

BP'S RESPONSE TO THE

TANGGUH INDEPENDENT ADVISORY PANEL'S

THIRD REPORT ON THE OPERATION AND TRAIN-3 PROJECT

OF

THE TANGGUH LNG PLANT

JULY 2020

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Acronyms and Indonesian terms

AMDAL	Analisis Mengenai Dampak Lingkungan (Environmental and Social Impact Assessment)
CSTS	Chiyoda, Saipem, Tripatra, and Suluh Ardi – the consortium for the onshore engineering, procurement and construction of the Tangguh Expansion Project
DBH	Revenue Sharing Fund (Dana Bagi Hasil)
EPC	Engineering, procurement, and construction
FKPM	Forum Kemitraan Polisi dan Masyarakat (Police and Community Partnership Forum)
GOI	Government of Indonesia
GTP	Gas to power
ICBS	Integrated community-based security
IEDP	Indigenous enterprise development programme
IHT	In-house human rights training
JUKLAP	Field guidelines for joint security
LNG	Liquefied natural gas
Mmscfd	Million standard cubic feet per day
MOEF	Ministry of environment and forestry
MOU	Memorandum of understanding
MRP	Papuan people's council
NGO	Non-governmental organization
NSH	North shore housing
Perdasus	Special Local Regulation
Perda	Local Regulation
PLN	State electricity company
PGN	State gas company
Polda	Indonesian regional police command
Polres	Indonesian regency police
Polsek	Indonesian district police
Proper	Audit on AMDAL (environment and social management) compliance by the Ministry of environment and forestry
PSC	Production sharing contract
QRF	Quick Response Force (Satuan Gerak Cepat)
RUPTL	Electricity supply business plan (<i>Rencana Umum Penyediaan Tenaga Listrik</i>)
RUKN	National electricity business plan (<i>Rencana Umum Kelistrikan Nasional</i>)
Puskesmas	Community health centre
SKK Migas	National upstream oil and gas implementing agency, the Government of Indonesia partner in the Tangguh Project (which replaced BPMIGAS)
SPA	Sales and purchase agreement
TEP	Tangguh expansion project
TIAP	Tangguh Independent Advisory Panel
TNI	Indonesian armed forces
VPSHR	Voluntary Principles on Security and Human Rights

Introduction

BP would like to thank the current Tangguh Independent Advisory Panel (TIAP) for its comprehensive report and expert analysis, challenges and advice. Recommendations provided by the current TIAP have been very helpful in supporting our efforts to make Tangguh LNG a benchmark for successful collaboration with its stakeholders in order to manage challenging social, economic, and environmental issues. TIAP is helping us to ensure that Tangguh LNG offers mutual benefit for BP, the local community, government, employees, customers, and investors.

TIAP's most recent visit was conducted from 13 to 24 January 2020 and the report was issued in July 2020. The visit was conducted at the outset of COVID-19 pandemic which forced Tangguh operations and project to implement strict health protocols and reduce the number of people at the site in mid-March 2020. TIAP oversaw and felt the complexities of simultaneous activities between Tangguh operation and T3 project.

TIAP focused primarily on security, human rights, governance, and revenue management, but also addressed other non-commercial issues including the implementation of Tangguh's social commitments. TIAP report complements with the external panel/lender's consultant reviews carried out by the Tangguh Lenders Group.

We really appreciate the insightful recommendations laid out in this comprehensive report. It obviously will help us continue to properly manage all the risks and challenges that we will face when operating Tangguh in the long term and support sustainable development for the local community.

About the Tangguh LNG project

Tangguh LNG produces and exports liquefied natural gas (LNG) from three unitized production sharing contracts (PSC) blocks, namely Berau, Muturi, and Wiriagar, which are located in Bintuni Bay in the province of Papua Barat, Indonesia, about 3,000 kilometres east of Jakarta. Tangguh LNG is a strategic national asset.

Gas was discovered at Bintuni Bay in 1994, with 14 trillion cubic feet of proven reserves. Currently, the gas is extracted through wells situated at two unmanned offshore platforms – Vorwata-A and Vorwata-B – and then transported 22 kilometres through subsea pipelines to a liquefaction plant on the south side of the bay. Tangguh also uses supporting facilities in Babo District which comprise the operation of the Babo airstrip, Babo jetty, and camp. These facilities support the crew change activities and transit point for personnel going to Tangguh LNG.

The first LNG production took place in June 2009 with the first delivery by tanker to South Korea a month later. Tangguh continued to meet its contractual obligations, operating at 7.6 million tonnes per annum at current capacity. There are around 1,000 employees operating Tangguh trains 1 and 2, of whom 61% are Papuan. Since production began in 2009, more than 1,100 cargoes have been delivered. During 2019, the plant operated safely with no employee/industrial relations (ER/IR) issues. The recordable injury frequency (RIF) in 2019 was 0.15 or increased slightly compared to 2018 (0.12). Tangguh was awarded the GREEN rating in the 2019 PROPER audits. This was the second time in a row for Tangguh Operations to achieve this recognition from the Ministry of Environment and Forestry. This rank indicated that Tangguh LNG operations complies with regulations and maintain it beyond compliance.

Tangguh holds seven sales and purchase agreements (SPA). These are to supply LNG to POSCO and SK E&S Co., Ltd in South Korea, Sempra LNG International LLC in Mexico, CNOOC Fujian LNG Co. Ltd in China, and Tohoku Electric Power Co., Inc., Chubu Electric Power Co. Inc., and Kansai Electric Power Co. Inc. in Japan. BP continues to find opportunities to maximize the value of Tangguh LNG cargoes. Since 2010, several cargoes diverted from Sempra have been sold to the Asian market in the form of mid-term contracts or spot sales. Since 2013, Tangguh has also been sending cargoes to the domestic market, including to PLN, PGN, and Nusantara Regas from the diverted cargoes from Sempra. This significantly changes Tangguh's profile in Indonesia as a provider of domestic energy.

In the effort to increase production capacity, BP and its partners are building a third LNG processing train and supporting facilities. It will increase the production capacity of the facility by 3.8mtpa. The expansion project, sanctioned in July 2016, consists of offshore and onshore development. As of April 2020, the overall offshore engineering, procurement, construction, and installation (EPCI) scope has been 98% completed. Both WDA and ROA offshore platforms including their subsea pipelines and cables have been fully installed. While the onshore activities have reached 84% of its target. More than 17,000 workers have been mobilized on site to support T3 activities including indigenous people from villages surrounding the project.

The new AMDAL was approved in July 2014, after which Tangguh developed its first five-year plan to operate the long term AMDAL commitments. The document, named Tangguh sustainable development programme (TSDP), was published in mid-2015 after consultation with the Teluk Bintuni government. We are now formulating a new TSDP for the next five years that will maintain an emphasis on people development and optimizing Tangguh benefits to indigenous people. The new TSDP will also need to consider the impact of the COVID-19 pandemic on the social and economic activities of the community surrounding the project for the next few years.

Responding to the impact of COVID-19 pandemic globally, BP in Indonesia activated three tiers of emergency response and work very closely with the central and local Papua government/authorities through SKK Migas. This is important to maintain Tangguh operations while ensuring workers' safety and health as our highest priority. Since March 2020, Tangguh has managed to reduce the number of workers both at Tangguh operation and project to minimize the possibility of the spread of the virus at Tangguh site. The policy only allowed workers with critical roles to come onto the LNG site and implementing a robust prevention program including a 14-day controlled quarantine for all rotators and visitors. In addition, to prevent the virus from spreading among the communities, we provided medical equipment and personal protective equipment (PPE) to Teluk Bintuni and Fakfak governments as well as conducted disinfectant sprays in nearby villages. Tangguh also lent its helicopter to the Teluk Bintuni government to send logistics and medical supplies to a remote community in Moskona District.

External update

The Indonesian government is fighting to cope with the COVID-19 pandemic, an unprecedented global health crisis that is rapidly expanding into economic and potentially social crises.

Even with IDR 677 trillion (US\$47.9 billion) worth of economic stimulus, plus budget reallocation for COVID-19 related spending by central and regional governments, the nation's GDP growth is predicted to suffer the heaviest blow since the 1997-1998 Asian financial crisis.

The government's baseline outlook for this year's economic growth is from -0.4% to 2.9%, although growth looks more likely to hover between 0% and 1%, as numerous restriction measures curb people's movement and economic activities have been implemented. At 0% GDP growth, more than 10 million people are projected to fall below the poverty line which roughly equals to the number of people the government managed to lift out of poverty since 2010.

In Teluk Bintuni, a key agenda is the completion of three local regulations (perda) that will legally complement Perdasus DBH that has been enacted at the provincial level. Perdasus DBH and its supporting regulations regulate revenue distribution for provinces and regencies, while also incorporating allocation to adat communities directly impacted by oil and gas operation. The regulations are expected to help address adat compensation claims to the oil and gas industry.

The pandemic has also delayed the regional-head election from an initial schedule of 23 September to 9 December. Bupati Petrus Kasihw and Vice Bupati Matret Kokop are running for re-election. As in previous

elections, Tangguh is in coordination with the local election commission (KPUD) to facilitate voting for employees of Teluk Bintuni domicile inside the Tangguh site.

TIAP recommendations and BP responses

During its most recent visit, TIAP focused its attention primarily on security and human rights, revenue management, Papuan workforce development, as well as Tangguh commitments on social programs.

BP would like to provide its formal responses to the recommendations made by TIAP.

A. Security and human rights

1. **TIAP Recommendation:** Now that ICBS has been modified and a police presence has been established at Tangguh (the "QRF"), BP should work closely with the police to ensure that all personnel in the QRF have received human rights training by a certified expert in the protection of human rights. It should also encourage the Kapolda to assign only Papuans to the QRF.

BP's response: *QRF personnel receives human rights training from a certified expert during their police basic and advance trainings. During their assignment at Tangguh, human rights training refresh are delivered by human rights specialists using BP VPSHR Commitments and Policy as key guideline. BP agrees to encourage Kapolda to assign Papuans, but also recognize Polda's need to diversify and develop its internal personnel.*

2. **TIAP Recommendation:** BP should ensure that all monitoring of and reporting by the QRF that is required by the SOPs is fully implemented and that any issues that arise from this reporting are addressed promptly with the police or SKK Migas.

BP's response: *Agree, and there have been cases since the establishment of the QRF where BP has exercised this provision.*

3. **TIAP Recommendation:** Although an annual joint training exercise is no longer a binding commitment of public security forces, BP should continue to schedule such training exercises for its security personnel and actively seek the participation of the police and the local TNI.

BP's response: *BP and the police conduct regular exercises and targeted drills to address specific security threat scenarios, which BP continue to commit to.*

4. **TIAP Recommendation:** All Tangguh private security personnel should continue to receive regular human rights training from qualified experts, and BP should actively encourage the police and TNI to provide similar training to any personnel who may respond to any incident at Tangguh.

BP's response: *Agree. Tangguh private security personnel at Tangguh and Babo camp regularly participate in refreshed human rights training including training related to the revised BP Voluntary Principles Implementation Guideline released in April 2019. Unfortunately, similar trainings were not able to be given to Police and TNI in the past few months due to various national issues including the presidential election and civil unrest in Papua and Papua Barat last year, and the current COVID-19 pandemic. When the situation returns to normal, we will encourage them to hold their own training.*

5. **TIAP Recommendation:** As transportation and commerce increases in the area around Tangguh, BP should continue to increase its use of drones, cameras and other technology to monitor and secure Tangguh's perimeter.

BP's response: *Agree. Tangguh is committed to continuously evolve the use of technology for its critical barrier requirement. This has been planned and is based on our Physical Security Infrastructure Project (PSUP).*

6. **TIAP Recommendation:** BP should exercise caution in its participation and support for the FKPM, to ensure that these forums do not lead to any appearance of BP assisting the police in any intelligence gathering or establishing a more direct presence in nearby villages.

BP's response: *Agree. We will continue to support FKPM as a means of communication between community and police. We do not have any intention to play an active role and advance our presence in FKPM's work. However, we believe that providing measurable logistical support to FKPM's work is within the limits of reasonableness in accordance with BP Code of Conduct and FKPM's independence.*

7. **TIAP Recommendation:** Thus far, the coordination with and supervision of the CSTS security force has gone well, both in terms of preventing any TEP workers from bringing weapons or other contraband onsite and in managing the few incidents that have occurred. This success must not lead to complacency. The training, vigilance and processes that BP has exercised to date should be continued just as rigorously as CSTS winds down the number of workers at TEP.

BP's response: *Agree. We will continue to collaborate with CSTS security, not only for training, drills, and exercises, but also in interface coordination and operations as an enduring effort in maintaining a secure Tangguh site.*

8. **TIAP Recommendation:** BP should work with the Bupati, SKK Migas and regional officials to impose comparable AMDAL obligations on new industrial developers in Bintuni Bay, to adopt and fulfil security arrangements, workforce requirements and social programs as those implemented by BP.

BP's response: *Agree and BP will continue to influence as we have done thus far.*

9. **TIAP Recommendation:** BP must continue to invest in state-of-the-art cyber security technology and procedures for Tangguh and regularly review its cyber practices. All employees with any possible access to Tangguh's operating systems should be provided cyber security training on a regular basis.

BP's response: *Agree. BP continues to rigorously evaluate and enhance its workforce cyber behaviour, business continuity planning, and process control network security.*

B. Revenue management

TIAP Recommendation: Following the promulgation of the Perdasus DBH by Papua Barat, BP should provide targeted support to the Bupati and the Bintuni Bay legislature in their effort to draft and implement the local Perda that will allocate and regulate the distribution of Tangguh's revenues in the Kabupaten.

BP's response: *Agree. Our technical assistance and support of the development of local oil and gas revenue distribution regulation at the regency level will continue involving SKK Migas and our implementing partners.*

C. Papuan workforce development

1. **TIAP Recommendation:** The Papuan Apprentice Program has been a great success. It is now planned to have three batches of up to 40 students, filling up to 120 entry-level technician positions at Tangguh. Because of the importance of this program, BP should annually re-evaluate its needs for future technicians and, if there likely will be opportunities for entry level technicians in three years, it should continue the program with the appropriate number of Papuan students who can fill those positions.

BP's response: *At this point in time, the total number of technicians already in the Papuan Apprentice Program is enough to meet the entry level technician position for Tangguh operation to run a three-train business. Once they are hired by BP, we will continue to monitor and develop them through our CMAS*

(Competency Management Assessment System) so they can become fully competent technicians. We will assess and re-evaluate the business needs and long-term requirement changes.

2. TIAP Recommendation: If BP is to meet its AMDAL commitments for 2029, it is equally important that BP provide greater opportunities to current Papuan employees to advance to more senior managerial positions. Toward that goal, senior management should meet regularly with representatives of the Papuan Employee Steering Committee when visiting Tangguh; they should encourage mentors to provide guidance and support to Papuan mentees, and, wherever possible, encourage non-Papuan middle managers to support and promote qualified Papuans on their teams.

BP's response: *Agree. BP's leadership continues to meet with the Papuan Steering Committee when visiting Tangguh. Papuan development will continue to be a standing agenda in functional capability forums or people meetings. These forums are to discuss and to provide better monitoring, tracking, support, or intervention on performance, development and future deployments.*

3. TIAP Recommendation: BP has established The Tangguh Emerging Leadership Development program and the Challenger program to provide opportunities for promising Papuan college graduates. These programs make it possible for Papuans to rise to more senior management level assignments. In order to achieve its goal that Tangguh be run primarily by Papuans by 2029, BP should select at least two Papuan Challengers each year, including at least one female, to develop a pool of such highly trained managers.

BP's response: *Agree. BP will continue to find and recruit Papuan talent (including to Challenge Program) as per our business and operation needs.*

4. TIAP Recommendation: To meet its requirements for skilled and managerial Papuans by 2029, BP should increase its external recruitment of qualified, experienced Papuans to fill more senior positions. BP should increase recruiting at Papuan universities and other job marketplaces in Papua. It should also make known all job opportunities to its Papuan employees, to enlist them as recruiters and increase the network of potential applicants.

BP's response: *Agree. BP will continue to find and recruit Papuan talent, both fresh graduates and experienced hires, as per our business and operation needs. Job postings are placed through university, local manpower offices, overseas informal networks, and other job marketplaces in Papua, governed by our recruitment policy which includes a fair and transparent recruitment process.*

5. TIAP Recommendation: CSTS has met its EPC contractual requirements for hiring of Papuan unskilled, semi-skilled and skilled workers, in part through its effective "upskilling" program. But it has failed to meet its obligations to employ Papuans for managerial/supervisory positions. This should be addressed immediately. BP should work with CSTS to implement additional recruitment and training measures promptly, because little time remains to meet these important obligations.

BP's response: *BP continues working with CSTS to maximize the effort in this area and prioritize local Papuan workers for the remaining time of the project. Since November 2019, CSTS and its subcontractors increased the number of Indigenous people/Bintuni/Fakfak supervisory level worker from 29 to a total of 37.*

The COVID-19 pandemic requires the project to reduce and restrict the total number of project workers at Tangguh site by approximately 50% starting March 2020 to keep the workers safe and Tangguh LNG site free from the virus. Despite the pandemic and all related restrictions, Tangguh Train-3 project construction safely continues. It is now entering the next stage of construction work that requires a different set of skills such as piping, electrical/instrumentation, testing, etc. that are largely not readily available at local Papua.

Nevertheless, we continue to require indirect and support workers and will prioritize these positions for local Papuan workers as appropriate.

North shore housing

1. **TIAP Recommendation:** The AMDAL requirement to construct new houses in three North Shore districts will not be met by completion of TEP. This program is critical not only for village development, but also to address the tensions between North and South shore communities that have existed for 15 years. BP should assume a greater supervisory role in the project, place a senior manager in charge of its completion, and secure timber from wherever available to accelerate construction.

BP's response: *Agree. BP will continue its North Shore Housing program. Following the completion of 21 houses in 2019, BP is currently working with the local government to tender for another housing restoration in 2020 and 2021. A new project team was established in June 2019 to oversee contractor performance and respond to any concerns from the community. We are also working with the Papua Barat Forestry Office on the supply of timber from other areas in Papua Barat province.*

2. **TIAP Recommendation:** Further, if new housing is not delivered on time, compensation should be provided for the affected villages. This could take any agreed upon and authorized form. One mechanism, which benefits all in the village, is to finance infrastructure improvements selected by local leaders, similar to the original Community Action Plans ("CAPs").

BP's response: *As the NSH program is led by the Teluk Bintuni government, BP is careful to insist on such compensation from the contractor. In addition, according to the AMDAL commitment, BP consider that the community action plan or its similar program is no longer applicable as there are many resources available at the village from the local and central government to support local development.*

Electrification

TIAP Recommendation: Grid-based electricity, required by the TEP AMDAL, has not been delivered to North shore villages or South shore communities, including Babo, which is the location of BP's base camp and airstrip. BP has met its commitment to provide power generation, but PLN has not constructed or activated its grid. BP should press PLN to provide this infrastructure. But until PLN commits to an electrification schedule, BP should seek authority to provide 24/7 diesel power to Babo, and either establish additional diesel generation, or provide solar lamps or other solar based electrical power to all non-electrified villages.

BP's response: *We will work with the authorities and local government to continue our support on the electrification of Babo while PLN project is not yet implemented. This is including lending Babo a 350KVA generator as needed.*

Education

1. **TIAP Recommendation:** BP should continue its effective support for elementary education in the Bintuni Bay region through its partners to provide teachers, materials and computers to students in all of the villages covered by its AMDAL commitments.

BP's response: *In accordance with the AMDAL commitments, BP will continue to support the local government improve basic education programs in Bintuni Regency to meet the national standards. Together with the implementing partner, we are continuously advocating for the prioritization of education as part of the local development, focusing on strengthening school management. Also, in line with the local strategy and the improvement of local government capacity, currently BP is focusing more on improving soft skills aspects such as capacity building and technical assistance for teachers and school principals, as well as developing a conducive environment in supporting the program. The local government is mainly responsible for infrastructure and physical aspects. Based on an agreement with the government and for learning enhancement, BP will provide a few infrastructures support only in selected schools.*

2. **TIAP Recommendation:** The AMDAL commits BP to support at least one “flagship” high school in the region, where the best students can learn and board in preparation for a higher education. This commitment has been long delayed, most recently because the jurisdiction for high schools has been transferred from the Kabupaten to the province. BP should fulfil its commitment, working with the Governor to establish flagship high schools in both the North and South shore of Bintuni Bay.

BP’s response: *As part of the AMDAL implementation, BP and the government of Teluk Bintuni have agreed to develop a flagship school program to provide accessible quality education in this region. The selection of the school is based on inputs from the government and the results of the assessment. In November 2019, an MoU for a flagship junior high school in Tanah Merah Baru (TMB) was signed between BP and Pemda Teluk Bintuni. In February 2021, the local government selected Santa Monica Junior High school in Bintuni town as the second flagship school. Both schools are referral high schools for IP students from the villages. The government of Teluk Bintuni is providing infrastructure including classroom, lab facility, and school fencing. Early this year, the government has taken over the payment of TMB junior high school’s additional fulltime teachers from Tangguh. Tangguh will further develop another flagship school as stipulated in the AMDAL through consultation processes with the local government.*

3. **TIAP Recommendation:** BP should continue to provide scholarships through SKKMigas to deserving Papuan students for university educations.

BP’s response: *Agree. BP will continue to provide scholarship especially for talented indigenous people as part of AMDAL commitment. However, as the local government’s capability increases, BP will also facilitate potential students especially IPs to access the government’s resources in the hope that more students will have better education.*

Health

TIAP Recommendation: Health care in the region has improved dramatically as a result of BP’s initiatives and its support for the Kabupaten health programs. But health care still significantly lags national standards. The hospital in Bintuni is a key element in future progress for better outcomes. BP should continue to work with the Bupati to improve the facilities and capabilities of the hospital to enable it to become a referral hospital.

BP’s response: *Agree. BP will continue its support for Bintuni hospital focusing on providing technical assistance since we believe the local government is already capable to fulfil physical requirements.*

Economic development

1. **TIAP Recommendation:** The produce and fish cooperatives in Bintuni Bay nurtured by BP have generally been successful. BP is meeting its purchase obligations. But CSTS has not fulfilled all of its procurement commitments, in part because of logistics and scheduling deficiencies. BP should work with CSTS and any deficient subcontractors to resolve any issues that may prevent it from meeting its obligations. If the required amounts of purchases are not made, BP should enforce contract penalties and provide compensation to village coops.

BP’s response: *According to BP’s monthly monitoring and annual audit, CSTS has fulfilled its obligation to absorb a minimum 10% of food products from local IP producers as mandated by AMDAL II.*

For the purpose of clarity, the EPC contract with CSTS does not have any provision to impose penalties and provide compensation to village cooperatives should the required amounts of purchases are not made.

2. **TIAP Recommendation:** The SUBITU businesses that have been fostered by BP are promising, and require BP’s continued support, at least until other companies begin operations in Bintuni Bay and provide additional markets. BP should support the formation of additional locally owned businesses, such as laundry, scaffolding and auto maintenance.

BP's response: *Agree. We will continue to provide our support for SUBITU to meet Tangguh and Bintuni market. In early 2020, SUBITU laundry was launched in Bintuni town managed by youth IP who just graduated from a business school in Bandung in West Java.*

3. **TIAP Recommendation:** The new water taxi business supported by BP is a critical element in developing the economy of Bintuni Bay. BP should work with the Bupati to ensure its continued operation and seek to interest other companies entering the region to support or subsidize this business.

BP's response: *Agree. We will continue to engage our key stakeholders in Bintuni to support the water taxi development and optimize its business presence in Bintuni.*

Environment, maintenance, and appearance

1. **TIAP Recommendation:** Vigilant BP oversight and coordination with CSTS on environmental protection should continue until TEP is completed. Good results until now cannot lead to complacency regarding the remainder of the project.

BP's response: *Agree. BP will continually perform environmental management and monitoring oversight and coordinate with CSTS rigorously until the end of the project to make sure that environmental protection is managed in adherence to AMDAL and Lenders requirements.*

2. **TIAP Recommendation:** BP should continue to take whatever action is possible to further reduce the flaring of gas, particularly on hot days when the flare forms a black cloud.

BP's response: *Agree. BP will continue to identify and execute continuous improvement of flaring. The flaring itself is contributed by the normal and abnormal conditions. Since 2010 we have seen a reduction of almost 85% in flaring.*

3. **TIAP Recommendation:** When it is completed BP, should review the results of its periodic Bintuni Bay fisheries survey and take action to address any degradations found by the survey. BP also should continue a biennial fisheries survey through 2035.

BP's response: *Agree. BP will take the necessary actions to address any relevant recommendations from the 2019 Bintuni Bay fisheries survey and will continue to perform periodic surveys every three years as required by the AMDAL.*

4. **TIAP Recommendation:** BP should assign a senior manager to oversee its contractors' facility maintenance performance and require prompt repair or clean-up of any visible signs of disrepair.

BP's response: *Following TIAP's visit in January, BP and its contractor jointly carried out a survey on the temporary construction camps, the results of which were used by the contractor to develop and implement a corrective action plan. A BP HSE (industrial and occupational hygiene) senior manager has been assigned to oversee contractor camp maintenance and repair to ensure ongoing compliance with project HSE standards that confirm these camps are fit for purpose to the end of the project.*

Coordination with other local developers

1. **TIAP Recommendation:** BP, in coordination with the Bupati and the Governor, should exchange its best practices with other large enterprises entering Bintuni Bay, including Genting Oil and fertilizer/petrochemical companies, to encourage them to adopt policies supportive of local needs, specifically: a) hiring local Papuans released by BP or CSTS at the end of TEP construction, particularly security guards; b) purchasing produce, fish and other food products from local coops; and c) adopting the principles of ICBS and providing human rights training to all private security guards.

2. **TIAP Recommendation:** Working with the Bupati, BP should provide active out-placement support to encourage new enterprises in the region to hire local workers who no longer have jobs with BP operations or TEP construction.

BP's response 1&2: *BP will continue its coordination with SKK Migas and Bupati Teluk Bintuni to influence other businesses operating in Bintuni to apply the same policies as part of their social and risk management, including optimizing benefits for local and indigenous people on workforce and supply demand, as well as adopting ICBS principles.*

Gas to power

TIAP Recommendation: Providing Tangguh LNG to power Papua's electrical grid has long been a goal and is now a commitment. BP is constructing all necessary physical facilities to accommodate mini tankers at its new jetty. But bureaucratic delays and inaction by PLN have pushed back implementation well beyond TEP completion. BP can still play a constructive role, and should engage with the Governor, PLN and other responsible parties to expedite activation of the program, particularly in Papua Barat.

BP's response: *Agree. BP will continue its engagement to relevant parties to achieve gas to power program milestones including to support due diligence and Head of Agreement (HoA) completion between PLN and PGNE (a joint venture between PGN LNG and Papua Barat government-owned enterprise as gas supplier to PLN), as well as ensure an alignment between RUPTL (electricity supply business plan) and RUKN (national electricity business plan) for LNG allocation for electricity in the Papua and Maluku regions.*

Appendix A. Status of TIAP recommendations

TIAP RECOMMENDATIONS FROM SEPTEMBER 2017 VISIT

A. Governance and advocacy

Recommendation from TIAP visit 2017	BP response January 2018	Status
<p>1. Resuming support for local governance should not be delayed; it should be expanded. Support should be discussed with the Governor to help the Governor and the DPRD to implement programmes related to Tangguh commitments.</p>	<p>Agreed. We have developed a contract and awarded it to a national non-governmental organization, Kemitraan, as our implementing partner for the governance programme. We will continue to work with the Bupati and the Governor to ensure active and purposeful implementation of the programme.</p>	<p>Ongoing. Consultation with local government for program implementation continued. Until November 2019 several technical assistances were provided to the government in the area of strategic planning, budgeting, and awareness on the implementation of good governance principles. Coordination meetings for alignment with the local government, particularly the relevant sectors, are regularly conducted.</p>
<p>2. More active government relations efforts at higher levels of the GOI should be undertaken. Lines of communication should be increased between senior BP Indonesia management and the offices of the President and Vice President, as well as the coordinating ministers with jurisdiction over Tangguh. The offices of these high officials should be kept informed of the importance of resolving local disputes and delays and requested to intervene where possible.</p>	<p>Agreed. We will continue to provide updates to key stakeholders at the national levels on Tangguh train 3 development and BP's commitment to both national and local stakeholders, especially in relation to the workforce and services.</p>	<p>Ongoing. Engagement to key stakeholders at national level continued, to update them with the project progress, as well as to request support for any issues related to the project.</p>
<p>3. Efforts should be renewed to reschedule the President's cancelled visit to Tangguh. In advance of a visit, BP should seek to have key issues relating to Tangguh included in the President's agenda on any upcoming visits to Papua Barat. Further, BP should encourage and facilitate regular meetings of key GOI officials with the Governor and the Bupati to address issues facing TEP.</p>	<p>Engagement with the President's office is part of our relationship management effort to ensure that the highest level of the government is fully updated on the project. We will assess the possibility of the very important person (VIP) visit if it is in service of project delivery.</p>	<p>BP continued to engage the highest level of the government to update them on the project. During 2018 and early 2019, the government focused its priority on legislative and president elections. Engagements were held through SKK Migas particularly related to the Tangguh Train 3 project.</p>

Recommendation from TIAP visit 2017	BP response January 2018	Status
<p>4. The Group CEO, on his next visit to Indonesia, should extend an invitation to the President to join him in visiting Tangguh. To provide a further incentive for the President to visit Bintuni Bay and Tangguh, BP should work with the GOI and local leaders to resolve bottlenecks so the President could announce a milestone in a Tangguh-related social programme, such as North Shore housing or electricity. This would allow the President to spotlight the connection between Tangguh and a major new social programme for indigenous Papuans.</p>	<p>BP group chief executive Bob Dudley extended the invitation to President Joko Widodo to visit Tangguh with a formal letter prior to the FID in 2016. Regarding management of social issues faced by Tangguh, such as North Shore housing and electricity, we continue to work closely with the local government and PLN so that both activities can be implemented without further delay.</p>	<p>We continued to engage relevant stakeholders to support Tangguh social programs milestones, especially north shore housing and electricity. We work closely with SKK Migas and the local government of Teluk Bintuni to resolve issues on NSH.</p> <p>Meanwhile, we are closely working with SKK Migas, ESDM, PLN, and Papua Barat government to continue the electricity programs including gas to power.</p>

B. Papuan workforce development

Recommendation from TIAP visit 2017	BP response January 2018	Status as of November 2019
<p>1. Greater efforts must be taken and sustained to recruit, train and promote Papuans if the AMDAL commitments for a Papuan workforce in 2029 are to be met.</p>	<p>Agreed. We now have an Apprentice Technician Programme, which commenced in 2016, whereby we hire apprentices and put them through a three-year training programme. Following this, successful apprentices will be hired as operations or maintenance technicians to support all three trains. In addition, we will also review our existing and new contracts to ensure that we continue to increase our targets for Papuans working at all skill levels. We will also review with legal regarding the consequences for non-conformance. Monitoring will be discussed regularly in the regional president's meeting, attended by all vice presidents. In addition, we have introduced the Tangguh Emerging Leaders programme to fast track Papuans with potential through our talent review process. The vice president (VP) of human resources for Asia Pacific is the coordinator and works closely with the VP of operations, Asia Pacific, and our regional president to advance this effort. BP initiated some programmes with local universities in Papua and Papua Barat. These aim to promote the oil and gas industry to students and highlight Papuan career development opportunities in the Tangguh project.</p>	<p>We have hired the last batch of the Papuan Technician Apprentice programme (batch 3).</p> <p>We have also graduated and hired batch 1 in 2019. From the 40 people at the beginning of the program, we finally hired 32 people into BP.</p> <p>The regular monitoring process continues.</p>

Recommendation from TIAP visit 2017	BP response January 2018	Status as of November 2019
<p>2. The Papuan apprentice programme shows great promise for training skilled workers. BP should remain committed to it for as long as positions for such graduates remain available. Based on unavoidable rates of attrition, BP should also consider increasing the size of the entering class.</p>	<p>The apprentice programme was created to accelerate our efforts in meeting the 85% Papuan employment commitment by 2029, especially in skilled workers, for Tangguh operation. The numbers of recruits are designed to meet Tangguh operation needs.</p>	<p>We have agreed that the three batches will satisfy the need for our future operation.</p>
<p>3. BP must increase its recruitment of qualified, experienced Papuans to fill more senior positions. At the very least, BP should increase public notice of job openings at Papuan universities and other job marketplaces in Papua through advertising or on location recruiting. It should make known all job opportunities to its Papuan employees, to enlist them as recruiters and to increase the network of potential applicants. Further, BP should hire an employment consultant, with experience in this area, to seek out talented, qualified Papuans.</p>	<p>Agreed. We will continue to find and recruit Papuan talent as needed by our operations and to accommodate a proper succession plan within the organization.</p>	<p>This continued through our Challenge Program and actively discussed and monitored in capability forums.</p>
<p>4. BP senior management should continue to meet and exchange views regularly with the Papuan Employee Steering Committee. This group provides a useful and organized communications mechanism for Papuan employees to express problems and concerns or suggest ideas regarding their career development and Papuan workforce opportunities.</p>	<p>Agreed. Senior management meets the steering committee regularly during its visit to Tangguh.</p>	<p>This continued regularly at our Tangguh Site with our VP Operations or with other BP leadership.</p>
<p>5. Senior management should also continue to encourage all managers at Tangguh to mentor any Papuan employee who requests their help.</p>	<p>Agreed. Senior management will continue their efforts in mentoring the Papuan employees.</p>	<p>This program continued, we ensured that each Papuan has a mentor.</p>
<p>6. Qualified Papuan workers should be notified of any openings that arise in Jakarta and be given equal opportunity to fill those positions.</p>	<p>Agreed. Announcements of job vacancies can be accessed by public as well as all employees. In certain cases, the team leader may also approach individuals who they feel could fit the requirements.</p>	<p>This continued including through our talent and acquisition system where vacancies are posted, can be viewed publicly, and people can apply if interested. This ensures we are fair and transparent on process.</p>
<p>7. For any Tangguh services or products that are contracted out, BP should include in the contracts the right to impose financial sanctions on the contractor if</p>	<p>Agreed. A financial sanction has been put in place for all new contracts since 2016.</p>	<p>BP closely monitored the implementation of Papuan recruitments and provided feedback to the contractor on any</p>

Recommendation from TIAP visit 2017	BP response January 2018	Status as of November 2019
it does not meet pre-agreed Papuan hiring requirements, and it must enforce these requirements.		deviation, including encouraging rectification prior to enforcing financial sanction.
8. For TEP, BP has imposed contractual obligations on CSTS contractors to meet Papuan hiring goals. These requirements must be monitored closely by BP and enforced strictly, given their importance and the short tenure. If additional recruitment or training measures are needed, BP should insist that these be instituted promptly, because lead time will be essential in meeting these requirements and compliance will be far preferable to penalties.	Agreed. We are already in action on this recommendation with. BP's local content committee regularly monitoring all contractual obligations and progress against KPIs. Sanctions will be imposed if a contractor does not fulfil its requirements.	BP continued to closely monitor the main T3 contractor on its Papuan workforce obligation. Bi-weekly updates on TEP workforce figure is released to monitor the workforce situation and the commitment achievement. Compared to the EPC contract obligation, the Papuan workforce achievement is still on track.

C. Environment and maintenance

Recommendation from TIAP visit 2017	BP response January 2018	Status
<p>1. BP's environmental performance for Tangguh operations has been excellent. To ensure TEP's environmental compliance, BP must maintain strict and vigilant oversight and coordination with the contractor. This should include weekly meetings to address all ongoing and planned activities with potential environmental impacts, as well as a mechanism for rapid response to any problems that arise unexpectedly.</p>	<p>BP's TEP environmental team at the site works closely with contractors to oversee their operations. The team is led by the TEP HSE manager and they make sure that all environmental requirements are implemented as per EPC contracts and AMDAL requirements. Assurance of environmental performance involves weekly meetings, inspections and regular monitoring. In addition, the team conducts investigations and responds to all environmental incidents. The team also coordinates with the operations environmental team to ensure compliance with all environmental regulations.</p>	<p>BP continues to have oversight and works closely with the EPC contractor. Each performance of the environmental items is entered into tracking system and monitored by the EPC contractor. The tracking system is updated weekly and distributed to all stakeholder in the project as well as the regulatory compliance and environment manager. As reported in the AMDAL six-monthly report, environmental for TEP is comply, and the lenders audit in July reported no findings or non-compliance.</p>
<p>2. BP should continue to recognize the importance of appearance as a daily reminder of the pride and standards of every employee. It should not tolerate any of the facilities over which it has responsibility, or the TEP construction site generally, reflecting diminished or poor maintenance.</p>	<p>Safety and maintenance are our top priorities to ensure safe and reliable operations. The maintenance of all facilities meets health, safety and hygiene standards, with regular cleaning inspections in accordance with common industrial practices. We understand that during the construction phase cleanliness of some of facilities will be affected due to project activities. However, they still meet environmental standards.</p>	<p>BP oversees the overall HSE implementation. Regular inspection and self-verification are conducted and monitored well. The self-verification by the EPC contractor as well as the oversight by BP ensures the environmental performance is maintained. Any discrepancy or action to be followed up are discussed and tracked.</p> <p>A regular tool box and awareness session are conducted to ensure that environmental messages are conveyed to all employees especially the front liner of the organization.</p>

D. Security

Recommendation from TIAP visit 2017	BP response January 2018	Status
<p>1. Given the potential consequences of a successful cyber-attack and the continuing evolution of global hacking, BP must continue to impose and enforce strict and sophisticated procedures and should review them regularly. All employees with any possible access to Tangguh's operating system should be provided online security training on a regular basis.</p>	<p>BP's cyber security policy for group leaders includes two main requirements (1) group leaders should drive appropriate cyber security behaviours in their businesses. (2) They should manage cyber risk like any other risk to their business.</p> <p>BP has an established behaviours and an awareness programme, which includes training materials. Basic behavioural expectations are set out in the Protecting Our Information (POI) policy. The policy defines the six key behaviours. Awareness campaigns are conducted on a regular basis through a network of local cyber ambassadors and measured through the Cyber Barometer, a KPI dashboard. BP holds an annual Cyber Week to focus on the cyber threat risks.</p>	<p>BP continues to enhance the capabilities of cyber security, one of which is through the appointment of cyber security ambassadors who lead the efforts of cyber security awareness campaigns conducted in sustainable fashion.</p> <p>The cyber security awareness campaign, including an annual Cyber Week, is undertaken periodically both at BP Jakarta office and Tangguh LNG by encouraging behaviours, among others, think before click; if you suspect it, you report it; clear desk and screen policy; protect your password; and, classify your information and keep it secure.</p>
<p>2. Tangguh's operating and production systems must be completely disconnected from the internet, and access should be limited to authorized Tangguh personnel with multiple layers of security. TIAP also endorses strongly the biennial BP Group cybersecurity audit</p>	<p>BP distinguishes the operating and production systems as the Process Control Network (PCN), which is completely disconnected from the internet and separated from the BP network (BP1) by the Process Information Network (PIN). The information security controls for automation systems are documented in BP Practice, Automation Systems Cyber Security 3.5-0001 and Group Practice 30-60, Automation Systems Digital Security & Integrity.</p> <p>Biennial BP Group cyber security audits are based on the above BP and Group Practices.</p>	<p>To prevent any cyber-attack to Tangguh's operating production systems, a complete disconnection of BP operating and production systems as PCN from the internet and separated from BP1 by PIN is continuously in place.</p> <p>BP cyber security audit is conducted annually using questionnaires by the system. In addition, cyber barometer is also used to conduct periodic measurements of the risks of cyber security and behaviours related to cyber security awareness.</p>
<p>3. It is imperative that the CSTS Security Management Plan continue to be implemented fully and properly, particularly as it is enforced among all subcontractors. BP must utilize the coordination and verification processes of the security plan to oversee all elements of TEP security and demand that every aspect of the security plan is being implemented fully and is working effectively. In addition, based on experience, as worker mobilization increases, BP must insist that any perceived deficiencies be corrected.</p>	<p>Agree. A mechanism to performance manage the CSTS Security Management Plan has been put in place at both the Tangguh site and Jakarta leadership level, which enables performance issues to be promptly identified, discussed and an improvement plan agreed.</p>	<p>Coordination and verification to ensure that CSTS' security management plan is continuously implemented. One of coordination tool is a monthly contract performance meeting to validate the implementation of security programs in the field are in accordance with plans and targets.</p> <p>In addition, daily checks are also carried out to monitor the possibility of implementation deviations in the field. If the deviation is minimum, a direct correction will be made.</p>

Recommendation from TIAP visit 2017	BP response January 2018	Status
		However, if it is critical, it will be evaluated at weekly and monthly meetings.
<p>4. The advanced training for guards in Behavior Profiling and Surveillance Detection & Counter Measures should be made permanent. Guards trained in these skills should also be assigned regularly to duty in nearby villages where they are familiar. This training should be provided to guards during their on-duty hours, and be viewed as a part of their required, regular and important tasks. Additional guards should be hired if needed to accommodate this training requirement.</p>	<p>Agree. Capability and competency building of the Tangguh security guards is an enduring priority. They have been trained in advanced security skills beyond what is warranted by applicable governmental regulations, and a plan for additional tactical training is in place. Assessment is ongoing to ensure that the training plan is conducted in the most efficient and effective manner.</p>	<p>Several training to Tangguh security personnel is carried out continuously. In addition to mandatory training facilitated by the police, some training provided included, human behavior profiling, workplace violence, use of force continuum, VPSHR, and surveillance detection. All BP security personnel have attended mandatory training from the police in accordance with their positions.</p> <p>The impact of routine and ongoing training is quite significant. Security personnel are increasingly confident in carrying out their duties because they have understood the usefulness of the training. For example, in the use of force continuum, they understand what proportional actions need to be taken and what the consequences are if not carried out in accordance with applicable procedures.</p>
<p>5. BP should review the training being provided thus far for TEP guards and determine whether it provides the level of training and the competency that is required under ICBS and the JUKLAP. If it does not, modifications should be made.</p>	<p>Agree. BP works cooperatively with TEP's main contractors to ensure that the latter's security guards are trained to the same standard as BP's. There is a deliberate effort to ensure that the Tangguh 'one team' culture, within the context of security partnership between the two organizations, is translated into an actionable plan that includes on-the-job knowledge transfer, coaching, and joint training, drills and exercises.</p> <p>BP has an established behaviour and an awareness programme, which includes training materials. Basic behavioural expectations are set out in the Protecting Our Information (POI) policy. The policy defines the six key behaviours. Awareness campaigns are conducted on a regular basis through a network of local cyber ambassadors and measured through the Cyber Barometer, a KPI dashboard. BP holds an annual Cyber Week to focus on the cyber threat risks.</p>	<p>Training and drill-based capacity improvement have been endeavored progressively by TEP security. In fact, joint training between BP and TEP security teams have been routinely carried out including public order security management, VPSHR, use of force and others.</p> <p>In addition, the joint exercises in 2018 and 2019 conducted in partnership with Polda Papua Barat, Polres Bintuni, Polsek Babo dan Polsek Aranday used security threat scenarios at TEP.</p>

Recommendation from TIAP visit 2017	BP response January 2018	Status
<p>6. BP must be assured that CSTS efforts are adequate to detect any possible security threat by employees of CSTS and all its subcontractors. BP cannot vet employees hired for TEP, but it should review all vetting processes that are being used to minimize the chance that disruptive individuals are hired. It must also be made aware promptly of any infractions or other unusual behavior by any of these employees that could pose a threat. BP's Code of Conduct must be strictly enforced. Employees' should be made aware that their rooms and personal possessions will be subject to random searches by security personnel for contraband or radical materials. Any penalties imposed for violations of required behavior should be made jointly by CSTS and BP.</p>	<p>Agree. A mechanism to performance manage the CSTS Security Management Plan has been put in place at both the Tangguh site and Jakarta leadership level that enables performance issues to be promptly identified, discussed and an improvement plan agreed. More specifically, focused attention is given to background check processes, personnel inspections, and that security incidents/violations are followed up thoroughly, whilst ensuring application of the site-wide disciplinary action policy.</p>	<p>CSTS vetting procedure has been enhanced in accordance CSTS security management plan. Each contractor requires prospective workers to provide a certificate (SKCK) from the local police that they do not have a criminal record in the police.</p> <p>Furthermore, more comprehensive vetting is also carried out by CSTS through coordination with BP to then coordinate with Polres Bintuni and QRF. If there is any finding related to the vetting process, it will be followed up in coordination with the police, the village head where the prospective workers come from.</p>
<p>7. Increased intelligence gathering and sharing is critical for detection and early warning of any suspicious activities. Tangguh security should continue to encourage the local community to share information with BP about new arrivals and any unusual or secretive activities, including an awareness of activities at houses of worship, to detect any threatening behavior or incendiary language related to Tangguh.</p>	<p>Agree. BP continues to leverage positive and constructive relationships with the authorities at local, regional and national levels concerning intelligence gathering and sharing. ICBS remains the prominent means by which BP works alongside the community and workforce to detect, report and respond to potential security disturbances and/or threats in the areas in and around Tangguh.</p>	<p>In late December 2018, BP conducted law socialization in Babo to raise awareness that enhanced population data collection system as one of the mitigations of early prevention of the threat of radicalism and terrorism.</p> <p>Apart from that, in 2019, we have facilitated FKPM to, among others, collect data and identify problems, discuss social security issues in communities; monitor residents' activities; and, accommodate and seek solutions to complaints from citizens. These are undertaken to support the objective of detection and early warning of any suspicious activities.</p>
<p>8. Perimeter security should be reviewed and enhanced where appropriate. It would be impractical to establish an impenetrable barrier on the very long outer perimeter of the site, but more effective measures can be utilized to better secure and monitor the inner perimeter, where all operations take place. BP should continue to improve fencing, and increase the use of CCTV, drones and patrols to allow better 24/7 remote monitoring.</p>	<p>Agreed. Efforts will continue to be taken to ensure that perimeter security is strong with a view to making improvements in relation to personal, process security and the use of technology. A security upgrade plan is in place and being project managed to bring about improvements in security staff training, the processes they follow and the technology to assist them. Tangguh has commenced its dedicated security drone operation that provides round-the-clock monitoring of its critical assets and operations.</p>	<p>Control in the perimeter fence is carried out by three methods, namely (1) deploying personnel in the outer fence (2) drone patrol, (3) car patrol, (4) control by CCTV.</p> <p>All deviations in the implementation of patrols shall be carried out with permission from BP leadership. Regular inspection patrols are also undertaken to determine the current condition of fences, CCTV and FIDS.</p> <p>Any findings are immediately followed up with the relevant departments for improvement.</p>

Recommendation from TIAP visit 2017	BP response January 2018	Status
<p>9. Marine security should be enhanced further. During construction, CSTS security has primary responsibility for the protection and safety of all shoreline and marine construction areas. But because there will be so much traffic in and around the LNG site during construction, it is essential that BP be able to identify all vessels near the jetties or the platforms before they arrive. In coordination with CSTS, utilizing radio or other communication, as well as CCTV, radar, lidar, or other available technology, BP should facilitate early warning of any ill-intentioned marine activity. In addition, regular communication with the Naval base at Sorong should be instituted, through proper channels, particularly to coordinate any emergency response. Further, BP should explore with the police the potential for increased capacity of the joint mobile patrol unit (JMP) to augment security and safety near traditional fishing areas.</p>	<p>Agree. BP has worked collaboratively with CSTS to strengthen marine security. The security marine patrol capability has increased significantly through deployment of CSTS patrol boats that work in conjunction with BP along Tangguh's shoreline. Moreover, BP, with local authority assistance, has increased its marine exclusion zone law socialisation efforts to nearby communities. BP has positive and constructive relationships with the naval base in Sorong, as well as the naval post in Bintuni, and aims to further strengthen them through various means. Lastly, the JMP, which has been in place since operations at Tangguh began and is located nearby, is involved in routine training and drills with Tangguh's private security guard force to ensure emergency response readiness.</p>	<p>In improving the protection and safety of all shoreline and marine construction areas, CSTS security has provided routine training for personnel who secure the area.</p> <p>ISPS Code training, law socialization on exclusion zones, BOF operations, ICBS awareness are undertaken to enhance marine security capabilities which are also supported by improved relations with the naval base at Sorong dan other relevant Polsek conducted through coordination with BP.</p>
<p>10. Rapid response procedures on site for high level security threat scenarios should be clearly distinguishable from the procedures used for a fire, explosion or other safety emergency, and the recommended measures for personnel to take should reflect the different threat posed.</p>	<p>Agree. The specific security response guideline is in place and informed to all members of Tangguh's workforce. Regular drills and exercises are conducted to continuously validate Tangguh's readiness to respond to various security scenarios. The security siren is used to support activation and de-activation of the security emergency response process.</p>	<p>In accordance with BP's agreement with the Police through the framework of cooperation between SKK Migas and Polda Papua Barat, every month Polda Papua Barat deploys 14 police officers (QRF) responsible for responding or handling high level security threats that occur at Tangguh LNG. The implementation of this agreement started in 2018.</p> <p>However, BP also empowers QRF for some regular assignments such as patrols, duties in the outermost posts in the log pond and outermost waters.</p>
<p>11. Hostile vehicle mitigation (HVM) counter measures should be enhanced. Secure storage of vehicles, keys, or other ignition devices is imperative. BP should also consider the possibility and practicality of installing governors or other devices, on all but emergency vehicles, that limit their top speed to the low speed needed by vehicles on site.</p>	<p>Agree. A designated security assessment for hostile vehicle risk is being progressed. The outcome of this assessment will determine the improvement plan required to reduce the risk to as low as reasonably practicable.</p>	<p>There were some workshops conducted by BP on HVM and results have contributed to the making of security assessment for hostile vehicle risk.</p> <p>Meanwhile, Tangguh LNG cultivates a certain speed in driving based on BP policy.</p>

Recommendation from TIAP visit 2017	BP response January 2018	Status
<p>12. The joint annual training exercise with police and TNI required under the JUKLAP should be held annually and should validate BP's ability to mitigate a high-level security threat. The exercise should practice a coordinated response, engaging both Tangguh and CSTS security, as well as the police and TNI. This should be in addition to the required annual exercise to be conducted without public security in the CSTS security plan.</p>	<p>Agree. All efforts will be made to ensure that the annual joint exercise is conducted. The exercises continue to validate Tangguh's preparedness to manage a wide range of threat scenarios, including workplace violence, armed attacks, hostage situations, and civil and violent labour unrest.</p>	<p>BP Security together with TEP Security consistently conducts joint exercises every year in collaboration with Polda Papua Barat, Polres Bintuni, Polsek Babo and Polsek Aranday.</p> <p>In the last two years the joint exercise was performed using security threat scenarios in TEP including the civil and violent labor unrest scenario.</p>
<p>13. BP should support continued regular conferences led by SKK Migas among oil and gas contractors and security professionals to compare security threats and response procedures and share best practices.</p>	<p>Agree. BP is a regular attendee of security conferences held or supported by SKK Migas, as well as the monthly security managers' network meeting. BP is particularly sought for opinion by other Industry peers and government agencies over lessons learned on ICBS and VPSHR. Moreover, BP actively engages BNPT (the national counter terrorism agency) to seek perspectives on how it could continue to strengthen its barriers against high-level security threats.</p>	<p>BP is a regular participant of security conferences held or supported by SKK Migas.</p> <p>In June 2019, BP was requested to deliver a presentation on ICBS and VPSHR at a security conference held at SKK Migas head quarter. Moreover, BP will host/lead the organizing committee to conduct SKK Migas' Security Summit in 2020.</p>
<p>14. Tangguh private security capacity should be enhanced with more effective weapons to frustrate if not overcome an armed attack. Non-lethal weapons, such as pepper gel guns, pepper spray, rubber bullets, stun guns and possibly other devices should be available to an elite level of senior guards who have demonstrated their capacity and been thoroughly trained in their use. BP should work with the security contractor to establish an elite cadre of security guards, which could be a promotion for the best performing guards. If the existing contract does not permit this enhancement to the capacity or structure of the security force, it should be discussed with the security contractor as an amendment to the existing contract.</p>	<p>Agree. Tangguh's security staff is being equipped with additional security measures and capabilities to respond to higher-level security threats. Correspondingly, Tangguh's elite guard force unit, established in 2012, is routinely trained and performs drills with the nearby police, JMP.</p>	<p>According to an assessment conducted by Tangguh LNG in accordance with advice from Dirbinmas Polda Papua Barat that non-lethal weapons should not be used because they could potentially violate human rights.</p> <p>In this light, until now BP does not use these non-lethal weapons. And, Special Response Team (SRT) have consistently participated in training and drills to improve their capabilities in carrying out security duties and collaborate with QRF if there is a high-level security threat.</p>

E. North shore housing

Recommendation from TIAP visit 2017	BP response January 2018	Status
<p>1. BP should actively engage with both local and national officials in an effort to help resolve this dispute. BP should engage with senior GOI officials, including, if possible, the Office of the President, seeking their help to mediate and negotiate a quick solution. BP could propose alternatives, such as implementing the programme in phases, which could allow discussions on the precise scope of the programme to continue while construction proceeds.</p>	<p>Significant progress has been made on the NSH project in the past two months, following TIAP's visit in September. The regent of Teluk Bintuni issued a letter allowing for the resumption of the NSH project on 6th December 2017. In addition, BP and the local of government of Bintuni signed the amendment of cooperation agreement for the NSH project to reflect the new multi-year rehabilitation (construction) phase, which remains aligned with the TEP timeline, as well as the inclusion of Taroi as a new district for 2018 construction. In December 2017, the local government of Teluk Bintuni started the tender process for house construction in the three districts (Weriagar, Tomu and Taroi). Construction of the houses is due to be completed in 2020, as agreed in the cooperation agreement.</p>	<p>In progress. After a prolonged delay, the north shore housing activities continued with the first construction in Weriagar on 23 May 2018. However, due to various difficulties and challenges faced by the contractors, none of the 183 houses were completed at the end of December 2018. Re-tender was conducted in 2019 by the local government to continue the construction. It is expected that at least 14 houses will be completed by end of 2019.</p> <p>Facing the complexity of the NSH program and manage community expectation, in June 2019 BP changed the management of the program delivery. The new NSH team continued to engage the local government and SKK Migas to support the implementation of the program as well as propose new strategies and approaches to the speed-up the program completion.</p>
<p>2. If delays persist into 2018, BP should seek authority from SKK Migas to fund construction of some infrastructure improvement selected by each designated village, such as a new bridge, public building or walkway, as a demonstration of BP's good faith and as a form of compensation for the delays.</p>		
<p>3. Whenever programme implementation begins, BP should make every effort to accelerate the timeline to complete at least the currently planned phases by 2020, to coincide with the opening of train 3.</p>		

F. Electricity

Recommendation from TIAP visit 2017	BP response January 2018	Status
BP should work with leaders at the national level, including SKK Migas, the Committee for the Acceleration of Priority Infrastructure (KPPIP) and others to encourage PLN to make progress on this essential objective. BP should also seek to involve the President and his Papua advisors in this effort.	Agreed. We will continue to engage with key stakeholders at national level to ensure the implementation of the electricity programme by PLN	We continue to engage with the government at all levels to support development infrastructure required for electricity program especially in Bintuni region. Unfortunately, the PLN and the local government has different priorities. They are now focused on building diesel power in Bintuni to fulfil electricity demand in Bintuni town.
Until PLN extends grid-based power from Tangguh to Babo and nearby villages, BP should request the authority to increase the supply of diesel-based power generation for Babo. It should also request the authority to provide solar lamps for each household in the villages without power, so that Tangguh's neighbours can have reliable light.	Agreed. We continue our engagement with PLN of Teluk Bintuni to fulfil the electricity demand in Babo. At the same time, we also provide additional generators to optimize the electricity supply for Babo communities.	We continued our support to fulfil electricity demand in Babo by lending our generator to PLN. However, since electricity use in Babo is quite big, the generator capacity is not enough. As result the generator experienced problems.

G. Gas to power

Recommendation from TIAP visit 2017	BP response January 2018	Status
<p>BP should work more actively with the Governor, the leaders of the DPRD, and officials in Jakarta to make sure they understand fully the need for prompt action to establish a BUMD, which is a prerequisite to begin construction of the infrastructure needed for gas-based power.</p>	<p>Agreed. New BUMD (P.T. Papua Global Energi) has been formed, however, the Papua Barat Governor decided to use the old BUMD (P.T. Papua Doberai Mandiri or 'Padoma') for simplicity's sake, since the new BUMD is laden with additional unnecessary requirements from the local parliament. SKK Migas has also written to BP to proceed with Padoma. The next step for Padoma will be to find business partners, enter into due diligence, execute a MOU, and then, ahead of agreement, put in place a sales purchase agreement. BP and SKK Migas, in coordination with KPIIP (Committee for Acceleration of Priority Infrastructure Delivery) and PLN, will continue to support Papua Barat Province's gas to electrification programme.</p>	<p>There are good progresses achieved in order to prepare the implementation of the gas to power program, including:</p> <ul style="list-style-type: none"> - Due diligence processes for PT PGNE (the new BUMD) by UGM is almost complete, awaiting Papua Barat Province inputs. - Another study is in progress involving UGM on corporate partnership between province and two regencies (Teluk Bintuni and Fakfak) in the management of the LNG allocation. If there is no issue, SKK Migas will release an approval for BP to develop the MOU/sales agreement with PT PGNE. - PLN and Pertamina signed an HOA on 27 Feb 2020, where Pertamina will be the LNG Supplier and will be responsible for building LNG Receiving Facilities at 52 PLN Gas Powered Power Plants (including the 5 locations under this Gas to Power project scope), Pertamina then appointed PGN (Perusahaan Gas Negara – State Gas Company), one of Pertamina's subsidiaries, to be in charge of delivering these commitments to PLN. - PGN plans to deliver their commitments, in 4 stages divided by location. The first stage will be started in 2020 for 5 locations in which two of them are under this Gas-to-Power project scope. The target to complete all 4 stages is in 2022 (2 years). Currently, the tender process to build the facilities is underway. - Tangguh will continue to closely monitor the discussion between Pertamina, PLN ad PGN and ready to progress to the next step of commercial negotiations.

H.1. Social and community development - Health

Recommendation from TIAP visit 2017	BP response January 2018	Status
<p>BP should continue to support programmes that reduce deaths related to diarrhoea, TB and HIV/AIDS. These efforts should continue to be supported actively with a goal to upgrade Bintuni Bay healthcare to Indonesia-wide standards.</p>	<p>Agreed. Tangguh's community health programme continues to support the local government to eradicate TB, HIV/AIDS and diarrhoea, particularly in the villages surrounding the project, to align with the national guidelines. Regarding HIV/AIDS, we established 18 voluntary counselling and testing (VCT) services across Teluk Bintuni region to provide counselling and free testing for those at risk. Providers of these health services received standard training from the Ministry of Health in 2015 and 2016 as part of co-shared activities with Dinas Kesehatan Kab in Teluk Bintuni. As HIV in Tanah Papua is considered a general population epidemic, the programme aims to provide wider access to HIV testing and ARV (antiretroviral) treatment for the general community. In 2017, more than 6,600 people across the Bintuni Bay region participated in HIV testing including pregnant women, and 54 people diagnosed as HIV positive were referred for ARV treatment. In collaboration with the Teluk Bintuni Regency Health Office, the programme facilitated capacity building for health staff in TB services (Puskesmas and RSUD Bintuni). The programme also improved community involvement by recruiting outreach TB cadres in villages to refer suspected TB sufferers for screening in local Puskesmas. In addition, the programme conducted a pilot project in several villages with a high prevalence of TB in April 2017. This was a national programme recommendation for the optimization of intensified case finding of people at risk of TB. And, monthly awareness sessions on healthy lifestyle that focused on malaria, TB and HIV/AIDS targeted the communities in the villages surrounding the Tangguh project. On average, more than 450 people participated each month.</p>	<p>Tangguh's community health program continued to help improve the quality and access to health services for the community surrounding the project. The program is still focused in the 14 villages, in collaboration with Health Regency Office and also Yatima Foundation as implementing partner. In November 2019, the Yatima foundation contract is completed. We are now in a processes to recruit a new implementing partner to support the continuation of Tangguh's community health program in the future.</p>

H.2. Social and community development - Livelihood and enterprise development

Recommendation from TIAP visit 2017	BP response January 2018	Status
<p>BP must work with Indocater and the village co-ops to achieve its TEP AMDAL commitments to procure 10% of TEP's fresh food needs during construction and 65% post-construction. This increase in production by the co-ops may require expansion of stocking points and/or more frequent pick-ups.</p>	<p>Agreed. BP has been facilitating communication between the catering company at the site and the cooperatives/stocking points management with regards to future orders of commodities, so that the farmers and fisherman could make preparations and arrange better harvesting schedules to avoid over-production. Such communications have been put in place on a regular basis via our technical mentors in the village, where the cooperatives/stocking points are located. Unless there is a change in the operational strategy regarding the implementation of further pick-up points, Tangguh's catering service will continue to collect commodities at the points and as per the schedule stipulated in its contract with the cooperatives.</p>	<p>Continued. BP continued to ensure the project meet its commitment to optimize absorption of food products from communities and monitored closely on a monthly basis. An audit in September 2019 concluded that the absorption ratio of local food products (agriculture and fisheries) from community to TEP catering contractors is around 18% or meeting TEP AMDAL commitment. BP also continued its support to provide technical assistance to the cooperatives as needed.</p>
<p>BP should institute careful monitoring of local procurement by the contractor to ensure that its AMDAL commitments are being met and demand that any deficiencies be promptly rectified. If they are not, BP should seek penalties under the contract that could then be invested in co-op facilities and equipment.</p>	<p>BP will carry out robust performance management endeavours on a regular basis to monitor the contractor's performance and to ensure that contractual commitments are delivered in a manner that is consistent with the agreed terms and conditions. In the event that the contractor fails to deliver its commitments, BP will institute curative action plans and, if necessarily, take prompt action to minimize deficiencies. The curative plans could also include implementation of penalties, which will be imposed in line with agreed procedures.</p>	
<p>BP's procurement and supply chain management team should explore opportunities for additional products or services that can be supplied by local trained and qualified indigenous enterprises. Thus far, the only such contracts that have been awarded are to to Mayri and Raja Barefal cooperatives for stationary supplies and Subitu Kreasi Busana for uniforms.</p>	<p>Agreed. The BP team continues to assess opportunities for indigenous people to enable local businesses to become involved in the supply chain programme of the Tangguh project. From January until July 2017, seven Papuan institutions were involved in Tangguh business, with total transactions worth more than US\$5.8 million. Since 2006, total transactions with 27 Papuan businesses for various services has amounted to approximately US\$186 million.</p>	<p>We continued to provide opportunities for the indigenous people to be involved in the supply chain both for operations and TEP. According to our monitoring data, the existing cooperatives also supplied other stuffs which out of listed in the contract agreement to fulfil project demands.</p>

Recommendation from TIAP visit 2017	BP response January 2018	Status
<p>The SUBITU indigenous businesses are an important element of Papuan development. Failure of either of these businesses would reflect badly on BP's entire enterprise development programme. BP should continue to nurture these businesses as they strive to be profitable.</p>	<p>The IEDP team will continue to provide technical assistance and capacity building to support the SUBITU businesses and equip them with skills to expand beyond Tangguh and the Bintuni and Papua Barat markets. BP also continues to work with the local government in the regency and at provincial level to gain support.</p>	<p>Since 2016 SUBITU businesses have expanded to Sorong and Manokwari (Subitu Kreasi Busana and AC maintenance).</p> <p>As part its business development, we supported them to create Subitu Trans Maritim (STM), who provides water taxi service for Bintuni communities.</p> <p>We will continue our support to ensure the sustainability of its businesses including expanding their project outside of Bintuni to respond market demands.</p>

H.3. Social and community development – Adat Compensation

Recommendation from TIAP visit 2017	BP response January 2018	Status
<p>BP must continue to resist any proposal that it pay any governmentally recognized adat claim and include the payment in its cost recovery. If the GOI demands that BP pay any such claim, it cannot do so in cash or any equivalent. If the payment must involve BP at all, it must be fully transparent, and take the form of funding for a specific program or programs that benefit the adat community.</p>	<p>Agreed. The mechanism on adat claim payment has been agreed between SKK Migas and the ESDM. The implementation of the scheme will be monitored by the Corruption Eradication Commission (KPK).</p>	<p>BP keep its position and will not pay any adat claim in cash. This also applies for all sub-contractors. We will refer to the relevant regulation on any adat claim payment.</p>

H-4. Social and community development – Education

Recommendation from TIAP visit 2017	BP response January 2018	Status
<p>The flagship school is the single most important and visible element of BP's support for local education. It has been long delayed. BP should work with the local education agency and its education partner to make the timely establishment of one flagship school in Bintuni Bay a priority. The school should be fully functioning, at the latest, when Train 3 operations begin.</p>	<p>The flagship school development is in progress. During 2017, the activity focused on concept development, involving independent consultant from two institutions. We are pursuing the establishment of at least one flagship school programme in TMB by 2020. Serial meetings with the Teluk Bintuni Regency Education Office and local education foundations were conducted to gather inputs and feedback on the flagship school concept. We also invited local government officials to join a comparison study with how flagship schools were successfully implemented in Jayapura, in Papua Province, and Tomohon, in North Sulawesi. Tender for an implementing partner of the flagship school programme is in progress and we are expecting activities to support the flagship school development to commence in 2018.</p>	<p>In progress.</p> <p>The first flagship school was established in Tanah Merah Baru in October 2018. A cooperation agreement was signed by BP and the local government in July 2019 to define roles and responsibilities of each entity support the program.</p> <p>We recruited Yayasan Nusantara Sejati (YNS) as program implementing partner in 2018 for the next three years assignment. Technical assistances for the school in TMB continued to ensure it meets the flagship school standards.</p> <p>In addition, the Teluk Bintuni government decided to develop Santa Monica Junior High School in Bintuni as another flagship school. It will also accommodate indigenous people students from the villages.</p>