,500 community members and other stakeholders in 2019 in Absheron, Garadagh, Kurdamir, Yevlakh, Ujar, Hajigabul, Agdash, Goranboy, Agsu, Samukh, Shamkir, Tovuz and Agstafa. A total of 167 group meetings held with the communities covered various areas, including updates on business activities in the region, safety and security of the export pipelines and updates on community development initiatives and social projects.

We received 521 requests from communities and other stakeholders, mainly about permissions for

infrastructure works on the pipeline corridor. By the end of 2019, we had responded to 499 of these requests while the remaining 22 were closed at the beginning of 2020.

Grievance management

We believe that open dialogues help us build strong, mutually beneficial working relationships over the long term and enable 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, investigate and respond to all complaints through our formal grievance mechanism.

In 2019, we received 35 complaints from the communities around our operations. We had responded to 34 of them by the end of 2019, and the remaining one was responded at the beginning of 2020. In addition, we discussed and resolved questions and concerns raised by the communities during our group and individual consultation meetings throughout the year.



We helped more than 300 young people from local communities get access to higher education.

Our community engagement and grievance management mechanisms are open to stakeholder monitoring such as project lenders' consultant reports and site visits, and information on our social performance is widely shared with the relevant communities, as well as local and international NGOs. As an example, in 2019 we engaged with Crude Accountability- a US NGO promoting environmental and human rights in the extractive industries - in order to discuss our community engagement processes.

Land acquisition

We completed the land acquisition process for the SCPX project in 2019. Along with the land parcels acquired earlier during the project, additional 65 land parcels were acquired in 2019 for the project purposes, and the process was completed in November 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 2019, over 3,000 people benefited from the implementation of our sustainable development initiatives.



We support projects to help local communities get access to improved infrastructure.

Building early intervention services

In September 2019, we completed the third phase of the project aimed to provide early intervention and inclusive preschool services in 13 districts along the pipeline routes and beyond - Hajigabul, Kurdamir, Agdash, Ujar, Yevlakh, Samukh, Goranboy, Shamkir, Tovuz, Agstafa, Agsu, Gobustan and Shirvan.

During this phase, 902 children attended the pre-school education groups, and 279 parents received training on inclusive education and parenting skills. In addition, relevant assistance measures were identified and used for 364 children.

Build your future

We started this project in September 2016 to support a large group of 11th graders selected from among disadvantaged families in the Garadagh, Kurdamir, Ujar, Agdash, Yevlakh districts in their preparation for university admission exams. The project activities include two components – academic knowledge and social integration.

As a result of the third phase completed in September 2019, 84 young people were admitted to local universities and colleges. A total of 188 out of 207 participants in all three phases (91%) passed the higher school entrance exams and became students. Based on this success, we launched the

Building future for youth: Elnara's story

Elnara Hasanova from Kurdamir achieved the second highest score - 690 out of maximum 700 - among the participants of the 'Build your future' project in the 2017-2018 academic year. In 2019, in parallel with her studies at the university, Elnara started working as exam invigilator at the British Council. Elnara shares her memories: "I have been admitted to Baku Higher Oil School's programme with English as the main language of instruction. Though, at first, I had difficulties with English, I am very proud that I was able to overcome them – I passed IELTS examination and gained the score required by my university. I also try to take an active part in various extracurricular activities at the university – currently, I am a member of the programming, volleyball and movie clubs."

"Working hard, never giving up and reaching out for help are among the things I learned while participating in the 'Build your future' project," Elnara adds.



fourth phase of the project expanding its coverage to the Hajigabul district as well. A total of 112 young people have been selected for the new phase.

English for communities

We launched this project in 2016 aiming to support employment opportunities for community members through developing their English language skills. This is achieved through providing English classes to community members directly and through developing English language teaching skills of school teachers. We started the project in the communities along the pipeline route in the Goranboy, Samukh, Shamkir, Tovuz and Agstafa districts. Later, we extended it twice covering six more districts – Kurdamir, Hajigabul, Garadagh, Yevlakh, Agdash - along the pipelines. We completed the third phase of the project in 2019, benefiting over 400 community members.

Sweet Gold

We continued to support this livelihood generation project for community members from the Yevlakh, Goranboy, Samukh, Shamkir, Agstafa and Tovuz

districts by providing equipment, training and continuous consultancy in beekeeping and small farming.

In 2019, 203 community members received training in four areas of beekeeping. They also received beehives, honeybee colonies and tools and equipment necessary for beekeeping. As part of the project, we also continued to invest in improving the quality of honey through planting 45,000 nectar-source tree saplings for bee feeding.

Green Sangachal

In 2019, we successfully completed the 'Green Sangachal' project designed to establish a green area for the benefit of the community in Sangachal. As part of the project, we supported the planting of over 1,100 plants, soil fertilization and the establishment of an irrigation system to enable the sustainability of the planted trees.

Social infrastructure

We continued to implement social infrastructure projects in various pipeline affected communities in 2019 including renovation and repair of three

kindergarten buildings in the Kurdamir and Hajigabul districts.

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 the 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) provides guidance for respecting the rights of workers and community members.

Human rights principles are 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 the Voluntary Principles on Security and Human Rights (VPSHR)



'Sweet Gold' project helps local communities build competitive honey-making businesses.



Horse patrol checks in at the BTC kilometer post in Yevlakh.

remains one of the main objectives in ensuring that the public and private security services assigned for the protection of our assets and operations strictly comply with and maintain proper application of the principles to their day-to-day duty.

Working with communities and local authorities enables us to highlight the mutual benefits of our relationships and develop responses to any security or operations related incident through monitoring and reporting. Our security representatives participated in and, in some cases, facilitated more than 70 community awareness meetings across our operations in 2019. In addition, we facilitated 21 Export Pipelines Security Commission (EPSC) meetings during the year.

Throughout 2019, the bp-operated export pipelines were patrolled by 55 horse patrollers representing the contractor company and our state partner in protection of operations – the

Export Pipeline Protection Department (EPPD).

We maintained continuous cooperation with our security partners to ensure the security and integrity of our operations and assets throughout the year. As part of this cooperation, we organized and hosted an annual forum of the EPSC to discuss emerging security and safety issues, as well as to share the best experiences with the security and community stakeholders.

In 2019, we conducted five security exercises jointly with the EPPD, cooperating with and involving the State Security Service, the Ministry of Defense and the local enforcement authorities of Azerbaijan.

We also involved representatives of the EPPD regional branches in 41 emergency exercises run by our pipeline security department. In turn, our security department participated in more than 50 EPPD exercises along the

Azerbaijan export pipelines.

Our security service contractor made a good progress in developing their personnel through conducting awareness sessions. A total of 58 contractor employees assigned to bp offices and sites received VPSHR training in 2019. We also developed and conducted competency assessment of the security service personnel together with our security service provider.

In 2009, we established a quick-dial '114' emergency communication tool along the Azerbaijan export pipelines and it remains operational. This tool is for the affected communities to be able to report any incident or concern directly to the EPPD for further joint investigation with our security team. The '114' procedure is overseen by a joint protocol with the state security provider. There were no incidents reported via the '114' line related to the VPSHR during 2019.

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 helping enhance national capability in support of the energy industry in Azerbaijan.

Improving computer science education in high schools

Through this project we aim to equip high school students with computer science knowledge and skills. In 2019, a total of 50 teachers received continuous mentorship on using effectively the curriculum and teaching materials developed as part of the project in the previous years.

English for engineers

In 2019, we launched a project to enhance English language skills of 90 teachers and 200 students of the Azerbaijan State Oil and Industry University. The project aims to build capacity for improving the quality of higher education and engaging the university in international cooperation. Throughout the year, language training sessions were arranged for the teachers and post-training exams were held to select those who would teach students the English language.

Business school for strategic execution

Through this project we aim to help meet the market demand in executive education and challenges faced by local organizations in this area. The project brings an internationally recognized Adaptive Strategic Execution Programme to Azerbaijan, basing it at Baku's ADA University. A total of 44 people participated in the programme in 2019.

'Academic publishing' project

In March 2019, we started to support the translation into Azerbaijani and the publication of 10 academic textbooks on a number of areas, such as sustainability and supply chain management, human resources management, media and mass communications, banking, financial markets and principles of marketing, social sciences and others. Through this project we aim to benefit the students of 10 local universities giving them an access to high-quality



Participants of the first stream of Adaptive Strategy Execution Programme celebrate their graduation.

learning resources in the Azerbaijani language. The translation and publication of three books out of 10 were completed in 2019.

'School support' project

As part of this initiative, we supported the development of learning materials on teaching methodology for in-service and pre-service school teachers and presented them to relevant institutions.

Supporting laboratories of Baku Engineering University

In 2019, we started to support Baku Engineering University by purchasing materials for chemical experiments and installing new equipment in the 11 chemical and mechanical engineering laboratories established earlier at the university by bp and co-venturers. In addition, the project scope includes the translation from English into Azerbaijani of learning materials for the chemical engineering department. The project is expected to benefit more than 400 students every year.

By the end of 2019, the project completed the translation of one manual and installation of some of the equipment at the university laboratories.

Process simulation laboratory at Baku Higher Oil School

We launched this project in 2019 to support the establishment of process simulation capability and a related research centre at Baku Higher Oil School. During the year, the project activities included publication of a manual, provision of software training for university teachers and commencement of purchase of laboratory equipment.

Publishing centre at Baku State University

In 2019, we launched a project aiming to establish a digital technology-based publishing centre at Baku State University (BSU). The project is designed to enable the BSU to produce high-quality printing materials, to publish research and studies conducted by



teachers and students and to provide the students majoring in publishing and editing, as well as journalism and philology with an internship opportunity.

Azerbaijan business case competition

We continued to support the annual 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 2019, 88 teams applied for ABCC and 26 teams selected from seven universities participated in the competition. Only 12 teams out of 26 earned the chance of passing to the semi-final stage, and four teams reached the final. The students spent five weeks in training in business case analysis and strategy development and four weeks in preparation sessions.

In addition to the financial support, our employees contributed to the project as trainers, coaches and jury panel members.

ASOIU-DAAD summer school

In August 2019, we hosted the students of the "ASOIU-DAAD Summer School

2019" organized by the Azerbaijan State Oil and Industry University (ASOIU) and the German Academic Exchange Service (DAAD).

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

ADA Baku Summer Energy School

bp sponsored the 13th Annual Baku Summer Energy School of Caspian Center for Energy and Environment of ADA University in 2019. The annual two-week certificate programme for energy professionals, which was organized jointly by SOCAR and bp, brought together 31 participants from eight countries to explore and gain a better understanding of global and Caspian energy and environmental issues.

'Target – STEM' international conference

We supported the first international training conference 'Target – STEM', organized by the Ministry of Education in cooperation with the 'Hadaf' lyceum. The conference aimed to support efforts towards applying the STEM (Science, Technology, Engineering, Math) approach to educational institutions in

Azerbaijan. A total of 80 young teachers and students of the Azerbaijan Teachers Training University and Baku State University attended two-day training courses and were awarded certificates as part of this conference.

'Tomorrow's scientists' competition

We supported an annual republican competition aimed to create an opportunity for high school pupils to pursue research and present their scientific achievements. The competition was arranged in various categories such as mathematics, physics, chemistry, biology, medicine and health, ecology, engineering and computer science. The winners of the competition participated in the Intel International Science and Engineering Fair held in the USA.

Business lectures at universities

We continued to arrange business lectures by bp experts and senior executives to support national petroleum engineers' development in Azerbaijan. As part of this initiative, bp senior managers and members of the leadership team regularly delivered

lectures and made presentations at Baku Higher Oil School and ASOIU, sharing their knowledge and experience and providing information about bp's activities, technology, operations processes and mechanisms.

Enhancing employability skills for people with disabilities

Through this project we aim to enhance employment opportunities for people with disabilities in Azerbaijan. The project partners with the Ministry of Labour and Social Protection of Population and the state employment centres.

After the successful completion of the first phase of the project in January 2019, we launched the second phase in July. In addition to general English, soft and computer skills development and psychological support, the new phase covers some job specific skills. A total of 105 people with disabilities were selected for the second phase of the project.

Watch the video with project participants [here](#).

Rehabilitation services development

We started this initiative in 2019 with

the aim of improving the capability of up to 60 child development specialists through provision of training in physiotherapy. These specialists are expected to work with in total up to 300 children with special needs.

Creating opportunities for people with autistic spectrum disorder

As part of this social project, we brought one of the internationally practiced systematic formal programmes to Azerbaijan to help people with autistic disorders integrate into the society. We successfully completed this initiative in 2019 providing training in autism behavioral analysis to 55 local specialists and 250 parents. In addition, a website on autism and a manual to support the specialists and parents of autistic children in their efforts to apply treatment techniques were developed as part of this project.

Improving skills of social workers, psychologists and educators of Qovlar Daily Care Centre

The project aimed to support capacity-building efforts of social workers,



We support social integration of hundreds of people with disabilities and special needs.

psychologists and teachers working with children. As part of this initiative in 2019, we supported the provision of training courses on 10 childcare related themes to 30 local childcare specialists and the publication of two childcare related manuals.

'CHED' project

We supported the 'Foundation course in childhood health, education and social development (CHED)' project in 2019. It aims to raise the quality of service to children with disabilities and developmental disorders through creating training opportunities for service providers in Azerbaijan. The project brings together higher education specialists from the US and Azerbaijan to develop a new programme that would give local people access to high-quality certified training in their own language. A total of 19 local specialists graduated from the first training stream as part of the project in 2019.

Promotion of gender diversity in engineering

In 2019, we organized an event to promote engineering and raise gender diversity awareness among female students. The initiative also aimed to challenge the existing engineering gender stereotype and reinforce a gender equality mindset. The event was held as part of the 13th Azerbaijan International Education Exhibition.

 Watch the video about bp's approach to diversity in engineering [here](#).

Modernizing monitoring and evaluation e-infrastructure of CAERC

In 2019, we completed this project designed to support the modernization of monitoring and evaluation e-infrastructure of the Centre for Analysis of Economic Reforms and Communication (CAERC) through development of a sophisticated software. The new software is used 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 supports the CAERC in effectively



bp project engineer talks about importance of gender diversity in engineering.

processing the economic data which it receives from 47 public bodies, including ministries, agencies and committees.

Sponsorship of conferences and workshops

During 2019, we sponsored about 15 conferences, exhibitions, forums and symposiums on various themes, such as Caspian basin ecology, climate change and the environment, customs, ethics and compliance, entrepreneurship, start-ups and archeology.

IADC Drilling Caspian 2019 conference and exhibition

We supported the International Association of Drilling contractors (IADC) Drilling Caspian 2019 conference and exhibition which brought together industry leaders and drilling professionals to discuss challenges and share the best practices in the drilling industry. The event also highlighted evolving approaches to safety and training, providing practical information on the new tools and processes that can be used to improve HSE performance in drilling.

Falcons Summit

bp sponsored the Falcons Summit Baku 2019 – a three-day event which brought together investors, start-ups,

entrepreneurs, corporation executives, as well as representatives of small and medium-size businesses from more than 120 countries. The summit provided an opportunity to demonstrate innovative start-ups, discuss funding channels and showcase the investment potential in Azerbaijan.

'The Role of Paris Agreement in climate change and environment' conference

bp supported an international conference on the 'Role of Paris Agreement in climate change and environment' held in Baku in 2019. The conference aimed to determine the general directions in the field of environmental protection, environmental safety and efficient use of natural resources.

UK Alumni forum

We supported the first UK Alumni forum where experts in education, energy and technology – mainly UK alumni - gathered to discuss the vision for better education and development of environmental solutions in Azerbaijan.

International Caspian and Central Asia Downstream forum

We provided sponsorship support to the fourth SOCAR International Caspian and Central Asia Downstream forum in 2019. The forum serves as an arena to gain

insights into the prospects of the oil and gas industry development in Azerbaijan, oil and gas markets in the Caspian region and Central Asia, hydrocarbon logistics and transit potential, major export routes, crude and products trade flows, as well as innovative technologies in the industry.

'Ethics and Compliance in Azerbaijan' conference

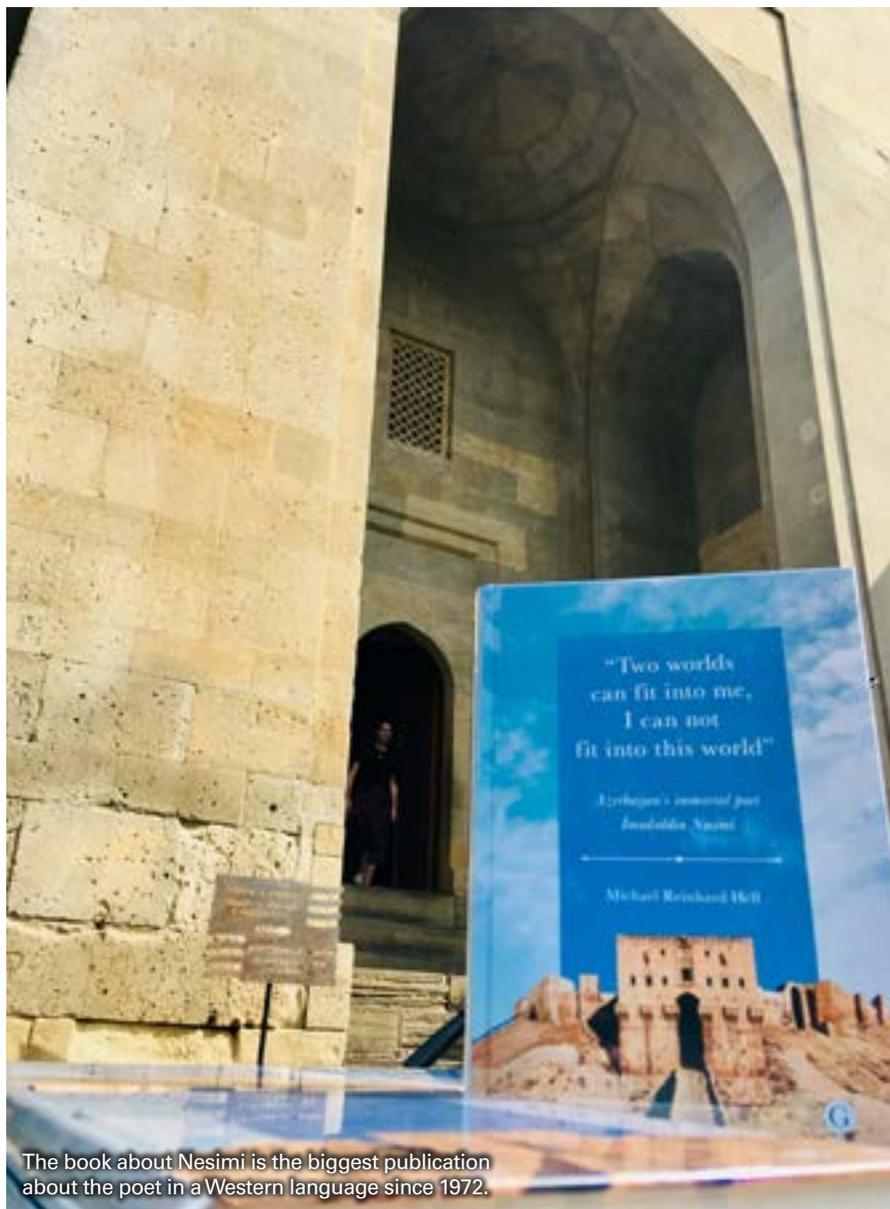
We supported the second conference on 'Ethics and Compliance in Azerbaijan' organized by the American Chamber of Commerce (AmCham) in 2019. The conference included two panel discussions about the role of compliance function in strengthening corporate values beyond corruption and effective third-party risk management on compliance.

'Caspian Ecology 2019' exhibition

We sponsored and participated in the 10th international environmental exhibition 'Caspian Ecology 2019'. The event demonstrated developments in a number of fields, including the efficient use of natural resources, systems for the collection and disposal of solid waste, for sewage and rainwater treatment, micro-tunneling, measuring and control technologies for water analysis, as well as attracting people's attention to the environmental issues and their resolution.

Cultural initiatives

In 2019, we sponsored the publication of a new fundamental research book in English about Imadeddin Nesimi - one of Azerbaijan's and the world's great literary names. The book is a contribution to the 650th anniversary celebrations of Azerbaijan's immortal poet and is one of the most extensive scientific publications about Nesimi in a Western language. The author of the research and the book is the well-known literary scholar Michael Reinhard Hess. The book presents all essential aspects of Nesimi's life, the historical and intellectual background of his times, and the impact he has left behind through his work. We presented the copies of



the book to the libraries and universities in Europe.

Watch the video from the book presentation event [here](#).

Sport initiatives

In 2019, 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 had been selected as our ambassadors.

In May, bp was a proud sponsor of the National Paralympic Committee (NPC) event 'Baku 2019 International Blind Sports Federation Judo Grand Prix'. A total of 500 participants from 43 counties came together to compete in this judo competition.

In November, we supported two events held by the NPC - the 'Invincible' gala presentation and the fifth Children's Paralympic sport games devoted to the 30th anniversary of the International Paralympic Committee.

Karpijlitapa

Supporting national archeological heritage

In October 2016, during the South Caucasus Pipeline expansion (SCPX) project construction works through the Goranboy district of Azerbaijan, we discovered a medieval fortress. For centuries, the area around the discovery was called Karpijlitapa, which means the 'bricks hill' in Azerbaijani. However, no one knew why because there was no evidence of bricks around or any relatively recent brick making or storing sites in this area.

The answer to the puzzle with the name came with the SCPX discovery when the archeologists announced the first results of the site investigation. They had unearthed a residential area: the remains of walls built from river stones, clay ovens and heating stoves, water and household wells and a large furnace intended for making bricks and ceramics.

When the discovery was announced, bp together with its partners in Shah Deniz decided to move all construction activities bypassing the area to enable the site to be studied and excavated in line with the project commitments. The Ministry of Culture of Azerbaijan, the Institute of Archaeology and Ethnography (IAE) of the Academy of Sciences and representatives of international archeologists came together to support exploration activities and to evaluate the archeological finding at Karpijlitapa. As a result, given the historical and cultural importance of the discovery, the SCPX project decided to re-route the pipeline not to damage the fortress and to preserve it for future generations.

In 2017, we signed an agreement with the Ministry to allow archeologists from the IAE to conduct additional archeological excavations at the site. The archeologists defined that the monument dated back to the late 10th - early 13th centuries and used to be a residential centre. They also identified that the site had undergone at least three phases of occupation or use, and the later period of occupation had damaged the earlier phases. Nevertheless, the entire fortress and the remains found inside it represent a decent picture of the Azerbaijani household of some 1,100 – 800 years ago.

In 2018, bp sponsored a project to take digital photographs and collect three-dimensional (3D) laser scan data of the excavated components of the Karpijlitapa fortress. During the digital documentation, the project team collected 360-degree digital photographs and 3D laser scan point cloud data at over 100 locations across the site. We believe the collected set of data of the highest possible quality will help the current and future generations to further research this significant archeological finding on the territory of Azerbaijan.

In December 2019, upon completion of the excavation works and data gathering, and following consultations with the Ministry, IAE and the Heydar Aliyev Foundation, the project started backfilling the site in order to preserve the fortress for future generations. Backfilling of archaeological sites for future excavation is a common international practice, and examples from around the world were discussed with the relevant stakeholders prior to the decision to backfill the site.



Five-year performance data¹

For the year ended 31 December 2019					
Operating	2015	2016	2017	2018	2019
Total hydrocarbons produced (thousand barrels of oil equivalent per day) ²	903	908	858	871	928
Financial³					
OPEX (operating expenditure) – total spend, gross (\$ million)	1,445	1,117	1,069	1,238	1,296
CAPEX (capital expenditure) – total spend, gross (\$ million)	7,430	6,180	4,873	2,988	2,654
Safety					
Fatalities – employees	0	0	0	0	0
Fatalities – contractors	0	0	0	0	0
Day away from work cases – workforce	2	3	2	1	2
Day away from work case frequency – workforce	0.01	0.01	0.01	0.01	0.02
Recordable injuries – workforce	17	22	19	6	13
Recordable injury frequency – workforce	0.08	0.07	0.09	0.05	0.13
Hours worked – employees (million hours) ⁴	8.5	9.2	7.3	7.5	5.7
Hours worked – contractors (million hours) ⁵	35.2	50.2	36.4	18.9	13.9
Environment					
Direct carbon dioxide (CO ₂), gross ⁶ (thousand tonnes)	3,275.21	3,394.17	3,224.15	3,566.75	3,669.87
Indirect carbon dioxide (CO ₂), ⁷ gross (thousand tonnes)	1.2	1.6	2.1	5.3	1.9
Direct methane (CH ₄), gross (thousand tonnes)	5.9	5.9	4.3	5.3	6.4
Direct greenhouse gas emissions, ⁸ gross (thousand tonnes CO ₂ equivalent)	3,400	3,543	3,331	3,699	3,830
Flaring (exploration and production), gross (tonnes)	203,651	195,893	153,425	241,856	287,662
Sulphur oxides (SO _x), gross (tonnes)	150	154	140	121	120
Nitrogen oxides (NO _x), gross (tonnes)	10,966	11,222	10,986	10,118	10,131
Non-methane hydrocarbon, gross (tonnes)	2,438	767	882	1,040	1,148
Number of oil spills ⁹	6	11	4	2	3
Volume of oil spilled (litres)	4,463	67,372	4,116	1,695	25,470
Volume of oil unrecovered (litres)	835	15	0	0	0
Operational discharges to water – drill cuttings with synthetic-based mud (tonnes)	2,753	1,322	450	0	1,210
Employees¹⁰					
Number of employees of bp in Azerbaijan ¹¹	3,150	3,243	3,135	2,897	2,836
Number of professional staff of bp in Azerbaijan ¹¹	3,130	3,211	3,108	2,874	2,813
National ¹¹	2,735	2,785	2,686	2,511	2,491
National (%)	87%	87%	86%	87%	89%
Expatriate	415	426	422	363	322
Senior level Azerbaijani managers	275	314	343	358	365
Social spend					
Total for bp and co-venturers in Azerbaijan (\$ million) ¹²	4.5	1.5	5.7	4.1	4.2

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 Report

Independent practitioner's limited assurance report by Deloitte & Touche LLC ('Deloitte') to BP Exploration (Caspian Sea) Limited ('the Company') Management on the 2019 Sustainability Report for the year ended 31 December 2019.

Scope of assurance

We have been engaged by the Company to perform an assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised) ('the Standard') to provide public limited assurance on accuracy of Selected Data presented in 'bp in Azerbaijan Sustainability Report 2019' ('the Report') for the year ended 31 December 2019.

Assurance procedures and roles

We carried out limited assurance on accuracy of the selected key performance indicators related to 2019 year and included into the Report as specified below in the section "Selected non-financial performance data for public limited assurance".

Our key assurance procedures

To achieve limited 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 on a sample basis the key systems, processes, policies and controls relating to the collation, aggregation, validation and reporting processes of the selected sustainability performance indicators;
- Conducted interviews with employees of the Company responsible for sustainability performance, policies and corresponding reporting;
- Conducted selective substantive testing to confirm accuracy of received data to the selected key performance indicators;
- Made enquiries of Management and Senior Executives to obtain an understanding of the overall governance and internal control environment, risk management, materiality assessment and stakeholder engagement processes relevant to the identification, management and reporting of sustainability issues;

- Performed review of disclosures of selected key performance indicators;

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

Inherent limitations

Inherent limitations exist in all assurance engagements due to the selective testing of the information being examined. Therefore fraud, error or non-compliance may occur and not be detected. Additionally non-financial information, such as that included in reporting documents is subject to more inherent limitations than financial information, given the nature and methods used for determining, calculating and sampling or estimating such information.

Our work has been undertaken so that we might state to the Company 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 the Company for our work, for this Report, or for the conclusions we have formed.

Our engagement provides limited assurance as defined in ISAE 3000 (Revised). 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.

Roles and responsibilities

- bp's Management in Azerbaijan are responsible for the preparation, accuracy and completeness of the sustainability information and statements contained within the Report. They are responsible for determining the Company's 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.

Independence and quality control

- We have complied with the independence and other ethical requirements established by the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which are based on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.
- 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.

Selected non-financial performance data for public limited assurance

We have been engaged by the Management of the Company to perform limited assurance procedures on accuracy of the following key performance data of the 2019 reporting year included into the Report:

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

Limited assurance conclusion

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



Baku, Azerbaijan
22 May 2020

Further information



Find out more online

Our bilingual website,

bp.com/azerbaijan

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

bp.com/en_az/azerbaijan/home/who-we-are/contact-us

You can also telephone
+994 (0)12 525 6000

or write to:

Transparency and public reporting
bp AGT region
bp Xazar Centre,
14 floor, 153 Neftchilar avenue,
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Apply for a job

Visit the Careers section of our website at

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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.

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opentalkweb.com

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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
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Public Information Centres' numbers:

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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

bp.com/azerbaijan

You may also contact us at

cdi@bp.com

Acknowledgements

Design ZAMA LLC

Photography Alakbar Agasiyev,
Elnur Mehdi,
Shahin Abasaliyev,
Stuart Conway,
Ramin Azizli,
Chingiz Samedzade,
Sevinj Aslanova

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