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September 12, 2014

Robert Dudley
Chief Executive Officer
BP
1 St James's Square
London SW1Y 4PD
United Kingdom

Via facsimile and email

Re: BP and Azerbaijan's crackdown

Dear Mr. Dudley,

We are writing to urge you to take action, publicly and privately, in response to a harsh government crackdown on civil society in Azerbaijan that has seriously compromised an international natural resource transparency initiative in which BP plays a leading role.

As you know, BP is a founding member of the Extractive Industries Transparency Initiative, which was launched in 2002 by Tony Blair, then the prime minister of the United Kingdom. The effort brings together governments, companies, and nongovernmental groups to encourage better governance of resource-rich countries by fostering open public debate about how oil, gas, and mining revenues are used. Currently, BP serves both on the international governing board of the EITI, as an alternate member, and on the national EITI steering group in Azerbaijan, where it coordinates corporate representation.

As a member of the initiative's leadership, BP has undertaken to promote the EITI standard and its underlying principles.¹ It has a particular responsibility to ensure that EITI's "multi-stakeholder nature" as a coalition of governments, companies and nongovernmental groups "is maintained and fully reflected...at all levels."² A cornerstone of EITI is the principle of free and active civil society participation. Rules for candidates and participating countries unequivocally require respect for fundamental freedoms.³

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Azerbaijan, despite having been the first country to be considered fully compliant with EITI in 2009, today is blatantly flouting the initiative's rules. The government is enforcing highly restrictive new laws regulating nongovernmental organizations and employing other tactics to systematically silence independent groups involved in EITI. The government of Azerbaijan has frozen the bank accounts of these groups arbitrarily and without recourse, and refused them the authorization to receive new grants from foreign donor organizations. This denial of all access to funding has left them unable to pay staff, rent, or utilities. Authorities also have opened politically motivated investigations for alleged tax or other violations to increase pressure on independent civic leaders who play a role in EITI. They potentially face arrest on false charges, as has already happened to dozens of government critics.

As BP has correctly stated, "the EITI is an inclusive process, involving governments, civil society and companies."⁴ In Azerbaijan, however, the ongoing crackdown threatens the very survival of independent nongovernmental organizations, especially those that press for government accountability or engage in controversial work. Those targeted include the independent groups involved in EITI; indeed they are under such sustained attack that, in effect, the initiative is not able to function in the country. The national civil society coalition supporting EITI warned, in July, that "continuous pressures and restrictions" had forced the coalition and a majority of its members to suspend activities. The situation has only worsened since then. Human Rights Watch has documented that groups serving alongside BP on the national EITI steering group, known as the multi-stakeholder group or MSG, are among those who have been targeted and have been forced to halt activities.⁵

This situation demands firm and urgent action. The EITI process in Azerbaijan is in disarray and the credibility of the international initiative is in serious question. Given that BP plays an important role in EITI, at both the national and international level, we consider that it has a responsibility to act to publicly denounce the civil society crackdown in Azerbaijan as a "manifest breach" of EITI's rules, to raise its concerns directly with the government of Azerbaijan at the highest levels, and to advocate within the international board of EITI for appropriate action to censure the government. In particular, we believe that the appropriate response, as defined in EITI's rules, is for the government of Azerbaijan to be suspended from participation in EITI and from its seat on the initiative's governing board.⁶

We note that, in addition to its responsibilities as a leader in EITI, BP also has a reputational interest in securing better transparency over natural resource revenues in Azerbaijan. The company has significant investments in Azerbaijan's oil and gas sector and a longstanding relationship with the state oil company, SOCAR. BP generates

significant revenues for the government of Azerbaijan, which will be subject to less scrutiny if the EITI effort collapses. BP is currently expanding its investments with the “Southern Corridor Project,” a major new project to export natural gas from the Shah Deniz gas field in Azerbaijan to Europe. BP plays a lead role as the operator of the Shah Deniz consortium, in which SOCAR and other partners also hold a stake, and is partnering on the planned expansion and construction of pipelines to carry the gas to Europe.

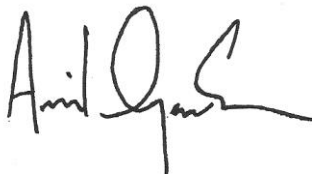
We are aware that the Shah Deniz consortium has announced the formation of a high-level advisory panel, including EITI founder Tony Blair, to “advise on political, environmental, reputational and societal challenges that may be faced” by the project. We note that some of the key organizations in Azerbaijan that could provide the panel with useful information and perspectives on such challenges have been targeted in the government crackdown and have been forced to halt their activities. We believe that the current crackdown presents risks that merit the panel’s attention.

For all of these reasons, it seems clear to us that the serious deterioration of civil society conditions in Azerbaijan and its impact on EITI should be a matter of concern to BP. We urge that BP act without delay to take a firm stand to defend core transparency principles in Azerbaijan.

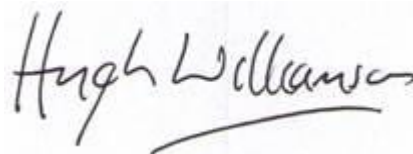
We are very interested to hear your perspective on this matter and would welcome a response by September 19, 2014. Please note that we may publicly call on BP to take action at that time, referencing this letter. We would be happy to be able to incorporate your response.

Thank you so much for your attention to this issue and we look forward to remaining in contact. If you have any questions, you may contact our colleague Lisa Misol at misoll@hrw.org.

Sincerely,



Arvind Ganesan
Business and Human Rights Director



Hugh Williamson
Europe and Central Asia Director

CC: Gordon Birrell, Regional President, Azerbaijan-Georgia-Turkey
Elodie Grant Goodey, Head of Societal Issues and Relationships

¹ “Roles and Responsibilities of the Board,” EITI Board Manual, version dated August 26, 2014, at http://eiti.org/files/EITI_Board_Manual_revised_August_2014.pdf.

² Ibid.

³ The EITI Standard states:

- Civil society must be fully, actively and effectively engaged in the EITI process. (Standard §1.3(a))
- The fundamental rights of civil society and company representatives substantively engaged in the EITI, including but not restricted to members of the multi-stakeholder group, must be respected. (Standard §1.3(b))
- There must be no obstacles to civil society participation in the EITI process. (Standard §1.3(c))
- The government must refrain from actions which result in narrowing or restricting public debate in relation to implementation of the EITI. (Standard §1.3(d))
- Stakeholders must be substantially engaged in the design, implementation, monitoring and evaluation of the EITI process, and ensure that it contributes to public debate. (Standard §1.3(e)(ii))
- Stakeholders must be able to operate freely and express opinions about the EITI without restraint, coercion or reprisal. (Standard §1.3(e)(iv))
- The MSG nomination process must be independent and free from any suggestion of coercion. Civil society groups involved in the EITI as members of the MSG must be operationally, and in policy terms, independent of government and/or companies. (Standard §1.3(f)(ii))

⁴ “BP and the Extractive Industries Transparency Initiative,” undated, at <http://www.bp.com/en/global/corporate/sustainability/society/managing-our-impact-on-society/financial-transparency.html>. See also, EITI, “BP plc,” undated, at <http://eiti.org/supporters/companies/bp-plc>.

⁵ Human Rights Watch, “Azerbaijan: Transparency Group Should Suspend Membership; Stifling Pressure on Activists Violates Commitments,” August 14, 2014, at <http://www.hrw.org/news/2014/08/14/azerbaijan-transparency-group-should-suspend-membership>.

⁶ See Requirement 1.7 (Suspension due to Breaches of the EITI Principles and Requirements) for EITI Implementing Countries, in “The EITI Standard,” July 11, 2013, at http://eiti.org/files/English_EITI%20STANDARD_11July_o.pdf. 1.8 “Delisting” or expulsion is also possible, as discussed under Requirement 1.8.