



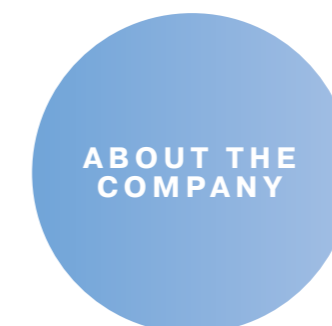
# SUSTAINABILITY REPORT 2018

WE SOLVE, YOU GAIN



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Today, Nobel Oil Services is a progressive, value-generating group of service companies that presents a distinctive brand in oil, gas and energy sectors, while providing responsible and sustainable business operations.

As a rapidly developing group of companies, Nobel Oil Services has gone through a rigorous journey to reach the considerable growth and accomplishments it prides on today. We joined the market in 2005, offering procurement services to the oil & gas industry of the Caspian region. Since then, we have grown organically and broadened with our capabilities to provide drilling, workover, engineering, construction, project management, oilfield operations, equipment maintenance and enhanced oil recovery services. Since 2015, we have been following a dynamic business development strategy, acquiring new businesses, and creating joint ventures.

Sustainability takes the center stage of our operations and remains an integral part of our business practices. For more than 14 years of our work in Azerbaijan, our focus has been modeling a sustainable business concept while prioritizing safety and the environment with the aim to win the trust of our stakeholders. We aspire to contribute positively to the environment where we set our operations while continuing to ensure excellence in our performance. This is a significant challenge that is woven into the fabric of the way we do business.

By now, we have managed to build a rich portfolio by keeping a close watch on changing market trends and discovering promising courses for development. Having earned a reputation of a reliable and trusted partner in the market, we are driven by a strong desire to expand our business to a greater region and have already achieved progress in this regard. From the strategic point of view, we aim to continue our market growth, maximize our economic and operational efficiency, and continue investing in the social and economic potential of Azerbaijan.

As we move forward into the future, we intend to continue upholding our values of safety, quality, one team, integrity, and excellence. By maintaining a safe, environmentally responsible and economically sustainable business, we can deliver even more benefits and meaningful contributions to the people of Azerbaijan in years to come.

VUGAR SAMADLI,  
CEO

#### Preparation of the Report

The decision to prepare Nobel Oil's first Sustainability Report was an essential step towards the implementation of our company's strategy to increase business transparency and develop a responsible dialogue with stakeholders. This is our first Report in which we try to inform our stakeholders about our activities, achievements and plans in the field of sustainable development. The Report presents our economic, environmental and social values, as well as what was done during the reporting period to put them into action. The Sustainability Report preparation process helped our company in defining our concept of sustainable development and approaches to non-financial reporting in general.

#### Reporting period

The Report was prepared for 2018. The Report also mentions events and activities that occurred earlier than this period. For analytical purposes, it also includes comparisons with two previous years and our planned figures for 2019. External verification of this Report was not conducted. We are considering that the future releases will be independently verified.

#### Borders and scope of the Report

Since this is our first consolidated Report on sustainable development, it was decided to include the head office of Nobel Oil Services (UK) Limited and its subsidiaries, branch of Nobel Oil Ltd in the Republic of Azerbaijan (Nobel Oil), GLENSOL and PROKON in the scope of the Report. The Report presents our activities in the territory of the Republic of Azerbaijan, as it is our central region of operation.

#### Principles for determining the content of the Report

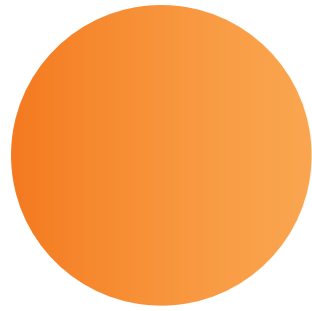
During preparation of the Report for 2018 the Company used the guidelines

of the Global Reporting Initiative (GRI) Sustainability Reporting Standards as a methodological framework. We disclose the most relevant issues in the Report and analyze the aspects of sustainable development, regarding the particular indicators on topics identified in the standards and examined by the UN Sustainable Goals. In addition to this, we analyzed independent media publications on the company's activities and reports on the sustainable development of international companies. We also conducted interviews with employees responsible for various areas of sustainable development to ensure the interests of internal and external stakeholders.

Stakeholder engagement is a crucial part of the process of the key aspects' analysis. The company constantly interacts with its stakeholders to be aware of their changing needs and expectations. We are committed to the principles of respect for all the parties' interests, frequency of contacts, as well as well-timed reporting on key aspects of our activities. We build relationships with many stakeholders by using the relevant means and methods (see the Stakeholder Engagement table on page 4). A comprehensive analysis identified the key aspects in the Materiality Matrix.

The financial and economic indicators presented in the Report resulted from the audit conducted based on international financial reporting standards (IFRS).

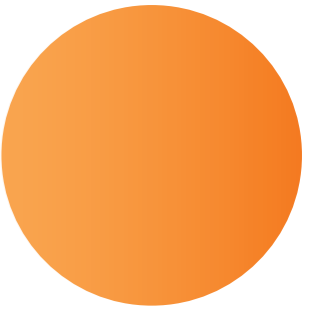
**CONTACT PERSON**  
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# STAKEHOLDER ENGAGEMENT



# MATERIALITY MATRIX

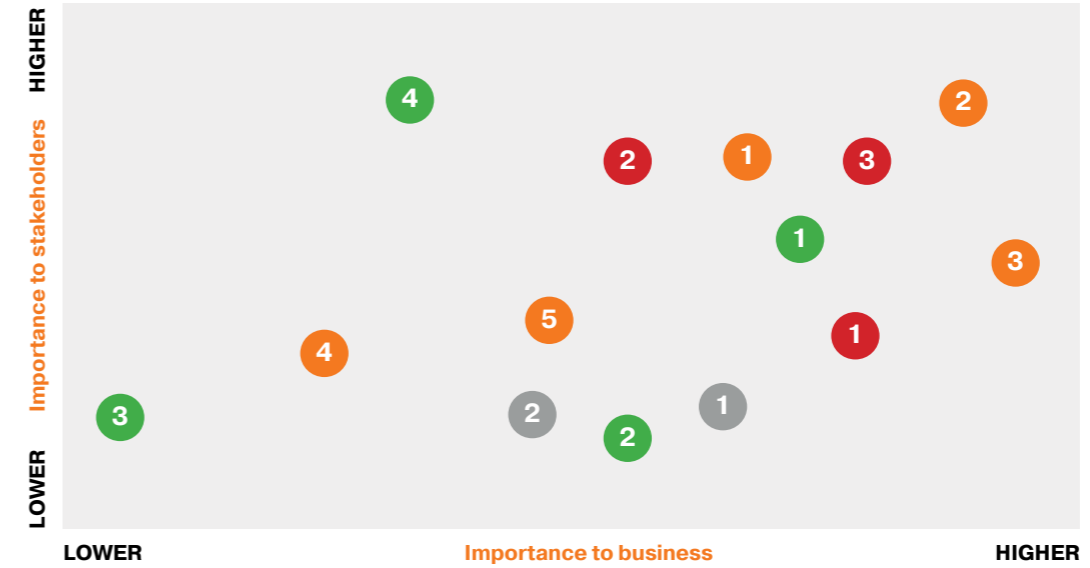


ABOUT THE REPORT

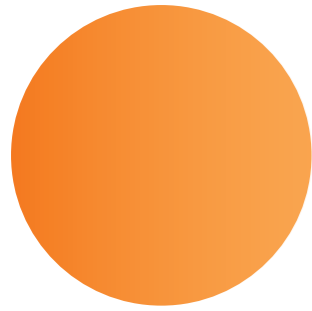
Our system of stakeholder engagement is aimed at achieving the objectives for Sustainable Development. The company constantly interacts with its stakeholders to learn about their changing needs and expectations. We follow the principles of respecting the interests of all parties, regular contact, as well as timely communication on key aspects of our activities. The company considers the following as the interested parties: parties with a high degree of influence on the activities and performance of the company; parties that largely depend on the activities which the company has obligations towards, parties, cooperation with which is important given the strategic prospects of the company.

KEY STAKEHOLDERS	FORMS OF INTERACTION	DISCUSSED ISSUES
Clients	Treaties Individual meetings Reporting Request for Proposals Presentations Customer rating system	Quality of service Advancement of the service level Timely and cost-effective project completion Regulatory Compliance Occupational Safety, Health and Environment
Shareholders and Investors	Meeting of shareholders Round tables Presentations Corporate Reporting Participation in conferences	Financial statements Corporate Governance Quality of service Increase efficiency Strategy implementation Occupational Health, Safety and Environmental protection
Suppliers and Contractors	Treaties and agreements Business meetings Corporate website	Occupational Health, Safety and Environmental protection Ethical tender process Compliance with mutual obligations Compliance with business ethics Transparency
Employees	Open door policy Internal communications system Trade Unions Local regulations	Salaries Labor protection and occupational safety Career development Education and development Labor Relations
Government	Relations with regulatory authorities Participation in commissions Joint working groups Participation in conferences Corporate Reporting Round tables Individual meetings	Compliance of the Company's activities with the legislation Emergency Preparedness Human rights Health, safety, labor and environmental protection Impact on the local economy
Local Communities	Social events Company reporting Meetings	Transparency of the company's activities Education
Partners	Reporting Treaties and Agreements Meetings	Transparency Discussion of the project exploitations

ABOUT THE REPORT



- ECONOMIC**
  - 1 Supply chain
  - 2 Economic performance
  - 3 Anticorruption
- SOCIAL**
  - 1 Human rights
  - 2 Health and Safety
  - 3 Training and Development
  - 4 Community engagement
  - 5 Succession planning
- ENVIRONMENT**
  - 1 Environmental compliance
  - 2 Water use
  - 3 Waste
  - 4 Energy efficiency
- ORGANIZATIONAL**
  - 1 Business ethics and compliance
  - 2 Corporate governance



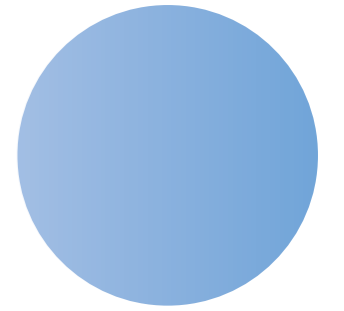
## IDENTIFIED MATERIAL ASPECTS



ABOUT THE REPORT

MATERIAL TOPICS	MATERIALITY ASPECTS FOR NOBEL OIL	BOUNDARIES OF MATERIAL TOPICS
Anticorruption	Operating with integrity is crucial for achieving sustainable development. Thus, the Company pays special attention to implementation of anti-corruption measures.	Company Local community Customers Shareholders and Investors Government
Human rights	Human rights are an integral part of sustainable development. We guarantee equal rights and do not tolerate any form of discrimination and harassment.	Company Employees Customers Shareholders and Investors Government
Training and Development	Our ability to attract, develop and retain top talent is key to our success. We invest in programs and developmental plans that build high performing work teams.	Company Employees Government
Health and Safety	Safety and labor protection is particularly important for us. The life and health of our employees, contractors, customers and all interested parties remains the key priority for the Company.	Company Employees Customers Suppliers and Contractors Shareholders and Investors Government
Supply chain	Our business performance is dependent upon our supply chain management. In today's globally competitive economy, we are aware that strong relationships with our suppliers are essential to satisfying the needs of all of our stakeholders.	Company Suppliers and contractors Shareholder Government
Environmental compliance	The conscious acceptance of social responsibility towards maintaining an environment is one of the top priorities for the Company. The Company monitors the implementation of the legislation requirements in the field of environmental protection while implementing projects.	Company Shareholders Community Customers Government Local Community

## WHO WE ARE



ABOUT THE COMPANY

Nobel Oil Services (UK) Limited is a rapidly growing and diversified group of energy-related businesses. We provide exceptional value to customers and deliver innovative solutions while adhering to the highest ethical standards.

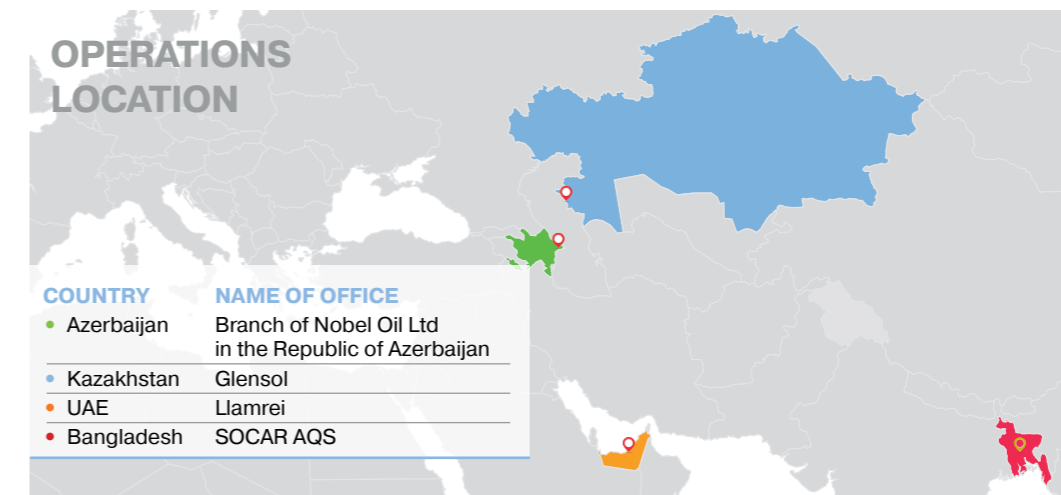
Nobel Oil Ltd was originally established in 2005 as a technical service provider, offering services to the oil and gas industry in the Caspian region. These included wells workover, drilling, installation, construction, engineering, repair & maintenance services. In 2013, Nobel Oil undertook a comprehensive strategic review of its business, with a focus on assessing the company's organizational capabilities, strategic goals, operating markets and growth options both regionally and globally.

In 2014, Nobel Oil reorganized its corporate structure to place its Azerbaijan-based businesses under a parent company headquartered in the UK and align its business processes with international standards. As a

result, all service segments of the oil and gas industry were united under Nobel Oil Services (UK) Limited.

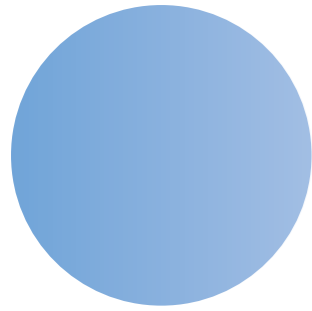
Nobel Oil Services (UK) Limited was founded on 25 June 2014 and registered in the United Kingdom. Nobel Oil Services (UK) Limited is a parent company of Global Energy Solutions, PROKON, SOCAR AQS and Llamrei. It also has several joint venture companies such as GVL, SDL Denholm Limited, Lamor NBO, Wood Group Azerbaijan and Turan Drilling & Engineering Company.

Today, Nobel Oil grew into a progressive, diversified, value-generating service group in the oil, gas and energy sectors and turned into a recognizable brand.



- MAIN SERVICES**
- Drilling and wells management
  - EPCM
  - Construction
  - Project management
  - Procurement and logistics
  - Fabrication and installation
  - Integrated services

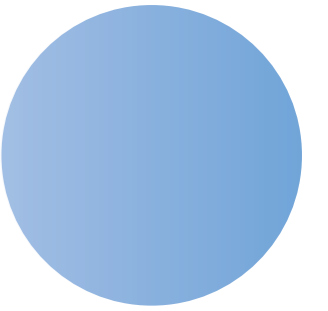
- SERVICED INDUSTRIES**
- Oil and Gas
  - Energy
  - Power and Water
  - Construction



## COMPANY STRUCTURE



## COMPANY STRUCTURE



ABOUT THE COMPANY

ABOUT THE COMPANY



### OUR PHILOSOPHY

Our philosophy is based on ethical conduct, mutual trust and teamwork. To ensure continuous improvement we challenge, test, reevaluate and continually raise our standards of excellence. Nobel Oil's success depends upon the combined capabilities and the contribution of all team members. All our management is dedicated to fostering a work environment that challenges, enriches and rewards each individual.

### NOBEL OIL SERVICES

Provides management oversight & governance to the Group companies.

### SOCAR AQS

Provides integrated drilling and well services management, including drilling of horizontal, multilateral and directionally deviated wells, well design and planning, well completion, well workover and intervention, sidetracking, casing running and other drilling-related services.

### GLOBAL ENERGY SOLUTIONS(GLENSOL)

Provides installation, commissioning, start-up, operation, maintenance of gas turbines and compressors. GLENSOL also provides offshore top drive maintenance services as well as inspection, maintenance and repair capability for other rotating and static equipment. In partnership with Suez, GLENSOL offers operational solutions in the water treatment area.

### PROKON

It is a project and construction management company, which focuses on fabrication, construction and installation of offshore gas injection plants, offshore power stations, onshore and offshore gas processing facilities and refining facilities, polymer and fertilizer plants.

### LLAMREI

Provides a wide range of oilfield materials and equipment for its clients related to drilling, projects, maintenance and production operations. Llamrei focuses on optimizing the flow of material and equipment from the point of origin to customer delivery.

### SDL NOBEL

Provides onshore and offshore fabrication and installation services, including the fabrication and installation of structural steelwork, upgrades of offshore facilities, pipework systems including high-pressure flow lines, vessels, tanks and related packages.

### GVL

Provides support solutions for the full life cycle of valves. The range of services among others includes valve overhaul and repair, valve diagnostics, maintenance engineering, testing and certification.

### LAMOR NBO

Main service lines include oil spill response, waste management, wastewater treatment and soil remediation. Lamor NBO has also the advantage of being able to rely on an extensive framework of partners to provide customers with ancillary services and infrastructure, such as vessels, dispersants, waste management and disposal, and capping stack systems.

### WOOD GROUP AZERBAIJAN

Provides engineering and operations support services to the oil and gas market in Azerbaijan. It primarily supports the delivery of brownfield engineering, procurement and construction management contracts across a range of offshore assets in Azerbaijan.

### TURAN DRILLING & ENGINEERING COMPANY

Provides offshore drilling and rig engineering services, including Drilling Rig Maintenance, Drilling Rig Operation, Drilling Rig Maintenance & Procurement, RDS engineering and construction workstream as well as warehouse management.

## KEY PROJECTS

## KEY PROJECTS

ABOUT  
THE COMPANY

ABOUT  
THE COMPANY

### KEY ONGOING PROJECT



#### HEYDAR ALIYEV OIL REFINERY

##### Baku, Azerbaijan

Scope of works:  
Steel Structure Erection,  
Piping Fabrication and Erection, Equipment erection works.



#### EPCM

##### Caspian Sea, Azerbaijan

Scope of works:  
Engineering, Procurement and Construction Management across 8 offshore platforms (ACG & Shah Deniz), including Small Engineering Modifications (CAT-C), Brownfield projects (CAT-B), TAR (Turnaround) for all discipline work, Maintenance Projects (repair, fabric maintenance, etc).



#### ELECTRICAL & INSTRUMENTATION

##### Azerbaijan-Georgia-Turkey (AGT) region

Scope of works:  
Execution, service, installation, commissioning, modification and inspection services designed to maximize uptime and optimize assets life cycle.



#### VALVE MAINTENANCE

##### 8 offshore platforms, Sangachal Terminal and 4 export pipelines within Azerbaijan and Georgia

Scope of works:  
Valve maintenance services, including among others valve overhaul and repair, valve diagnostics, maintenance engineering.  
General information: Support solutions for the full life cycle of valves.

### KEY COMPLETED PROJECTS

#### AMMONIA & UREA COMPLEX

##### Sumgayit, Azerbaijan

Scope of works:  
Civil, building, piping, steel structural, painting, insulation, equipment, erection, HVAC, electrical and instrumentation.

#### Scope Description:

Compression Excavation 218,915.00 m<sup>3</sup>  
Backfilling 146,548.00 m<sup>3</sup>  
Rebar approx. 6,000.00 Ton  
Concrete approx 65,000.00 m<sup>3</sup>  
Road & Pavement (Asphalt) 43,299.00 m<sup>2</sup>  
Road & Pavement (Concrete) 4,960.00 m<sup>2</sup>  
BUILDINGS (5 ea) 6587 m<sup>2</sup>  
Structural Steel Erection 5,958.00 Ton  
Piping Works 348,873.00 DI



Equipment Erection Works 10,631.00 Ton  
E & I Cable Pulling Works 1,078.00 km  
Painting Works 125,753.00 m<sup>2</sup>  
Insulation Works 58,353.00 m<sup>2</sup>

### KEY COMPLETED PROJECTS



#### SOCAR POLYMER

##### Sumgayit, Azerbaijan

About the Project:  
The Project Construction Area has been cleaned from debris and existing facilities and utility connections in the Project Area has been removed. The Project Area has been backfilled and compacted up to the Project Zero Level.

Scope of works:  
General Excavation of 405,900 m<sup>3</sup>, Mass Backfill from stockpiles of 130,000 m<sup>3</sup> and Mass Backfill from imported soil of 290,000 m<sup>3</sup>.



#### OIL ROCK GAS TURBINE COGENERATION POWER PLANT

##### Caspian Sea, Azerbaijan

About the Project:  
Neft Dashlari Power Plant consists of 6 turbines and Generators (8 MGW). The total capacity of power generation is 48 MGW. 2 Turbines are capable to work with dual fuel provide with the Diesel system. 3 Turbines are capable to run continuously and the other 3 are in standby.



#### GUNESHLI DEEP SEA WATER PLATFORM COMPRESSOR STATION

##### Caspian Sea, Azerbaijan

About the Project:  
The new compressor station has been constructed at Caspian Sea Guneshli Deep Sea Water Platform No # 4 in 2012. The purpose of the gas compressor station is to collect low-pressure gases and transport it to the suction of BCS-2 at Oily Rocks. The completed project consists of the establishment of two (2) Siemens SGT400 twin shaft gas turbine compressor drivers, two (2) Siemens STC-SH driven units gas compressor units and two (2) Siemens STC-SV driven units gas compressor units.



#### GUNESHLI DEEP SEA WATER PLATFORM COMPRESSOR STATION

##### Caspian Sea, Azerbaijan

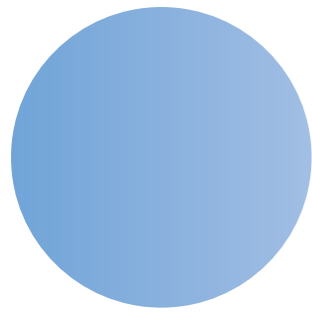
About the Project:  
The new compressor station has been completed with main equipment of 8 gas turbine drive centrifugal compressor units, consisting of 4 (3 operational + 1 spare) first stage (LP) and 4 (3 operational + 1 spare) second stage (HP) units as well as gas dehydration unit and all associated process equipment with output of 3 mln. m<sup>3</sup>/day and working pressure of 12,5 MPa.

#### PIPELINE PROJECT FOR CEMENT PLANT

##### Baku, Azerbaijan

Scope of works:  
Engineering and Design of Pipe Line (8 km "530x8mm dia." + 0.33 km "325x10mm dia.") and Internal Cement Plant Area (in accordance with SNIP&GOST Standards), Supply of Pipes, Pipeline Construction Activities, Automatic Gas Distribution Pressure Reduction Station Construction and Erection Activities, Obtaining Governmental Approvals for the Pipeline and Automatic Gas Distribution Pressure Reduction Station, Commissioning Activities of Facilities and Gas Pipeline.

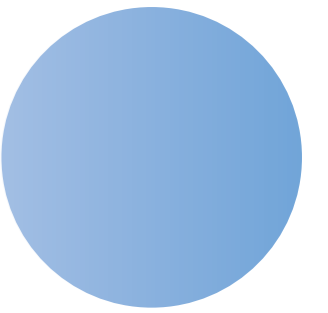




# FINANCIAL PERFORMANCE<sup>1</sup>



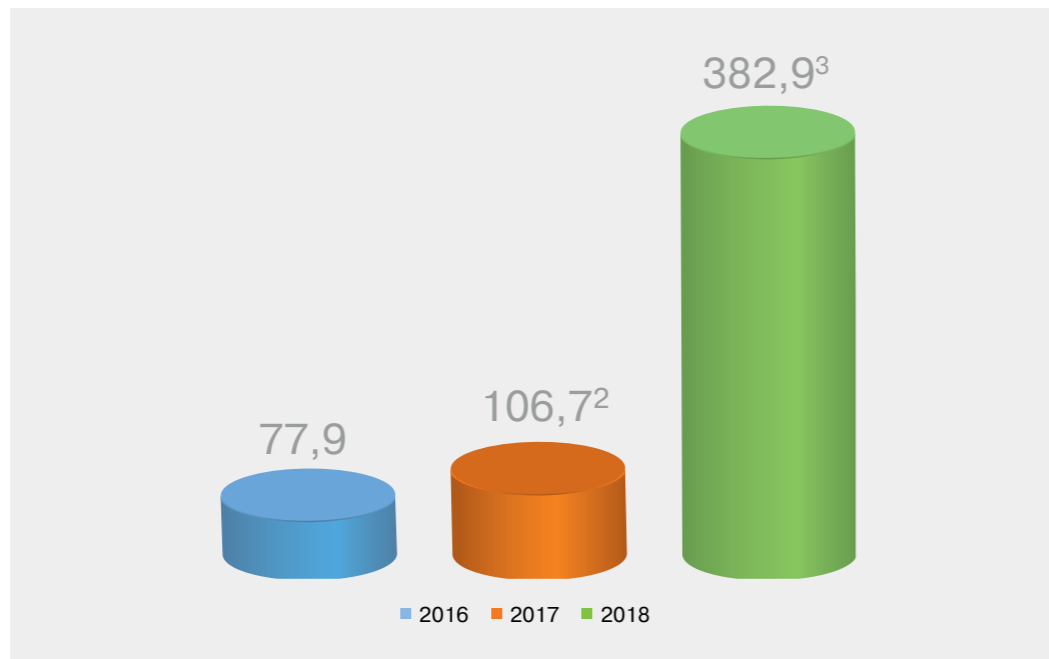
# OUR APPROACH



ABOUT THE COMPANY

SUSTAINABILITY APPROACH

REVENUE, mln\$



REVENUE BY BUSINESS AREA, mln\$



<sup>1</sup>The indicated data includes the entire Nobel Oil Services (UK) Limited as a Group. For more detailed information on the company's financial operations, please visit [http://www.nobeloil.com/assets/Site\\_18/files/Report2018.pdf](http://www.nobeloil.com/assets/Site_18/files/Report2018.pdf)

<sup>2</sup>Reason for sharp increase in figures between 2017 and 2018 due to recognition of SOCAR AQS revenue as subsidiary from 2018

<sup>3</sup>Revenue from construction contracts for 2018 comprises of the revenue generated by Prokon in the amount of 11 million \$ and SOCAR-AQS in the amount of 330 million \$. Revenue generated by SOCAR-AQS is mainly composed of the offshore well drilling services rendered to its customers

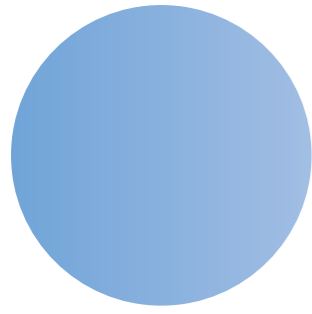


Our sustainability or long-term future as a successful business relies upon our ability to balance economic, social and environmental issues in our decision making processes across our business. We believe that doing this right is the key to being a great company and helps to ensure we identify and appropriately manage risk and opportunities.

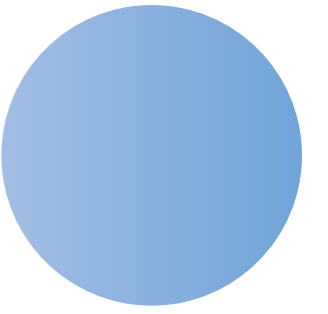
The Company's goal in the field of sustainable development is to grow into an international engineering and construction services company while making a positive contribution

to the social-economic development of the countries of its presence, and following standards of industrial and environmental safety, corporate governance and social responsibility.





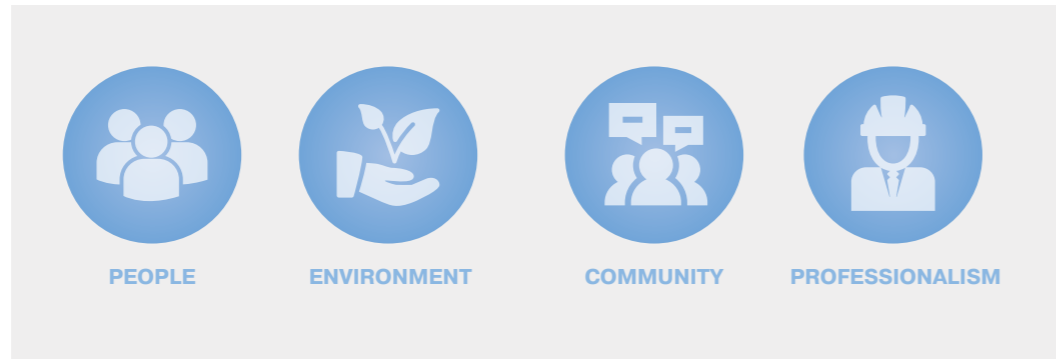
## MANAGEMENT SYSTEM



SUSTAINABILITY APPROACH

VISION, MISSION & VALUES

### NOBEL OIL SERVICES SUSTAINABILITY PILLARS



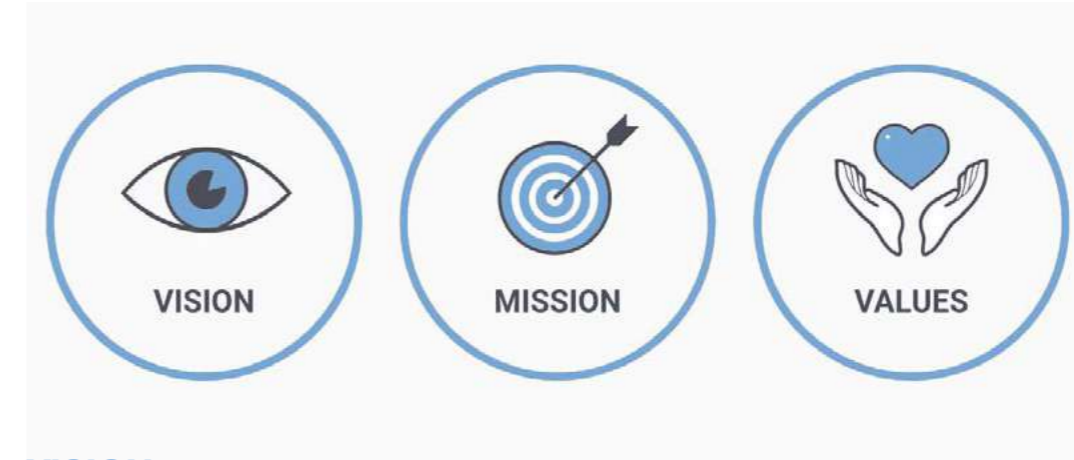
#### STRUCTURE OF THE SUSTAINABILITY MANAGEMENT SYSTEM

The direction of activities in the field of sustainable development is carried out by the Nobel Oil management at various levels. Competence of the Board of Directors includes strategic management of issues related to activities in the field of sustainable development, as well as consideration and approval of documents of the highest level.

Operational management of sustainable development is carried out by specialized departments within Nobel Oil. All department heads regularly meet with the general director and submit monthly reports to review and discuss implemented activities, improvements, and tasks. In subsidiary companies of the Group, these issues are managed by company executives. Companies within Nobel Oil group can develop their sustainable development documents that consider the industry specifics of their activities.

Our objectives in the field of sustainable development include:

- improving corporate governance system;
- creating an effective and transparent system of interaction with our stakeholders;
- promoting personal growth and professional development of our employees;
- promoting social-economic development of regions of presence;
- ensuring the safety of our employees, contractors and public during carrying out activities of the Company;
- minimizing our negative impact on the environment;
- promoting rational use of natural resources;
- introducing innovation in all areas of the Company's operations.



#### VISION

Our vision is to be our customers' primary choice and most trusted partner, in all our business lines through successfully delivering the best services with the passionate and active engagement of our people.

#### MISSION

Our mission is to deliver superior services and solutions with quality-driven processes in a safe, efficient and environmentally responsible manner.

#### VALUES

##### SAFETY

We conduct our business according to the highest standards of social, environmental, and safety practices. We are committed to being a good corporate citizen. Our top priority is on the health, safety, the security of our workforce protection of assets, and the environment.

##### ONE TEAM

As an international company, we value and respect the uniqueness of the cultures in which we work. Wherever we operate, we have an inclusive work environment and embrace a diversity of people, ideas, talents, and experiences. We aim to build a healthy environment and work as one team.

##### QUALITY

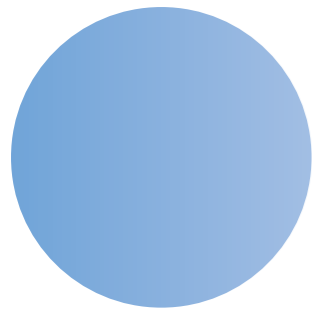
We assure a quality component and quality control service of the Company. We comply with all relevant quality standards and regulations.

##### INTEGRITY

We are honest with others and ourselves. We meet the highest ethical standards in all business dealings. We do what we say we will do. We accept responsibility and hold ourselves accountable for our actions and inactions.

##### EXCELLENCE

We strive for excellence in what we do, aiming for a high level of performance and operational efficiency.



# THE UN SUSTAINABLE DEVELOPMENT GOALS

ABOUT THE REPORT

In 2016, the 17 UN Sustainable Development Goals (SDGs), designed to maintain the well-being and preservation of our planet officially came into effect. In 2018, Nobel Oil worked to identify the SDGs that are most affected by our operational activities in order to identify areas that could best benefit from our meaningful contribution. We remain aware of our Company's capability to directly impact and accelerate the achievement of the SDGs through providing reliable and sustainable technological solutions in the oil & gas industry. Below are the most significant SDGs for the Company as well as the contributions we made to them.



- Percentage of expenses on local suppliers
- Local employment
- Transparent tax payment



- Protection of employees and stakeholders from accidents
- Health safety of employees



- Education, development and preparation of human resources
- Collaboration with high educational institutions



- Effective project planning
- Encourage rational water usage among employees



- Use of energy-efficient technology



- Employee evaluation
- Maintaining employment among the young generation and disabled people
- Implementing actions to develop local suppliers

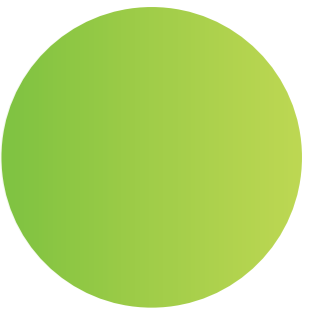


- Use of clean and environmentally friendly technologies
- Increasing efficiency in the use of resources
- Increasing the technological potential of our enterprises



- Effective management of waste
- Compiling with local and international rules and laws in relations with the protection of the environment
- Effective project management

# OUR APPROACH

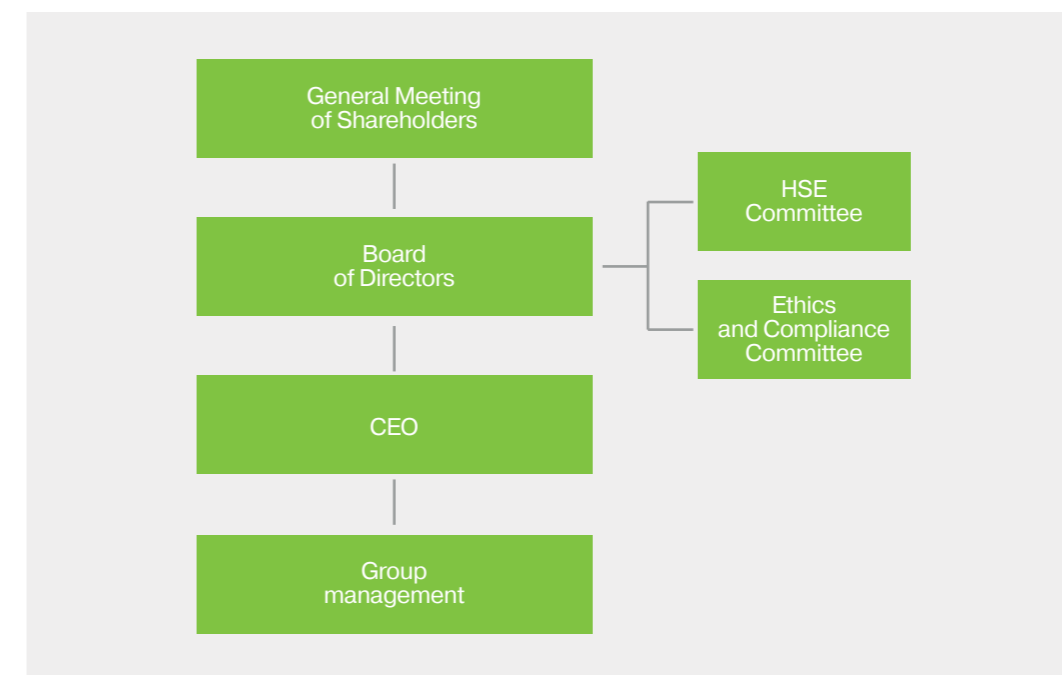


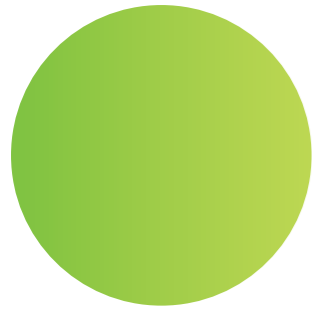
GOVERNANCE

Our reputation as an honest and trustworthy business partner is essential for winning and maintaining the trust of our partners and associates. We strive to maintain transparency in conducting business with our stakeholders, who grant us their trust in return. Our company perfects the

corporate governance system in line with the local and international legislation, plus international practices. We intend to continue working in this direction to increase effective governance, enhance our competitive advantages and create necessary conditions for sustainable growth.

## GOVERNANCE STRUCTURE

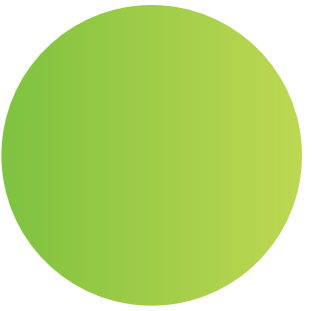




## MANAGEMENT SYSTEM



## MANAGEMENT SYSTEM



### GENERAL MEETING OF SHAREHOLDERS

The general meeting of shareholders of the private company Nobel Oil Services (UK) Limited is the supreme governing body of the company, which makes critical decisions on the most vital matters. The shareholders' role in the company's management includes appointing directors and auditors, as well as ensuring that the current management structure meets the required standards.

### BOARD OF DIRECTORS

Board of Directors was formed based on proposals received from the Nobel Oil shareholders. Board of Directors carries out general overall management of the company's activities. Their duties include setting the strategic goals of the company, managing their implementation, overseeing business management and informing shareholders of their direction. The main activities of the Board of Directors are governed by the legal and regulatory documents, legislative authorities and by the general meeting of shareholders. The Board has one executive and two non-executive members.



EXECUTIVE



NON-EXECUTIVE

The board of directors is balanced in terms of retaining the key competencies necessary for practical work. The vast accumulated experience and knowledge of the board members enable them to deliver optimal solutions at any time. With extensive experience in the private and public sectors, members of the board of directors possess skills in strategic management, corporate

governance, corporate finance, risk management and HSE, as well as critical knowledge and expertise of the industry.

**During the reporting year, the Board of Directors of Nobel Oil has made several crucial decisions aimed at the company's advancement in the field of sustainable development.**

- To conduct in-depth strategic analysis and develop future strategy - the decision to collaborate with McKinsey was made;
- To improve HSE system – the establishment of a committee for the HSE and reorganization of the entire system was approved;
- To improve the preventive measures and detect cases of bribery – the introduction of ISO 37001 anti-corruption management system was also decided.

### COMMUNICATION WITH THE BOARD OF DIRECTORS

Our management and the Board encourage transparent and open communication with shareholders, employees and all interested parties.



### CHIEF EXECUTIVE OFFICER

The Chief Executive Officer provides operational management of the company's activities and acts within the scope of its competence, established by the Nobel Oil company regulations.

### ETHICS AND COMPLIANCE COMMITTEE

The company has established an Ethics and Compliance Committee. The committee is composed of five members with the voting authority and one member without the voting right. The primary function of the Committee is to monitor and resolve ethical and compliance issues within the company, including aspects of the following nature:

- Assistance in the development, implementation and operation of an effective program of ethical and legal compliance;
- Promotion of a company culture that encourages compliance with the regulations and the standards of ethical conduct;
- Consideration and resolution of any issues regarding the understanding of all aspects of the program of the ethical and legal compliance;
- Effective implementation of risk management, audit and compliance issues by the company;
- Implementation of the compliance system under the laws and regulations;
- Ensuring compliance of the company's policies and procedures with the local legislation and responding to various compliance risks.

### STRUCTURE AND MEMBERSHIP

The Committee shall be comprised of below members:

- Compliance Officer, Chairperson and Secretary
- Chief Executive Officer, Member
- Chief Operating Officer, Member
- Chief Commercial Officer, Member
- Chief Financial Officer, Member
- Group Legal Manager, Member

### HSE COMMITTEE<sup>3</sup>

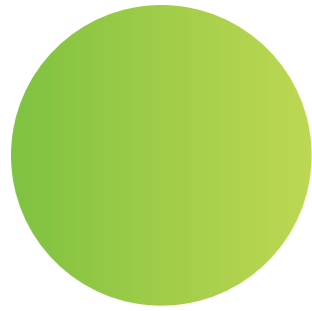
The HSE committee supports the HSE management system in fulfilling its responsibilities about occupational safety, as well as the industrial and environmental protection, taking into account the relevant legislation and the highest standards of corporate governance. The committee includes five members with a voting authority and one member without authority.

### STRUCTURE AND MEMBERSHIP

The Committee shall be comprised of below members:

- Group HSE Lead, Chairperson and Secretary
- Chief Executive Officer, Member
- Chief Operating Officer, Member
- Chief Commercial Officer, Member
- Chief Financial Officer, Member
- Group HR Manager
- GLENSOL GD
- PROKON GD

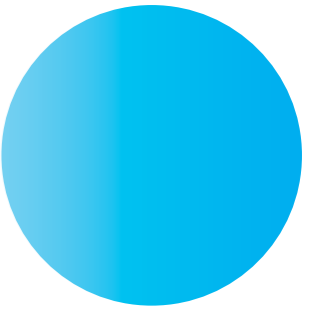
<sup>3</sup>Detailed information is given in the HSE section



## RISK MANAGEMENT



## BUSINESS ETHICS



GOVERNANCE

Our management pays special attention to issues of risk coordination to provide a reasonable guarantee of achieving our strategic goals, which allows for the timely identification, analysis and prevention of possible threats and losses.

Our company considers the risk management system as an aggregation of interrelated organizational measures and processes, organizational structure, local regulatory acts and

other regulatory legal acts, documents, methods and procedures such as regulations, standards and guidelines, as well as corporate culture norms and actions taken by management and employees of the Company, aimed at providing sufficient guarantees for achieving company goals and solving problems.

This whole aggregation aimed at supporting our management and employees in making critical decisions.



### BUSINESS ETHICS

Ethics remains an integral part of our business. The company's policies and documents were developed in accordance with the UK and local legislation and government authorities, as well as the best international practices for the Code of Conduct and Business Ethics. Our Code reflects the commitment of our employees to high ethical principles of business conduct and includes a set of universal laws and business standard behavior and interaction of employees among themselves, their business partners and stakeholders.

### Training and Communication

Our company conducts briefings and training for our employees and suppliers regularly. We aim to ensure that all our employees are made aware of the relevant functional channels for issue reporting. Each employee of the company may refer to the business ethics hotline if they believe that they have witnessed a violation of the Code or if they have been made aware of such conduct.

**ETHICS & COMPLIANCE HOTLINE**  
<http://www.nobeloil.com/contact-us.aspx>

### Monitoring Effectiveness

In the reported year, the list of internal procedures and documents was revised in coordination with the conducted external audit, as well as with the implementation of ISO 37001:2016. The key changes were made regarding the improvement of the anti-bribery system.

### HUMAN RIGHTS

Our company guarantees equality of rights and non-discrimination based on

nationality, sex, origin, age, religion, and any other grounds, as well as workers' right to associate with any public organizations of their choice.

We actively encourage our employees and other interested parties to report any actions that are not consistent with human rights and fair labor practices and provide the necessary mechanisms for their appeal. In 2018, no appeals and complaints related to discrimination and violation of human rights in the workplace were received by the Company.

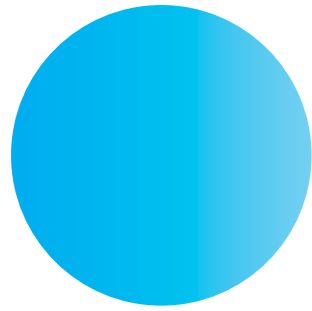
### NON-DISCRIMINATION

Our business ethics not only defines the standards of ethical behavior in relations with our business partners but also implies our commitment to the principles of sustainability, equality of opportunity and non-discrimination. We undertake the necessary efforts to enable the personal development of our employees and maintain their social awareness by supporting them in volunteering for appropriate social and community initiatives.

Nobel Oil maintains policies and procedures that allow our HR personnel to hire, develop and retain employees based on job descriptions, regardless of their gender, race, nationality, religion, language, social origin, financial status, political or other beliefs. The HR Department has overall responsibility for this policy and maintains the reporting and monitoring procedures. All senior managers, managers and employees are required to comply with the aforementioned requirements of non-discrimination.

Employees are expected to conduct themselves professionally.

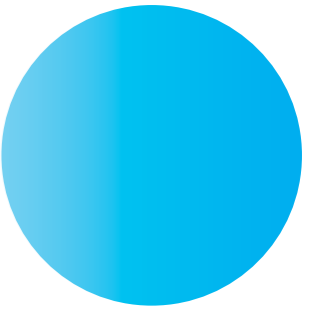
ETHICS AND COMPLIANCE



## ANTI-CORRUPTION AND ANTI-BRIBERY



## CONFLICT OF INTEREST



ETHICS AND COMPLIANCE

We do not tolerate any form of abuse or harassment of employees, our customers or our contractors, suppliers, visitors, government officials or any other person we deal with. Intimidation, harassment, racist remarks, discriminating conduct, inappropriate language, verbal aggression, physical aggression, threatening behavior, insults or sexual aggression are considered serious acts of misconduct which will not be tolerated and will lead to disciplinary action and/or dismissal.

### ANTI-CORRUPTION AND ANTI-BRIBERY

Corruption is globally regarded as one of the major economic phenomena. Our company assigns great significance to the prevention and combating of corruption and demonstrates strict compliance with the local and British legislation. We are subject to and will abide by the UK Anti-Bribery Act 2010, US Foreign Corrupt Practices Act 1977, Convention Combating Bribery of Foreign Public Officials in International Business Transactions 1997, The United Nations Convention against Corruption 2003, ISO 37001:2016 Anti-Bribery Management System and the anti-bribery and anti-corruption laws of the countries in which we operate or conduct our business. Policies and procedures have been established to prevent, detect, report and investigate actual or suspected cases of bribery and corruption. Directors and employees are required to abide by these laws and Company policies and procedures governing anti-bribery and anti-corruption.

In 2018, to improve the preventive and detection measures for potential bribery cases, a decision was made to introduce an anti-

bribery management system ISO 37001:2016. The standard certification enables the company to apply certain measures that can serve as the basis for the integration of a control system designed to advance risk management in bribery cases.

### Training and Communication

Anti-corruption communication and trainings serve as the key controlling elements. The company regularly conducts trainings for our employees and hired workforce. The Company shall require all of its employees to comply with the relevant policy, and shall communicate to employees the key principles, requirements and punitive consequences of non-compliance. Special training programs aimed at preventing bribery are carried and updated regularly to take into account any changes in the law.

During the years 2016-2018, 500 employees were involved in anti-corruption trainings.

The Company has implemented a clear and accessible procedure for reporting. The purpose of this procedure is to promote the implementation of the 'Reporting Corruption' and 'Raising Concern' principles by providing methods of informing employees and interested parties about actual or suspected cases of bribery, corruption or inappropriate behavior. By adopting this procedure, the Company follows the best corporate governance practices that serve to demonstrate its operational efficiency as an addition to other internal controls aimed at preventing any violations and minimizing the risk of corruption, fraud or other misconduct.



The company recognizes and respects the diversity and importance of the off-duty goals and interests of its employees. Nevertheless, the company cannot remain neutral in cases where, as a result of personal, family or other circumstances, an employee of the company loses or may lose loyalty and objectivity about the company. The resulting conflict of personal interests with the interests of the company may exert a negative impact on the company's effectiveness. Therefore, the company is taking action to prevent the occurrence of such conflicts.

The company has a control procedure in place to ensure the prevention of abuse of the official position and the occurrence of conflicts of interest. Each employee submits an annual form based on which the estimated risk of conflict is assessed.

### INFORMATION DISCLOSURE

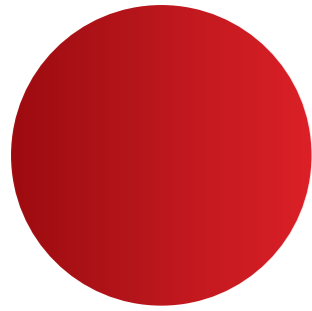
Information transparency is one of our main principles of corporate governance. Our company promptly informs stakeholders about the significant events in its business. A special part of the corporate governance system is attributed to information openness and financial transparency, combined with the preservation of the company's interests in the protection of trade secrets and confidential information. You can find the latest news, financial indicators, statements and other useful information of the Nobel Oil Group on our company website. The website also showcases regulatory documents for our corporate governance system.

### INFORMATION DISTRIBUTION CHANNELS:

[www.nobeloil.com](http://www.nobeloil.com)

- [linkedin.com/company/nobel-oil-services-uk-ltd/](https://www.linkedin.com/company/nobel-oil-services-uk-ltd/)
- [facebook.com/Nobel.Oil.Services/](https://www.facebook.com/Nobel.Oil.Services/)
- [twitter.com/NobelOil](https://twitter.com/NobelOil)

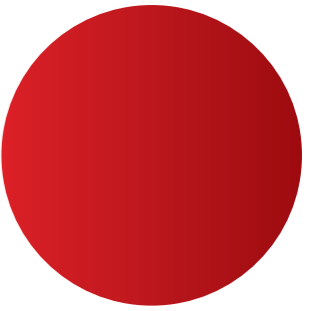
ETHICS AND COMPLIANCE



## OUR APPROACH



## RECRUITMENT, SUCCESSION PLANNING AND DISMISSAL



Nobel Oil's staff remains the most important stakeholder and a key factor in the successful and sustainable development of our company in the long term. We strive to form a stable team of qualified, loyal and motivated employees who are committed to the goals of the company and are proud of their work in it. Securing the best talents, as well as providing high-quality care and opportunities for development for our employees are considered to be among our company's top priorities. The quality of human capital remains a critical factor in the development of our company and its regions of presence.

### Our workforce

We value our employees and work to ensure that they have everything they need to build an excellent profile and offer qualified service to our clients. We work with a diverse team of professionals, who reflect the interests of our clients and communities in which we operate. To retain talents, we offer inclusive benefits and development programs for our employees, including competitive salaries, careers, job activities, trainings and leadership development.

### 2018 results

- Based on the adopted SOD matrix, new documents were revised and prepared following the company's needs and requirements;
- During this period, a training and development plan was developed and approved;
- The process of creating a CV database covering all companies of the Nobel Oil Services Group was launched;
- In our business units, a labor demand analysis was conducted by the internal audit. A plan for the optimization and provision of labor, as well as recommendations on the distribution of work, was developed based on the obtained results.

### Plans

- Improvement and upgrade of the performance management process;
- Implementation of a new grading system;
- A "How to live Values" training project designed to boost the promotion of Nobel Oil's values;
- Further development of a Competency Framework;
- Realization of paid summer internship program
- Recruitment for HAOR Project
- Performance management
- Establishment of project-based KPIs;
- Technical skills development trainings.

Following our policy of staff recruitment and retention, we formulated a culture that reflects values, goals and ambitions of our company's employees. Our recruitment team understands the nature of the skills and talents that are needed in our industry for each line of business. We employ workers using a relevant of methods.

### Vacancy placement

Our company regularly posts vacancies on relevant websites and channels. Anyone interested in a job can receive information about the application and selection process and apply for a vacancy through an online portal. In 2018, 100 open vacancies were filed with 3945 applications, from which 16 were hired after passing the recruitment procedure following the rules of our company.

### CV database

Within the reporting period, the company has implemented an integrated CV database system. The use of the system helps the company to select specialists of varying degrees from different fields in a short period without loss of time.

### Termination and redundancy Expiration of Employment Contract

A term employment contract may be terminated upon its expiration by any party of employment. HR Department will notify Department Manager about it 40 calendar days prior to expiration date. Department Manager should confirm his/her decision to continue or terminate employment one month prior to expiration date. Once the decision of termination has been confirmed by Department Manager, HR Department will notify

employee in written about the decision. If employment continues, the employment contract shall be renewed for a definite period.

### Cases not depending on the will of employee and/or employer

If employment is terminated on the reasons not depending on the will of employee and/or employer (i.e. death of employee, his/her disability, employee is called to military service or sentenced to prison) the employment will be terminated. Labor Code of Azerbaijan Republic covers the factors that affect employees who will be terminated in these circumstances and details the guidelines for termination.

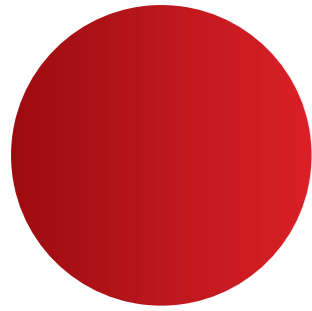
### Further development of a Competency Framework

The aim of the project is to:

- Facilitate the recruitment and selection process of employees with a strong fit for the role, as well as the organization;
- Set performance expectations and evaluate employee contributions objectively;
- Expedite employees to enhance their performance and increase their level of work satisfaction;
- Map an employee's professional development and further career planning;
- Assess 'competency gaps' in individuals and teams and provide effective inputs for creating modules for increased development and training resources.

### REGULATORY FRAMEWORK FOR RELATIONS BETWEEN THE COMPANY AND ITS EMPLOYEES

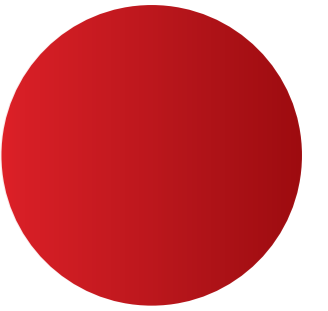
The Constitution of the Republic of Azerbaijan  
UK Legislation System and Labor Code of the Republic of Azerbaijan



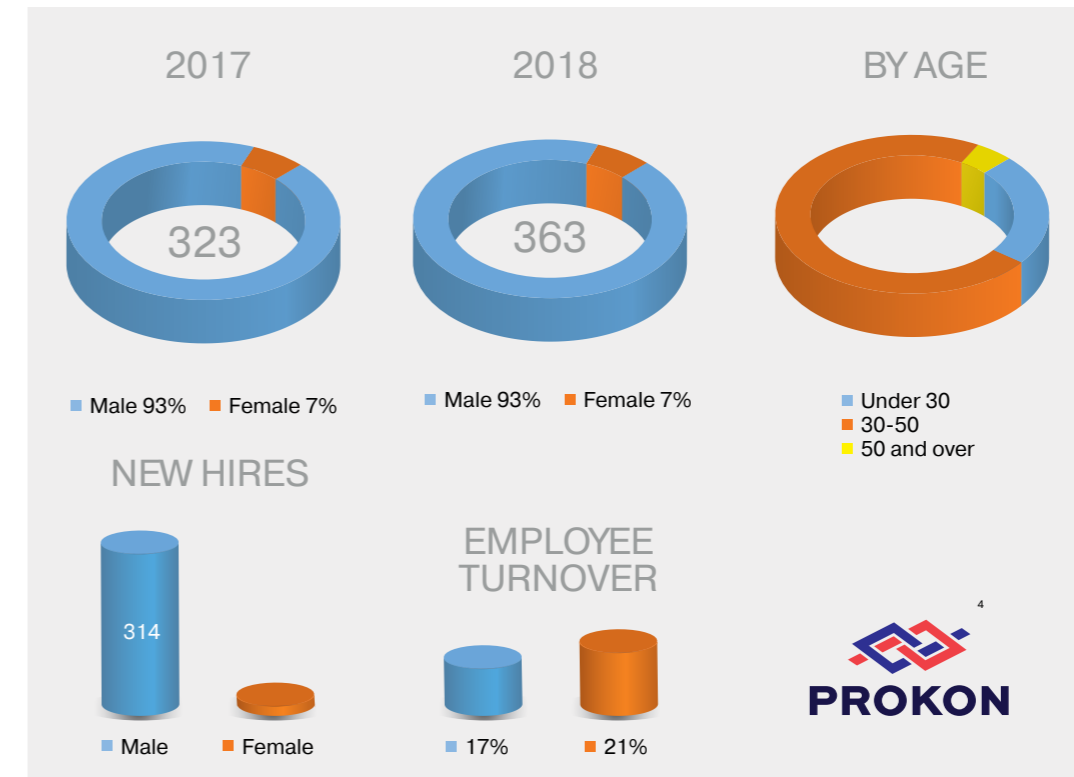
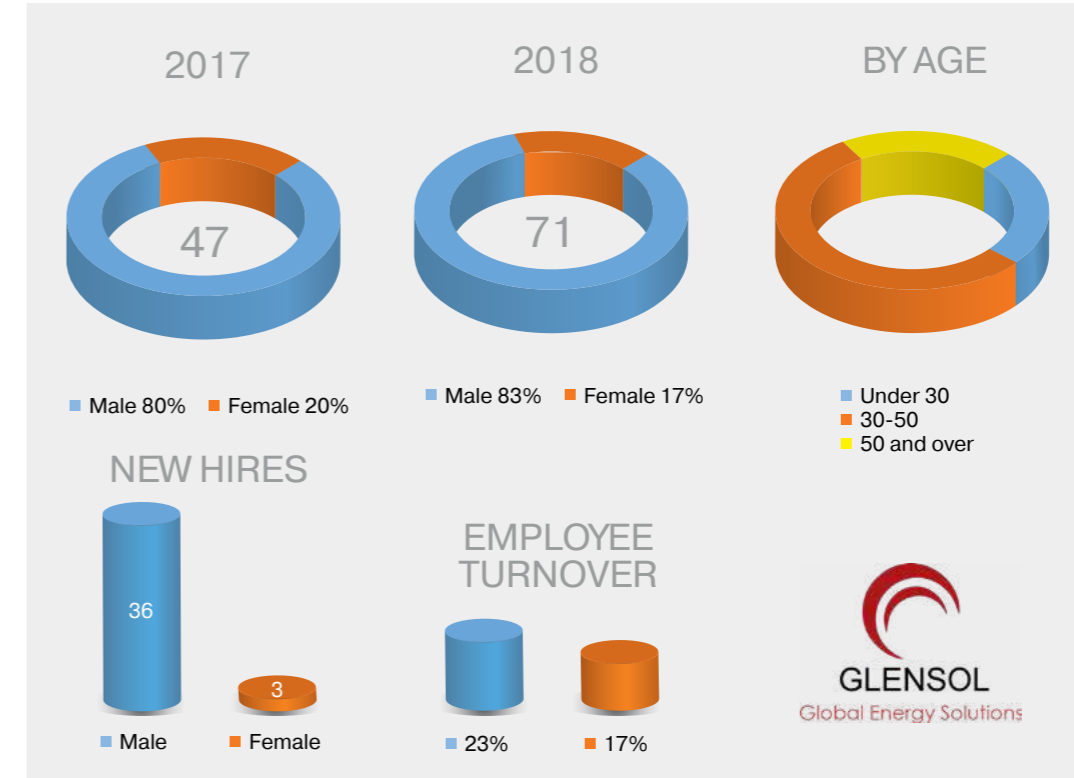
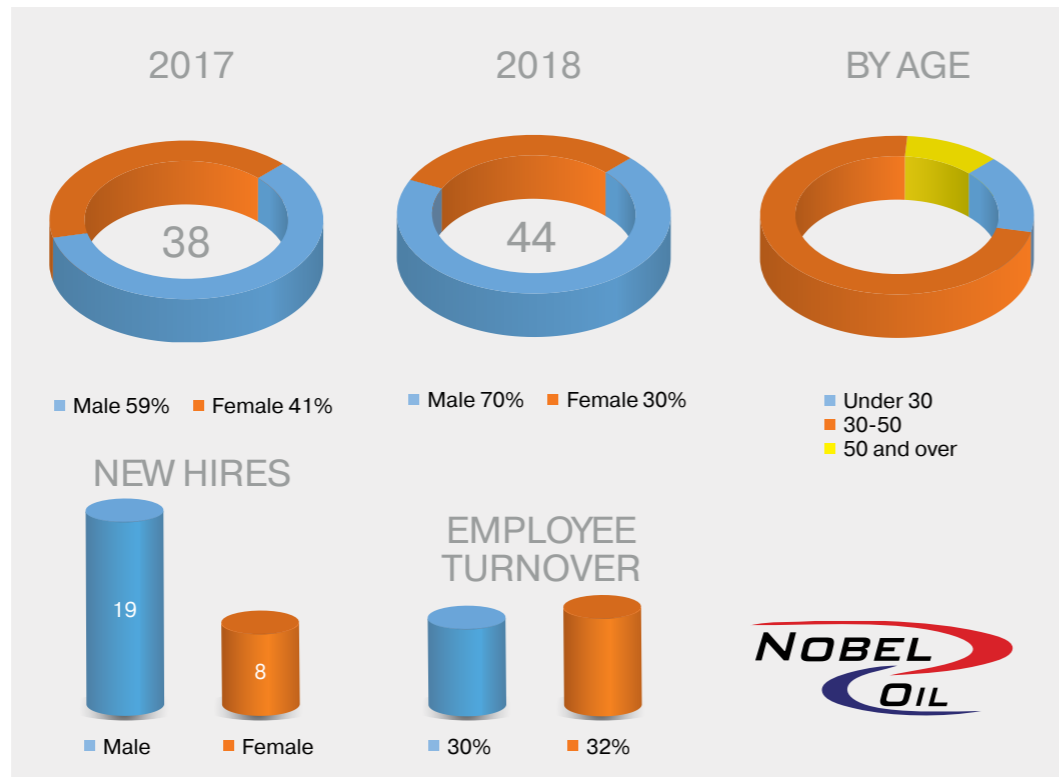
# PERSONNEL PROFILE



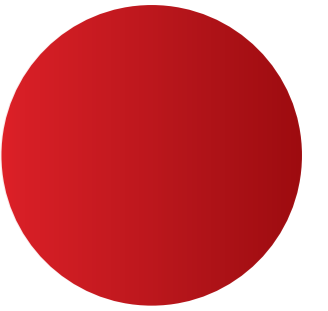
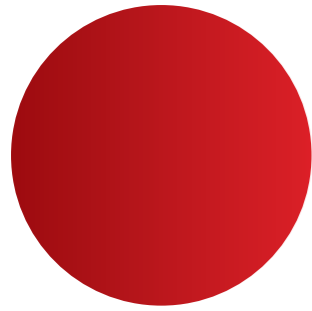
# PERSONNEL PROFILE



HUMAN RESOURCES



\*As the company primarily operates in the field of construction, the indicators are provided in the form of an annual average



## REMUNERATION AND MOTIVATION SYSTEM

## INTERNAL COMMUNICATIONS AND FEEDBACK SYSTEM

HUMAN RESOURCES

HUMAN RESOURCES

One of the main spheres of HR's activities is the motivation of our employees. Our company aims to preserve and increase labor productivity by strengthening the motivation of our staff in the working space. We offer a competitive salary, the level of which is much higher than the average minimum wage in the republic. The company and its subsidiaries operate under a time-based and piece-rate payment systems and offer additional bonus rewards. We constantly monitor the market level of wages in the context of professional categories. On this basis, depending on the financial condition of the Company, the issue of increasing wages for particular subsidiaries and professional categories is considered annually.

### Compensation and Benefits

Our employee motivation system boasts a wide range of benefits and compensations. In this area, we pay great attention to issues that affect the quality of life of our workers. Our benefits and compensation packages include voluntary medical insurance, temporary disability allowance, occupational accident insurance, social insurance, as well as financial aid, paid leave (for example, parental, medical and additional pay), rewards and benefits for work and trainings. The package is available in Nobel Oil and all of its subsidiary companies. Employees in Nobel Oil Group are paid 100% salary while taking a vacation during any month.

### Performance appraisal

An employee performance appraisal creates an opportunity for effective feedback and goal setting, making decisions on benefits, salary growth and duties extension. Employees should be informed about performance expectations, performance evaluation criteria, and what measures/benefits follow different levels of performance.

A performance evaluation process is to be held every year (or half-year at the sole discretion of the Company). The annual evaluation process is linked to the financial year to be a part of this process. Performance appraisal held in the middle of the year is primarily for the exchange of ideas on goal achievement

and setting new targets, while the end of year evaluation should define pay increases, bonuses, promotions, and training needs.

Performance management is concerned with the following:

- Performance advancement – in order to achieve corporate and personal goals;
- Personal development – to give a chance to an employee to attain personal goals;
- Networking and connection – to establish mutual understanding, information exchange between managers and employees and determine expected results.

### Implementation of a new grading system

A single grading structure based on analytical job evaluations will provide fairness and a possible defense to equal pay claims.

This project allows us to empirically demonstrate employee's rationale for offering different levels of pay. In the frame of this project, it will be possible to determine the worth or value of one job about, or compared to another regardless of the characteristics or experience of the specific individual occupying the position at any given time.

This project involves determining the level of complexity, decision-making, and skills required for each job, which is then categorized accordingly.



An important role in creating a favorable environment for effective organizational teamwork belongs to a highly developed system of internal communications. Employees should receive accurate information about corporate events that affect their rights and obligations and be able to convey their perspectives and problems to the company managers. To ensure that these standards of effective communication are met, we have created a system for informing employees about the goals, development prospects and current state of affairs in the Company. Through the information means available at Nobel Oil and its subsidiaries, all employees are informed about the events and developments in the Company.

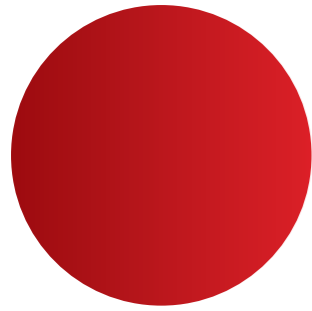
One of the important elements of the internal communications system is our "open door" policy, which allows all employees to directly contact management about their concerns.

### Staff Satisfaction Survey

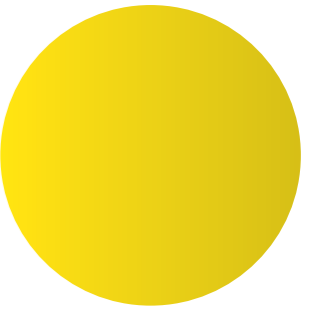
Staff satisfaction, as the basis of high labor motivation, is an important aspect of our sustainability and development. We conduct annual employee satisfaction evaluations and take appropriate measures based on the survey results.

According to the 2018 survey, 80% of our employees were satisfied with their workplace conditions. In the future, we plan to develop a strategy for strengthening employee engagement through a satisfaction survey.





# TRAINING AND DEVELOPMENT



HUMAN RESOURCES

Our investment in the training and development of our staff is another area of our active operation. We consider high-quality training a strong basis for the success of our employees, as well as for the success of our business. Employee training remains a key factor in the minimization of risks associated with unqualified employee actions.

Based on our annual Training and Development plans, we conduct several development programs while prioritizing the previously identified training needs of particular groups of personnel. Educational programs for employees help our company to provide successful solutions for problems related to new areas of our activity by maintaining the required level of competitiveness.

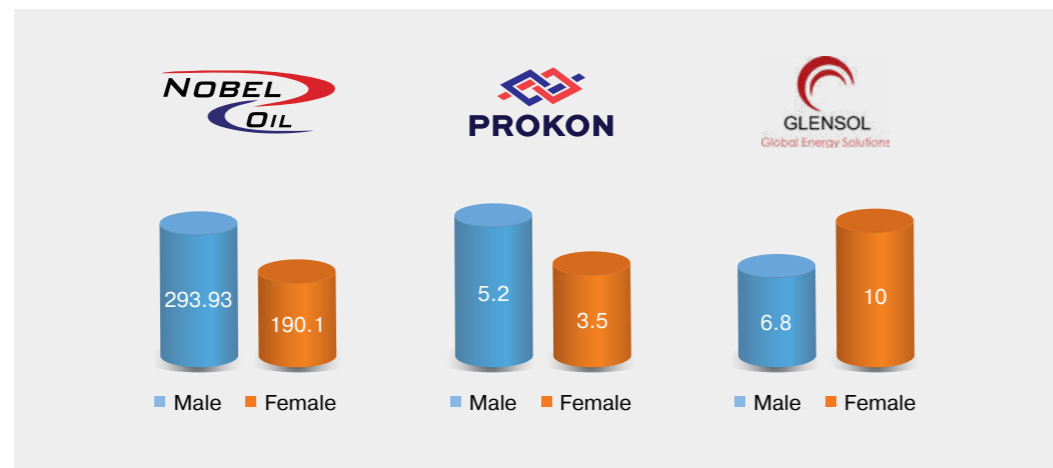
Our primary strategic partners in this area are the training centers that have established themselves as leading providers of education. Our company also uses a wide arsenal of modern teaching aids, which include seminars, training programs, internship programs

and distance learning in universities. We intend to further develop our system of continuous corporate trainings by developing a comprehensive perspective training program for various groups of employees of the Company and its subsidiaries.

**Project "How to live Values"**  
This project aims to support the company employees in the decision-making process, clarify the clients and potential partners the identity of the company by letting them recognize what the company is about, as well as improve employee communication, motivation and engagement.

Having a clear set of values can help our employees understand what the Company stands for. Besides, values give them guidance for their work and a sense of security. Having a set of well-defined company values provides a moral direction to guide employees in difficult times. In a volatile environment of rapid technological, environmental, and societal changes, which is considered as much-needed constant.

## AVERAGE TRAINING HOURS SPENT EACH EMPLOYEE BY GENDER



COMMUNITY ENGAGEMENT

As a company that primarily operates within the energy sector, Nobel Oil Services (UK) Limited is aware of its social, economic and environmental impact. To embrace responsibility for our company's actions and encourage a positive contribution to society, we strive to support sustainable development and promote various social initiatives in Azerbaijan. Our activities include promotion of business relations, sponsorship, support for empowerment, education and cultural heritage.

### KEY PROJECTS



Nobel Oil participated as an instructor in the "Return disabled people to the public" trainings and attended labor fairs for the unemployed and disabled.



Financial support for the implementation of the documentary film "Miras" to popularize the heritage of the Nobel brothers in the history of the oil production in Azerbaijan.



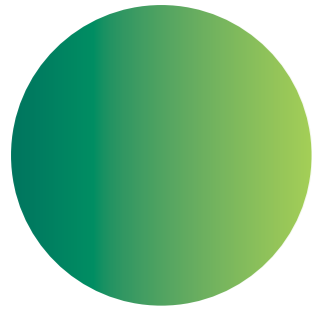
Open training on the topic of "Employee branding" was held.



Our Company hosted one of the AMCHAM meetings.



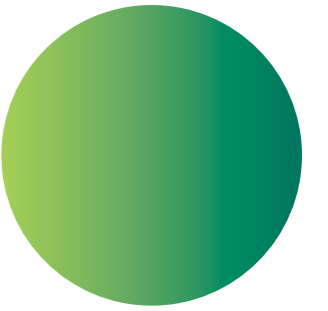
For the first time, a round table was organized in the South Caucasus and technical seminars were held on the subject of turbine equipment.



## OUR APPROACH



## MANAGEMENT SYSTEM



HEALTH, SAFETY AND ENVIRONMENT



Providing safe and healthy working conditions for our employees remains a key priority for us. We work to avoid, mitigate and reduce the harm of people, communities and the environment, wherever we conduct our business. At Nobel Oil, we strive to prioritize risk management at the highest level, understanding our responsibility as a company operating in the oil & gas industry. Our HSE management system defines principles that serve the basis of our business conduct.

### ZERO HARM

We adhere to the principle of “Zero Harm” in all of our operations. The principle illustrates Nobel Oil’s vision for achieving zero safety hazards, zero environmental incidents and zero non-productive time. This vision expresses our commitment to our employees, customers and society as a whole, and clearly articulates our priorities - to set the highest standards of business conduct. Our reliable management system, competence and dedication to our employees remain the key elements of our success and the foundation of our path to a Zero indicator (ZERO).

### 2018 RESULTS

- OHSAS 18001 and ISO 14001 international standards;
- New environmental regulatory documents were revised and prepared following the needs of the Company;
- Annual targets for 2019 were defined;
- A 2019 plan was developed and approved.

### PLANS

- Improvement of the management system, the creation of a unified management system and its integration in all departments;
- Implementation of motivational tools for employees’ compliance with rules, e.g. a rewards system;
- Introduction and implementation of the updated HSE Policy;
- Introduction of observation cards.

Our health, safety, and environmental management system provide a foundation for HSE aspects consideration of projects managed by Nobel Oil. HSE Management system incorporates our values and commitments which are detailed in our HSE policy sections of company operations and its subsidiaries, practices, and procedures and plans for specific project sections. Our corporate culture, supported by the HSE management system, makes HSE a key priority for Nobel Oil’s employees and stakeholders and remains an essential factor in advancing our profitability. Management System serves as our company’s leading measure for refining our HSE conditions, as we commit to continuously improve our performance in this field.

Our industrial, occupational and environmental safety management system operates on the basic requirements of ISO 14001, OHSAS 18001, ISO 9001, and in accordance with local legislation. The field of the certification includes the organizations of the Nobel Group, whose activities involve major risks in the field of industrial, occupational and environmental safety preservation.

### OUR POLICY<sup>5</sup>

Our Board of Directors approved the new company policy for industrial and environmental safety and labor protection. This policy acts as a fundamental document for presenting our company’s expertise and commitments in the field of HSE. The Policy formalizes standard principles and approaches in the HSE sphere to ensure the continuous development of Nobel Oil’s management system for industrial and environmental safety and labor protection.

### Guiding principles:

- All injuries and occupational illnesses are preventable;

- No business objective will take priority over health and safety;
- No task is so important or urgent that it cannot be done safely;
- Safety is everyone’s responsibility;
- We operate sustainably and minimize our environmental impact.

### HSE Goals:

- Achieve zero lost time incidents;
- Achieve year on year reduction in Total Recordable Injury rates;
- Promote an active health and wellbeing culture;
- Reduce environmental impacts and improve performance regularly.

### HSE Committee

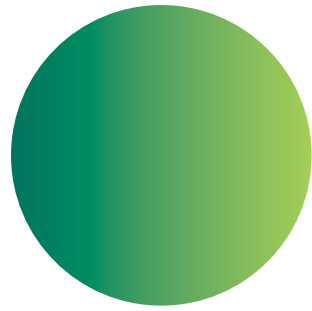
The HSE committee was established to increase the effectiveness of Nobel Oil’s activities in the field of HSE. Currently, this unit delivers regular high-quality reviews of our HSE issues and conditions, demonstrating the high prioritization of industrial and environmental safety issues to our partners and stakeholders. The committee guarantees that our management bodies are confident that Nobel Oil is appropriately managing HSE risks, implementing plans to continuously improve efficiency in this sphere. The HSE committee reviews materials on operational events, as well as reviews the summary report on previous HSE indicators.

### Monitoring

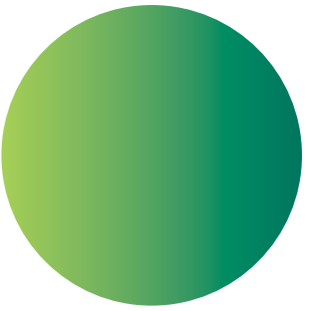
The efficiency assessment of Nobel Oil’s management system is carried out based on annual corporate control of compliance with legal requirements and corporate standards, as well as through the results of the internal audit of the state of the management system in all structures and regular external auditing of our received certifications. Besides, annual inspections by government agencies, as well as regular inspections of occupational safety measures by our clients, play an important role in enhancing the effectiveness of our management system.

HEALTH, SAFETY AND ENVIRONMENT

<sup>5</sup> Information for Our Policy and HSE Committee is provided for 2019



# HEALTH AND SAFETY



# ENVIRONMENT

HEALTH, SAFETY AND ENVIRONMENT

HEALTH, SAFETY AND ENVIRONMENT



### HEALTH AND SAFETY

Our company pays the utmost attention to the creation and maintenance of safe and decent working conditions, setting the priority of these issues over any organizational and technical tasks. The life and health of our employees, contractors, customers and all of our stakeholders are the highest value to us. Therefore we make great efforts every year to maximize their safety. The direction of our focus in the field of labor protection and occupational safety remains unchanged.

We monitor workplace conditions at Nobel Oil and its subsidiaries while taking active measures to carefully analyze the causes of incidents by following necessary steps for their elimination. In our approach to ensuring occupational and industrial safety, we extend our principles and policies to all Nobel Oil employees, as well as to employees of our contracting organizations.

### Our work in the field of occupational safety and health of workers is based on the following principles:

- Compliance with the local legislation
- Compliance with international standards in HSE sphere
- Ensuring production and environmental control in the implementation of all activities
- Applying a risk-oriented approach to the management of HSE issues
- Continuous improvement of our labor protection and industrial safety management system
- Developing safety culture
- Receiving constructive feedback from all stakeholders.

### Assessment of working conditions

At Nobel Oil, we work systematically to improve our employees' workplace conditions. Our main method for assessing and managing working conditions is a procedure regulated by the local legislation for workplace conditions certification and by external audits participation.

**GLENSOL HAS 26 ASSESSED PLACES IN OFFICE AND 7 IN WORKSHOP AREAS FOR 2018.**

Our company regularly identifies and evaluates occupational conditions with a high risk of injury. In 2018, these jobs included work carried out at height, work in confined spaces, repair works on rotating equipment, etc. Firstly each of the identified high-risk jobs undergo a risk assessment, after which the best methods for minimizing impact are determined. On this basis, plans and rules of work are developed and trained inappropriately.

**WE ARE PROUD TO REPORT THAT IN THE PAST TWO YEARS WE HAVE RECEIVED 0 RECORDED INCIDENTS.**

Our company strives to adhere to the principles of responsible conduct and environmental preservation in all of our projects. To achieve this, Nobel Oil and its subsidiaries have clear policies and regulations that applied to our work with the environment. All of the projects that are developed and delivered to our customers must comply with relevant environmental legislation.

Our company has set itself the task of creating an integrated management system for the continuous improvement of our entire HSE management system.

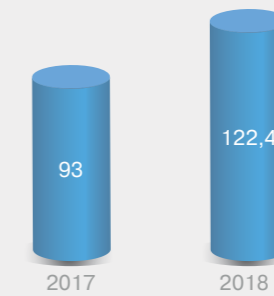
In the reporting year, we have worked on the preparation of environmental regulation documents for 2019. Environmental passports of enterprises, greenhouse gas emission standards of atmosphere and the limits of discharged sewage were reassessed and presented.

### ENVIRONMENTAL PERFORMANCE<sup>5</sup>

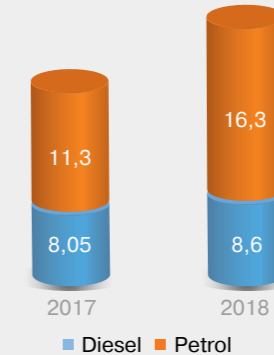
Energy consumption and greenhouse gas emissions are two of the most harmful components affecting the global environment. Recognizing its responsibility, our company seeks to reduce these impacts by increasing the efficiency of its activities. We strive to accelerate our efforts in this area by offering our customers services that maximize the value of their assets while consuming less energy and less emission production. We achieve this through the effective planning of our work and by the introduction of ecologically clean solutions. As a service company, we are unable to measure the actual energy consumption of rented office spaces and remote operation locations. For this reason, we estimate the energy consumption of our rented premises according to the method of HSE Plan.

**SANCTION FOR NON-COMPLIANCE WITH LEGISLATION OR REGULATORY REQUIREMENTS DURING THE REPORTING PERIOD HAS BEEN IMPLEMENTED.**

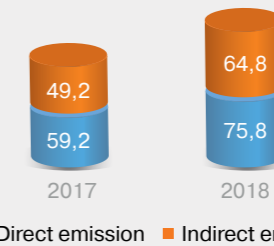
### ENERGY CONSUMPTION, thousand kWh



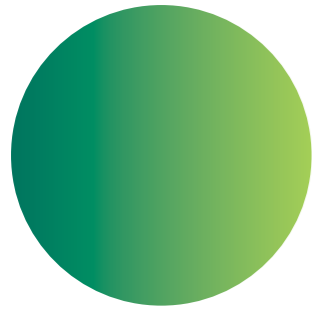
### FUEL CONSUMPTION, tons



### GHG EMISSIONS, tons CO<sub>2</sub>



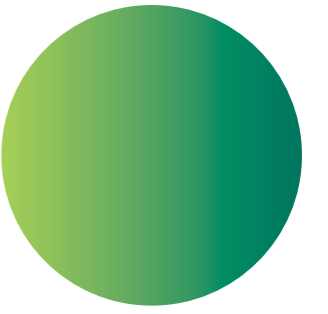
<sup>5</sup>As the data for Prokon is provided only for 2018, we have decided to combine indicators of the company's subsidiaries in this report. Because of this, a sharp increase in 2018 which can be observed in comparison to the indicators for 2017



# ENVIRONMENT



# ENVIRONMENT



HEALTH, SAFETY AND ENVIRONMENT



### Water Consumption

Our company recognizes the value of water as one of the most precious resources in the world. Pollution and poor water management will have a direct impact on the organization, as well as a negative impact on the environment and society. We encourage our employees to use water efficiently and rationally for project implementation purposes and regular use. During project planning, we carefully examine the area and water resources to eliminate potential negative impacts and deliver effective water management. Our ability to regulate and report on water consumption depends on the office location. In most of the rented space cases, we do not pay water bills directly and do not manage it,

which creates difficulties in tracking our consumption and conservation or results in the quantification of our efforts. However, in such circumstances, the company uses the ratio of water per employee.

WATER CONSUMPTION, thousand tons



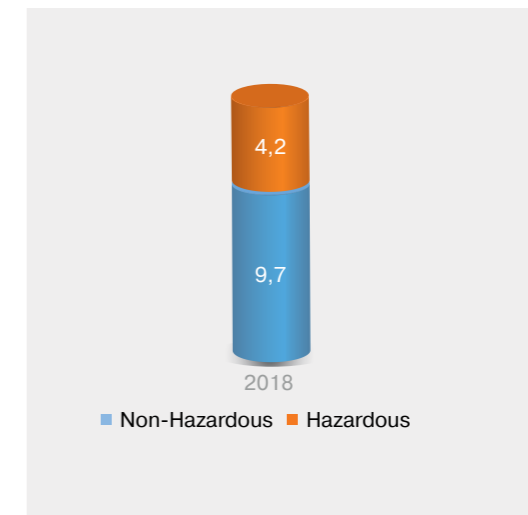
HEALTH, SAFETY AND ENVIRONMENT

### Waste management

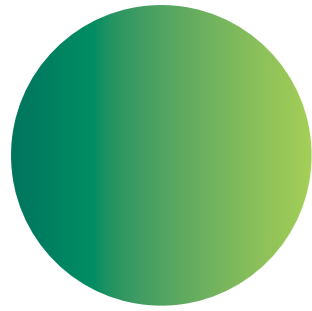
We carefully and regularly monitor the pace of waste build-up and disposal. Total waste varies from year to year, depending on the project portfolio. We monitor the entire process of collecting, transporting and waste disposing of by agreeing with a highly qualified company. We also actively consider potential reuse or recycling options for waste management.

The company generates two main categories of waste, hazardous and non-hazardous wastes. As it is evident from the diagram, a significant part of the waste generated in connection with company activities is non-hazardous.

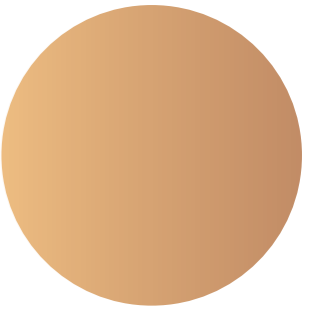
WASTE, thousand m<sup>3</sup>\*



\*Wastes for 2017 were insignificant, therefore the relevant data for 2017 is not reported



# TRAINING

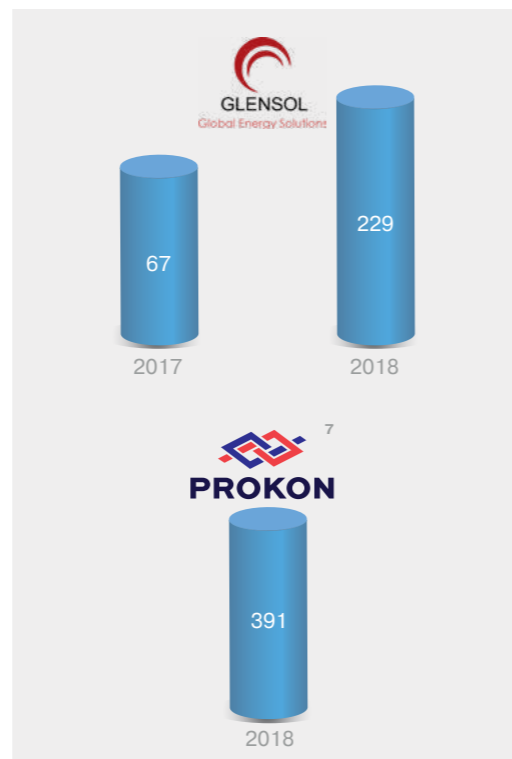


# HEALTH, SAFETY AND ENVIRONMENT



Our company pays great attention to delivering systematic training and ensuring competence regarding industry safety, environment safety and labor protection for all employees. Nobel Oil and its subsidiaries regularly hold events to improve and develop the necessary skills of all personnel and contractors in this area. Our activities primarily include conducting of face-to-face training, retraining and qualification advancement programs with most up to date materials for our workers, implementing special training system for personnel working with dangerous equipment, as well as increasing the quality of safety-related communication.

## THE NUMBER OF AUDIENCES



<sup>7</sup>Information about HSE Trainings audiences of Prokon is available only for 2018

# SUPPLY CHAIN

In today's globally competitive economy, we are aware that strong relationships with our suppliers are essential to satisfying the needs of all our stakeholders.

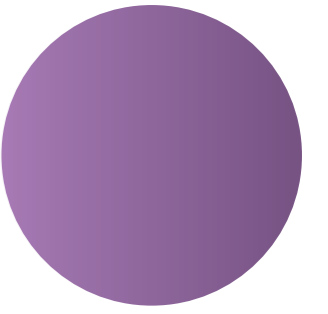
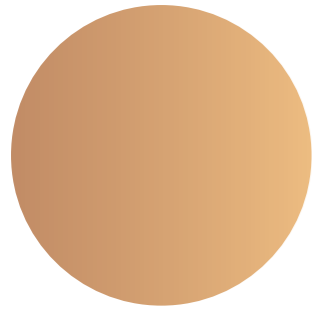
While building cooperation with contractors, our company is always striving to increase the efficiency of our supply chain management while ensuring transparency and competitiveness. Procurement is a part of our commitment to sustainability. We strive to maximize our positive economic and social contribution and minimize our environmental impact. Each year, the company depending on activity purchases a significant amount of goods and services. The purchases help our suppliers to maintain financial stability, sustain jobs and promote their development.

Depending on the specifics of activity, the company applies a supplier management system, which consists of several procedures suppliers governing involvement, their selection and our subsequent work with them. Our procurement activities are fully compliant with the local legislation.

**Supply Chain Overview**  
The company's supply chain includes specialized contractors, subcontractors and manufacturers licensors, consultants, etc. In 2018, there were no significant changes in the supply chain. As can be seen from the diagrams, the share of local suppliers in each company subsidiary exceeds 90%. Our international contractors mainly supply specific equipment and reagents.

## EXPENSES IN PERCENTAGE FOR 2018 YEAR





**Preventive actions**

We operate a supplier management system that allows for a preliminary qualification assessment of our suppliers for their compliance with corporate requirements, before engaging them in any competitive procedures. Each supplier who plans to conduct business with us must undergo the necessary verification and be able to meet our company's standards. We examine them for unethical practices. When performing a comprehensive audit of new suppliers, we carefully evaluate their compliance with financial activity, historical background, HSE standards and ISO certifications.

The clauses on Anti-Bribery and Corruption (ABC) and the Right to Audit are included in contracts with subcontractors and suppliers for service and product purchases. Our goal is to ensure that suppliers comply with internal rules and procedures to prevent potential risks of corruption. The clause on the right to audit allows the company to initiate regular inspections within the supplier in case of suspicious transactions and irregularities.

Additionally, we monitor our suppliers in a database that provides information on their commitments and performance history. Suppliers that are revealed

to demonstrate inconsistencies with the corporate requirements as per the results of our comprehensive assessment, are not allowed to tender.

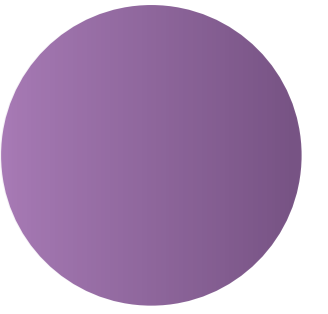
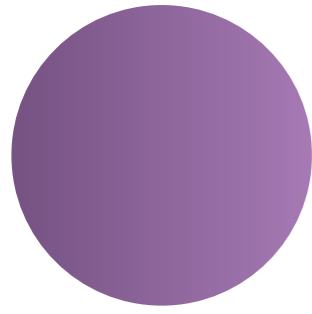
The Company's plans and main objectives:

- Improve transparency by applying new, adopted and improved fraud detection and prevention techniques;
- Maximize value by delivering the right item at the right price at the right time;
- Support business continuity by sustaining continuous supply, increasing leverage power in the market and being adaptive to market dynamics.

The Company already planned to implement in practice Common Vendor Database (CVD), e-Source, and e-Tender common platforms. Through this, we will be able to deploy the e-Procurement process under the corporate office. The platforms will spread to all group companies, which increases internal productivity.

The creation of the e-Procurement system in common platform has already started. The first stage of CVD is ready for operation; second and third tools of e-Source and e-Tender are in process and planned to be launched by the 2021.

GRI STANDARDS AND INDICATORS	NOTES	REPORT SECTION/PAGE
GRI 102: GENERAL DISCLOSURES		
Organizational profile		
102-1 Name of the organization		Covered, page 7
102-2 Activities, brands, products, and services		Covered, page 7
102-3 Location of headquarters		Back cover
102-4 Location of operations		Covered, page 7
102-5 Ownership and legal form	Nobel Oil is a Limited Liability Company	
102-6 Markets served		Covered, page 7
102-7 Scale of the organization		Covered, page 7, 12, 26-27
102-8 Information on employees and other workers		Covered, page 26-27
102-9 Supply chain		Covered, page 39-40
102-10 Significant changes to the organization and its supply chain	There is no significant changes in 2018. The changes are planned for the next years.	
102-11 Precautionary Principle or approach		Covered, page 20
Strategy		
102-14 Statement from senior decision-maker		Covered, page 2
102-15 Key impacts, risks, and opportunities		Partially covered, page 20
Ethics and integrity		
102-16 Values, principles, standards and norms of behavior		Covered, page 15
102-17 Mechanisms for advice and concerns about ethics		Covered, page 21, 23

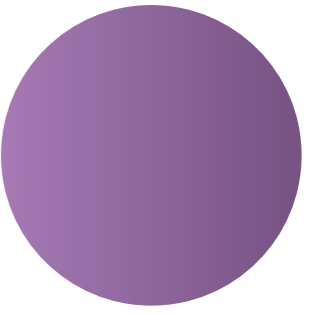
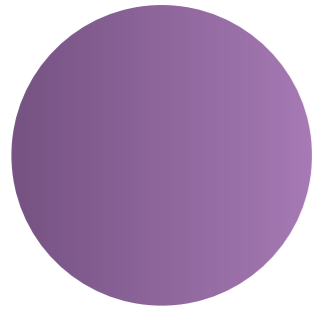


GRI  
CONTENT

GRI STANDARDS AND INDICATORS	NOTES	REPORT SECTION/PAGE
GRI 102: GENERAL DISCLOSURES		
Governance		
102-18 Governance structure		Covered, page 17
102-19 Delegating authority		Covered, page 18-19
102-20 Executive level responsibility for economic, environmental, and social topics		Covered, page 18-19
102-21 Consulting stakeholders on economic, environmental, and social topics		Covered, page 4
102-22 Composition of the highest governance body and its committees		Covered, page 18-19
102-23 Chair of the highest governance body	Iman Gorman Chairman of the Board	Covered
102-24 Nominating and selecting the highest governance body	The CEO is appointed by the BoD of Nobel Oil	Covered
102-25 Conflicts of interest		Covered, page 23
102-26 Role of the highest governance body in setting purpose, value, and strategy		Covered, page 18-19
102-27 Collective knowledge of highest governance body		Covered, page 14
102-28 Evaluating the highest governance body's performance	The performance of top management	Covered
102-29 Identifying and managing economic, environmental, and social impact		Covered, page 14, 18-19
102-30 Effectiveness of risk management processes		Covered, page 20
102-31 Review of economic, environmental, and social topics		Covered, page 14, 18-19
102-32 Highest governance body's role in sustainability reporting	Organization's sustainability will be presented to highest governance body's for future evaluation	Covered
102-33 Communicating critical concerns		Covered, page 19-20
102-35 Remuneration policies		Partially covered, page 28

GRI STANDARDS AND INDICATORS	NOTES	REPORT SECTION/PAGE
GRI 102: GENERAL DISCLOSURES		
Stakeholder engagement		
102-40 List of stakeholder groups		Covered, page 4
102-41 Collective bargaining agreements	Employees are not covered by any bargaining agreements	Not Covered
102-42 Identifying and selecting stakeholders		Partially covered, page 4
102-43 Approach to stakeholder engagement		Covered, page 4
102-44 Key topics and concerns raised		Covered, page 4
Reporting practice		
102-45 Entities included in the consolidated financial statements		Covered, page 12
102-46 Defining report content and topic Boundaries		Covered, page 3
102-47 List of material topics		Covered, page 3-6
102-48 Restatements of information	This is the first Sustainability Report of the Company	Covered, page 3
102-49 Changes in reporting	There are no significant changes as it is the first Sustainable Development Report of the Company	Covered
102-50 Reporting period		Covered, page 3
102-51 Date of most recent report		Covered, page 3
102-52 Reporting cycle		Covered, page 3
102-53 Contact point for questions regarding the report		Covered, page 3
102-54 Claims of reporting in accordance with GRI Standards		Covered, page 3
102-55 GRI content index		Covered, page 41
102-56 External assurance	The Company plans to conduct an independent audit of the report in the future	

GRI  
CONTENT



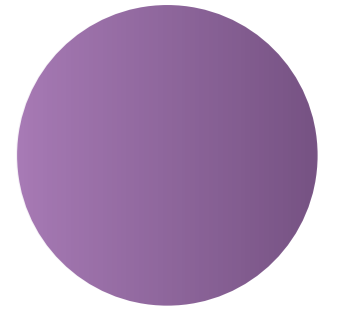
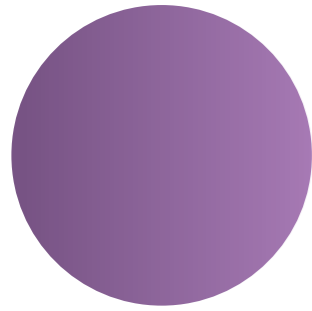
GRI  
CONTENT

GRI STANDARDS AND INDICATORS	NOTES	REPORT SECTION/PAGE
<b>GRI 103: MANAGEMENT APPROACH</b>		
103-1 Explanation of the material topic and its Boundary		Covered, page 3-4
103-2 The management approach and its components		Covered, page 13-14
103-3 Evaluation of the management approach		Covered, page 13-14
<b>GRI 201: ECONOMIC PERFORMANCE</b>		
201-1 Direct economic value generated and distributed		Covered, page 12
201-3 Defined benefit plan obligations and other retirement plans	Parental leave and retirement plans are applied according to the Labor Code of the Republic of Azerbaijan.	Covered
201-4 Financial assistance received from the government	No financial assistance was received from the government during the reporting period.	Covered
<b>GRI 202: MARKET PRESENCE</b>		
202-1 Ratios of standard entry level wage by gender compared to local minimum wage	All employees are paid at least the legally required minimum wage.	Covered
202-2 Proportion of senior management hired from the local community	Azerbaijani locals make up 65% of all executive staff	Covered
<b>GRI 203: INDIRECT ECONOMIC IMPACTS</b>		
203-1 Infrastructure investments and services supported		Covered, page 31
203-2 Significant indirect economic impacts		Covered, page 31
<b>GRI 204: PROCUREMENT PRACTICES</b>		
204-1 Proportion of spending on local suppliers		Covered, page 39-40
<b>GRI 205: ANTI-CORRUPTION</b>		
205-1 Operations assessed for risks related to corruption		Partially covered, page 40

GRI  
CONTENT

GRI STANDARDS AND INDICATORS	NOTES	REPORT SECTION/PAGE
<b>GRI 205: ANTI-CORRUPTION</b>		
205-2 Communication and training about anticorruption policies and procedures		Covered, page 22
205-3 Confirmed incidents of corruption and actions taken	No such incidents occurred during the reporting period.	Covered
<b>GRI 206: ANTI-COMPETITIVE BEHAVIOR</b>		
206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No such incidents occurred during the reporting period.	Covered
<b>GRI 302: ENERGY</b>		
302-1 Energy consumption within the organization		Covered, page 35
302-2 Energy consumption outside of the organization	We offer our customers energy-saving initiatives through our consultations and project management	Partially covered
302-4 Reduction of energy consumption		Partially covered, page 35
<b>GRI 303: WATER</b>		
303-1 Water withdrawal by source		Covered, page 36
303-2 Water sources significantly affected by withdrawal of water	No such incidents occurred during the reporting period.	Covered
303-3 Water recycled and reused	No water is recycled or reused at Nobel Oil.	Covered
<b>GRI 304: BIODIVERSITY</b>		
304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	None of Nobel Oil operational sites covers the protected areas or areas of high biodiversity.	Covered
<b>GRI 305: EMISSIONS</b>		
305-1 Direct (Scope 1) GHG emissions		Covered, page 35
305-2 Energy indirect (Scope 2) GHG emissions		Covered, page 35



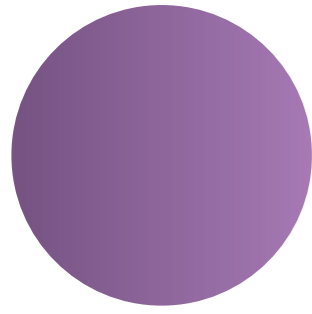


GRI  
CONTENT

GRI STANDARDS AND INDICATORS	NOTES	REPORT SECTION/PAGE
<b>GRI 305: EMISSIONS</b>		
305-5 Reduction of GHG emissions		Partially covered, page 35
<b>GRI 306: EFFLUENTS AND WASTE</b>		
306-1 Water discharge by quality and destination		Covered, page 36
306-2 Waste by type and disposal method		Covered, page 37
306-3 Significant spills	No significant spills were recorded during the reporting period	Covered
306-4 Transport of hazardous waste		Covered, page 37
306-5 Water bodies affected by water discharges and/or runoff	No cases were detected in the reporting period.	Covered
<b>GRI 307: ENVIRONMENTAL COMPLIANCE</b>		
307-1 Non-compliance with environmental laws and regulations	We have not identified any non-compliance with environmental laws and/or regulations	Covered
<b>GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT</b>		
308-1 New suppliers that were screened using environmental criteria		Covered, page 39-40
<b>GRI 401: EMPLOYMENT</b>		
401-1 New employee hires and employee turnover		Covered, page 26-27
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees		Covered, page 28
<b>GRI 403: OCCUPATIONAL HEALTH AND SAFETY</b>		
403-1 Workers representation in formal joint management worker health and safety committees		Covered, page 19
403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities		Covered, page 34

GRI STANDARDS AND INDICATORS	NOTES	REPORT SECTION/PAGE
<b>GRI 403: OCCUPATIONAL HEALTH AND SAFETY</b>		
403-3 Workers with high incidence or high risk of diseases related to their occupation		Covered, page 34
<b>GRI 404: TRAINING AND EDUCATION</b>		
404-1 Average hours of training per year per employee		Covered, page 30
404-2 Programs for upgrading employee skills and transition assistance programs		Covered, page 30, 39
404-3 Percentage of employees receiving regular performance and career development reviews		Partially covered, page 28
<b>GRI 405: DIVERSITY AND EQUAL OPPORTUNITY</b>		
405-1 Diversity of governance bodies and employees		Partially covered, page 28-29
<b>GRI 406: NON-DISCRIMINATION</b>		
406-1 Incidents of discrimination and corrective actions taken	We did not identify any incidents of discrimination during the reporting period.	Covered
<b>GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING</b>		
407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	No operations or suppliers in which the right to freedom of association and collective bargaining may be at risk were identified during the reporting period.	Covered
<b>GRI 408: CHILD LABOR</b>		
408-1 Operations and suppliers at significant risk for incidents of child labor	No incidents of child labor were identified during the reporting period.	Covered
<b>GRI 409: FORCED OR COMPULSORY LABOR</b>		
409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	No incidents of forced or compulsory labour were identified during the reporting period.	Covered

GRI  
CONTENT



# GRI CONTENT

GRI STANDARDS AND INDICATORS	NOTES	REPORT SECTION/PAGE
<b>GRI 411: RIGHTS OF INDIGENOUS PEOPLES</b>		
411-1 Incidents of violations involving rights of indigenous peoples	No incidents were detected during the reporting period.	Covered
<b>GRI 413: LOCAL COMMUNITIES</b>		
413-1 Operations with local community engagement, impact assessments, and development programs		Covered, page 31
413-2 Operations with significant actual and potential negative impacts on local communities	There were no operations with significant negative impacts on local communities during the reporting period.	Covered
<b>GRI 414: SUPPLIER SOCIAL ASSESSMENT</b>		
414-1 New suppliers that were screened using social criteria		Covered, page 40
414-2 Negative social impacts in the supply chain and actions taken	We did not identify any negative social impacts in our supply chain during the reporting period.	Covered
<b>GRI 415: PUBLIC POLICY</b>		
415-1 Political contributions	During the reporting period, no political contributions have been made by Nobel Oil.	Covered
<b>GRI 416: CUSTOMER HEALTH AND SAFETY</b>		
416-1 Assessment of the health and safety impacts of product and service categories		Partially covered, page 34
416-2 Incidents of noncompliance concerning the health and safety impacts of products and services	No incidents were detected during the reporting period.	Covered
<b>GRI 418: CUSTOMER PRIVACY</b>		
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	No incidents were detected during the reporting period.	Covered
<b>GRI 419: SOCIOECONOMIC COMPLIANCE</b>		
419-1 Non-compliance with laws and regulations in the social and economic area	No incidents were detected during the reporting period.	Covered



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