3 May 2019

Dear Ella,

Thank you for the invitation to provide our response to the points raised in the letter by Crude Accountability, dated 17 April 2019 (the Letter), with regard to the BP-operated Shah Deniz 2 (SD2) and South Caucasus Pipeline Expansion (SCPx) projects.

We also thank you for commending BP in Azerbaijan for adopting key social and environmental international good practice standards and for BP’s Group business and human rights policy, which is based on the International Bill of Human Rights and the UN Guiding Principles on Human Rights.

As the Letter notes, Sustainability Pty Ltd, as a consultant to the project lenders, conducted due diligence on the SD2 project in 2015, followed by bi-annual reporting and annual site visits. Sustainability Pty Ltd evaluated the project against international standards including the Equator Principles III, EBRD Performance Requirements, Relevant EU Directives, IFC Sustainability Framework, National Legislation and SD2’s own Environmental and Social Management Plans.

Sustainability Pty Ltd’s 2017 report found that “the SD2 Project is continuing to effectively manage its key environmental and social risks during development and there were no high or medium level non-conformances against the applicable lender standards. The Project’s performance in worker safety and environmental protection continues to be of an industry leading standard considering the significant risks associated with the construction phase of the Project.”

Their 2018 report also found that “monitoring confirmed the ongoing implementation of the SD2 environment, health and safety management system in line with BP’s corporate Health, Safety, Security and Environment (HSSE) commitment statement Project policies” and a “rigorous framework for ensuring the protection of worker safety, compliance with HSSE requirements, social responsibility, and protection of the environment.”

With regard to the three specific points raised in the Letter, we set out below further information to clarify BP’s approach:

1. **Access to Environmental Information**

As part of BP’s Environmental Monitoring Programme in Azerbaijan we conduct routine monitoring around the Sangachal Terminal (ST) including monitoring of air quality, surface and groundwater and soil monitoring. The results are reported to the national regulator, Ministry of Ecology and Natural Resources, on an annual basis. We also present the results of our monitoring programmes to the communities around the ST during regular community updates and make them publicly available through presentation sessions and monitoring overview booklets. A brief summary of monitoring results, including the ST surveys, can be found in our annual Sustainability Reports.

<https://www.bp.com/en_az/caspian/sustainability/environment.html>

In 2016-2017 (which were the peak years of SD2 and SCPx construction activities) 213 health, safety and environmental sessions and meetings were held with the affected communities with 4373 people in attendance, to provide updates on the projects, our environmental performance, raise safety awareness and listen to their concerns.

In addition, we are working on the publication of the results of BP’s 22-year monitoring surveys in Azerbaijan which we plan to publish and present to the public this year. We plan to hold public sessions at the annual Caspian International Ecological Exhibition in 2019 where this information will be presented and discussed, raising public awareness and providing an opportunity for members of the public to raise their concerns.

We remain committed to ensuring that the communities have access to relevant information on our environmental performance; a large amount of such information is currently publicly available, and much of it is published on our website in both Azerbaijani and English.

1. **Community participation**

We recognize that stakeholder engagement is a continuous process and plays a critical role in effectively managing our projects and operations. It is an important part of the way we conduct our business and is part of our commitment to the people and countries where we operate.

In Azerbaijan, we work together with the government and all neighbouring communities to contribute to sustainable growth, create jobs, listen to the concerns of the people affected by our operations and projects, and invest in their development.

We have processes and programmes in place to maintain effective and constructive engagement with our neighbouring communities. These include:

* Public Information Centres located in community settlements;
* Recruitment programmes;
* Community development initiatives and social investment programmes;
* Community complaints management mechanism;
* Public consultation and awareness sessions and meetings;
* Day to day engagement through our community liaison officers.

In addition, in line with the internationally recognized practice, before we start any major project we engage with stakeholders and conduct detailed environmental and social impact assessments (ESIAs) in affected areas and communities in order to be able to take all necessary action to avoid, eliminate where possible or minimize the impacts from our business. This has also been the case with the SD2 and SCPx projects, where we started engagement and consultations with the communities well before the projects’ early works commenced. Both projects conducted stakeholder and socio-economic surveys which informed the ESIAs and associated plans and involved household surveys, focus groups and interviews with key stakeholders.

Following the initial consultations, both projects held ESIA disclosure meetings and regularly met with the neighbouring communities to share updates on project activities and respond to questions and concerns. This has been in addition to the above-mentioned Project Information Centres for communities at the settlements near our facilities which have been active throughout the project implementation for liaising with local communities and addressing any concerns originating from work activities and related impacts.

The Environmental and Social Management Plans (ESMPs) of the SD2 and SCPx projects are part of the Environmental and Social Impact Assessments and are shared and discussed with the communities through the regular engagement processes. In line with the international best practices as well as BP’s own policies and requirements, all these documents and a number of other community engagement and information disclosure plans and documents are published in both Azerbaijani and English (see links below):

SD2 ESIA

<https://www.bp.com/content/dam/bp-country/az_az/PDFs/ESIAs/SD2/SD2_14_Env_and_Soc_Mgt_Final_az.pdf>

<https://www.bp.com/content/dam/bp-country/en_az/pdf/ESIAs/SD2_Chapter_14_Env_and_Soc_Mgt.pdf>

The summary of SD2 ESMPs can also be found here:

<https://www.bp.com/content/dam/bp-country/en_az/pdf/ESIAs/SD2-ESIA/SD2_Appendix_9_Eng.pdf>

SCPx environmental and social documents:

<https://www.bp.com/en_az/caspian/sustainability/environment/env-and-social-documentation/SCP/SCPX-ESIA.html>

<https://www.bp.com/az_az/caspian/sustainability/environment1/ESIAs1/SCP/SCPX-ESIA.html>

SCPx land acquisition and compensation guide 2015:

<https://www.bp.com/content/dam/bp-country/en_az/pdf/ESIAs/SCPXESIA/GLAC%20Engl%20SCPX%20Az%20January%202015%20Eng_version%20Final_07-04-2015.pdf>

[https://www.bp.com/content/dam/bp-country/az\_az/PDFs/ESIAs/SCPXESIA/00-GLAC%20SCPX%20Az%20January%202015\_Azeri%20version%2007-04-2015%20(Final).pdf](https://www.bp.com/content/dam/bp-country/az_az/PDFs/ESIAs/SCPXESIA/00-GLAC%20SCPX%20Az%20January%202015_Azeri%20version%2007-04-2015%20%28Final%29.pdf)

Amendment to SCPx land acquisition and compensation guide:

<https://www.bp.com/content/dam/bp-country/az_az/PDFs/ESIAs/SCPXESIA/GLAC%20Amendment%20Az%20Azn%20P02%20Web.pdf>

1. **Grievance Mechanism:**

Once again thank you for commending BP on the grievance mechanism used in our projects and operations in Azerbaijan, and for reporting on it in our annual Sustainability Reports.

As a responsible operator BP has a policy, procedures and agreed processes and mechanisms in place with regard to engaging with all of its neighbouring communities. In Azerbaijan, BP applies these procedures and processes to our relationship with the communities close to the Sangachal terminal and along the pipeline route, responding to concerns and grievances as they arise.

We have an established grievance resolution mechanism, which is available to third parties to raise concerns, including communities living in our neighbourhood. Our policy is to register and acknowledge community grievances within seven days, and answer them within 30 days. The registration and response to community grievances and requests are managed by our community liaison officers whose job is to engage with the communities on a day-to-day basis.  This has enabled both parties to constructively address concerns and resolve disagreements helping maintain open dialogues and build strong, mutually beneficial working relationships.

During the four-year construction period, the SD2 and SCPx projects received a total of 978 complaints within the grievance mechanism. Most of the complaints were related to crop compensation, property damage, land compensation, land boundaries and ownership. All complaints were taken seriously and properly answered in line with our approved mechanism and processes. As a result, all complaints submitted within our grievance mechanism have now been closed.

In conclusion, we would like to add that we are unaware of any complaint filed by Crude Accountability with the EBRD Accountability Mechanism on the SD2 project. However, we welcome the process to transparently and constructively address questions and concerns related to our projects and operations. We remain ready to work with all parties, together deal with their concerns, discuss any issues raised and address them in line with the internationally recognized as well as BP Group approved standards, procedures and processes.

We would also like to thank Crude Accountability for closely following our environmental and social performance during the implementation of the SD2 and SCPX projects and remain ready to meet with them in Azerbaijan to discuss any outstanding question they may have with regard to our projects.

Yours Sincerely

|  |  |
| --- | --- |
|  | **Tamam Bayatly**Communications Manager, Communications and External AffairsBP Azerbaijan-Georgia-Turkey RegionTel: +99412 525 5895  |  Mobile: +99455 422 3469 E-mail: bayatltf@bp.com | Website: [www.bp.com/caspian](http://www.bp.com/caspian)BP Exploration (Caspian Sea) LimitedRegistered Office: Chertsey Road, Sunbury, Middx TW16 7BP, United Kingdom. Registered in England, no. 00404347Representative Office, 153, Neftchilar ave., Port Baku, North Tower (Xazar Centre), AZ1010 , Baku, Azerbaijan. Azerbaijan Tax ID no. 9900070211 |