

CASPIAN DEVELOPMENT ADVISORY PANEL

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Caspian Development Advisory Panel Releases Report on Turkey and Project-Related Security and Human Rights Issues in Azerbaijan, Georgia and Turkey

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Today the independent Caspian Development Advisory Panel (CDAP), established by BP, released its second report on the Baku-Tbilisi-Ceyhan oil pipeline (BTC pipeline) and other related BP activities in Azerbaijan, Georgia, and Turkey. The report addresses Turkey and Project-Related Security and Human Rights Issues in Azerbaijan, Georgia and Turkey; CDAP's first report, released in August 2003, focused on Azerbaijan and Georgia.

CDAP has offered more than 100 different recommendations to BP to help ensure that the BTC and related projects serve as a template in the future for major investments in developing and transition countries by multinational companies in extractive industries. Among other key measures, CDAP recommends that:

- Development Fund that will pursue a holistic, integrated, and regional approach for their supplemental investment programs in the region and commit to a secure funding stream for the lifetime of the projects. BP and BTC establish a vehicle such as a Caspian Development Fund that will pursue a holistic, integrated, and regional approach for their supplemental investment programs in the region and commit to a secure funding stream for the lifetime of the projects. Such a vehicle could combine BP's current community, social and environmental investment funds, collect future additional contributions from other private sector entities and public development agencies, and facilitate public-private partnerships throughout the region.
- Encourage Sustainable Development.
- Protect Human Rights: BP and BTC establish an ombudsman in each host country and a special human rights coordinator to implement, coordinate, and monitor human rights commitments related to the projects and to interact with all key stakeholders, including host governments and non-governmental organizations.
- Comply with Project Standards in Turkey: BP, as the largest shareholder in BTC, use all of its leverage, including stopping work on the project if necessary, to ensure that BOTAS fulfills all environmental, social, human rights and other commitments BP and BTC have made for the project in Turkey.
- Adopt Policy on Double-Hull Tankers: BP, as BTC's largest shareholder, urge other BTC shareholder companies to adopt BP's policy of only utilizing double-hull tankers to load and transit crude oil at Ceyhan by January 1, 2008, and encourage Turkey to adopt EU standards for transit of crude oil.

- Analyze Cumulative Environmental Impact near Ceyhan Terminal: BP and BTC undertake a study of the cumulative impact on the coastal and marine environments in the Turkish Gulf of Iskenderun and on those who rely on the Gulf for their living of all commercial activities, including BOTAŞ's existing facilities.

In its first report, the Panel recommended that:

- Improve Transparency and Free Exchange of Ideas: BP and BTC foster transparency in the region by going beyond its current practice of publishing revenues made available to host governments by also publishing a comprehensive annual statement summarizing the type and amount of payments and estimated earnings received from the Projects by the host governments and their various agencies.
- Strengthen Support to SMEs: BP and BTC encourage and promote the sustainable development of small and medium enterprises in the region, including through facilitating micro-financing.
- Clarify Legal Regime: BP and BTC clarify the legal regime governing its construction and operation of the pipeline to ensure that evolving international human rights and environmental standards would be followed.
- Mitigate Environmental Impacts: BP and BTC take further steps to mitigate the environmental impact of the projects, including through committing to decommission oil platforms at the end of their lifespan, strengthening environmental monitoring, and establishing a comprehensive oil spill response plan.

CDAP was established in January 2003 by Lord John Browne, BP's Group Chief Executive, as an independent, external advisory body to provide BP with objective advice on the economic, environmental, and social impacts of the BTC pipeline and other related BP activities in Azerbaijan, Georgia, and Turkey. The Panel's chairman, Jan Leschly, joined by his fellow Panel members Stuart Eizenstat, Jim MacNeill and Mohamed Sahnoun, commended BP on its decision to establish an independent panel to advise the company on its activities, adding that "the Panel's recommendations will help BP ensure that the project leaves a lasting, positive impact in the region."

Both of the CDAP reports, as well as BP's responses, can be downloaded from the Panel's website (www.caspsea.com). The Panel's findings and recommendations reflect its meetings with government officials, non-governmental organizations, think tanks, academics, and other experts in Turkey, Azerbaijan, Georgia, London, and Washington, D.C. The Panel, which is funded by BP but operates independently, is supported by a Secretariat based at the Washington, D.C. law firm of Covington & Burling. The Panel has established an e-mail address (CDAP@caspsea.com) and requests that any interested party submit comments and information to the Secretariat for the Panel's review.