



Sustainability Report 2021



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Acronyms list

Institutional

API	American Petroleum Institute
GRI	Global Reporting Initiative
CAA	Competence Assurance Accreditation
IADC	International Association of Drilling Contractors
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IPCC	Intergovernmental Panel on Climate Change
ISO	International Standardization Organization
NGO	Non-Governmental Organization
SAP	System Analysis Program
SPE	Society of Petroleum Engineers
UN	United Nations

Environmental

CH ⁴	Methane
CO	Carbon monoxide
CO ²	Carbon dioxide
CO ² e	Carbon dioxide equivalent
GHG	Greenhouse Gas
N ² O	Nitrous oxide
NMVOG	Non-methane volatile organic compound
NO ^x	Nitrogen oxide
SO ^x	Sulphur oxide

Technical

BOP	Blowout Preventer
CMMS	Computerized Maintenance Management System
DWOP	Drilling Well On Paper
HIRA	Hazard Identification and Risk Assessment
HP / HT	High-Pressure, High-Temperature
QL	Quarantine List
RO	Reverse Osmosis
SMART	Self-Monitoring Analysis and Reporting Technology
WBM	Water-Based Drilling Mud

Health & Safety

HSE	Health, Safety, Environment
LTI	Lost Time Injury
OHS	Occupational Health and Safety
OHSAS	Occupational Health and Safety Assessment Series
QHSE	Quality, Health, Safety, Environment
TRIFR	Total Recordable Injury Frequency Rate

Conceptual

ICT	Information and Communication Technology
KPI	Key Performance Indicator
P2P	Procure-to-Pay
STEM	Science, Technology, Engineering, Mathematics
TBL	Triple Bottom Line

Organizational

BDS	Baku Drilling School
CTIO	Chief Technology Innovation Officer
GDP	Gross Domestic Product
IMS	Integrated Management System
LMS	Learning Management System
PMITP	Preventive Maintenance and Inspection Test Programs
PMMP	Product Manufacturing and Maintenance Practices
SDG	Sustainable Development Goals
SIR	Supplemental Incident Report
VVL	Validated Vendor List

A word from the General Director

Samir Mollayev
General Director



The lockdowns during COVID-19 pandemic proved to the world that energy is a vital part of keeping the economy and society moving forward. As one of the leading energy service providers in Azerbaijan, we acknowledge the importance of a sustainable environment for the future generations.

As such, our strong position in the industry enables us to create a lasting positive impact on both the society, and the environment. This year we have embodied sustainability and responsible leadership into our operations by maintaining holistic management of prioritized ESG issues throughout our Company. As we continue working on integrating sustainability into every aspect of our business, we prepare to publish our third consecutive Sustainability Report. These reports require great effort from our team as we try to convey the importance it holds for us to our stakeholders, relaying important non-financial data in a transparent and reliable way. As we embarked on this journey in 2018, we have been making decisive strides to ensure that sustainability remains at the center of our strategic decision-making, cascading down to individual effort. This year was no exception for us as we continued to prioritize sustainable growth, embracing the core principles of sustainable development when it comes to our strategy and overall business conduct. As the world continues its recovery from the long-lasting effects of the COVID-19 pandemic and subsequent lockdown measures, we take this as an opportunity to revisit our operations and business processes through a thorough reassessment and performance evaluation.

As such, the year 2021 marked a major restructuring of our internal processes and procedures, the result of which was a renewed approach to our overall business strategy. We have reviewed our supply chain and have transitioned from a tactical to a strategic procurement process. As a major market player, we seek to contribute to sustainable growth and development of a thriving economic environment for small and medium enterprises. Therefore, we have been placing a larger focus on local suppliers as part of our strategic procurement approach.

As one of our corporate priorities, we are looking to build a health and safety centric culture that values the wellbeing of our employees and suppliers. We believe that the success of our company is owed to the hard work and dedication of our employees, and we are devoted to ensuring their success through HSE trainings and initiatives. For this reason, we introduced a new corporate initiative in 2021 called Procedure Discipline, which consists of two phases and entails more actively engaged leadership in the management of issues related to H&S. The launch of this initiative has helped us to step forward

towards our goal to have an operating performance with zero accidents by reducing the number of injuries in the reporting year. We are certain that this can be fully accomplished by the target date through committed effort. As part of our sustainable development goals, we strive to make a concerted effort to reduce emissions from our activities by investing in advanced technologies while expanding our sustainable drilling services portfolio to enable wider access to energy. As a first step, we closely examined the equipment used in our service supply and the carbon footprint of our activities in 2021.

All our operations and actions are supported by ethics and compliance, which serve as the cornerstone of our brand. At SOCAR AQS, all our employees are dedicated to fostering a culture of ethics and integrity and have the full authority to speak up when they come across anything that might be out of line with our values. To further encourage ethics and compliance principles throughout the organization, we are currently considering the option of integrating a Compliance Committee into our organizational structure. We believe this to be a necessary action to ensure that our principles of ethics and integrity are reflected in both individual efforts of employees and high-level decisions affecting the entire Company.

We have also increased the number of senior management staff hired from the local community as we continue our efforts to advance community development through the creation of employment opportunities for all levels of professional development.

Despite the numerous obstacles occurring due to COVID-19 and the Company-wide restructuring procedures, we were able to make remarkable progress during the reporting period. We are proud of the achievements of the passing year, and we hold the belief that we will achieve the ambitious goals we set for ourselves for the years to come.

About 2021



15th

year with
0 fatalities



59

new
employees



Nearly

50%

of senior leadership
hired locally



153

mIn AZN of
revenue



Full-
scale

restructuring



904

total
employees



12%

of women in senior
leadership



0

significant spills
since 2007



0

Restricted Work
Day Cases



0

Number of
fatalities is



79%

of total suppliers
are local entities



10000

trees planted in
Turkey



About the report

This report marks the third consecutive Sustainability Report published by SOCAR AQS. We take pride in our commitment to creating a long-lasting tangible change in our society and as such, the sustainability reporting practice enhances our transparency and accountability towards stakeholders in our venture to pursue sustainable growth.

Scope and methodology

As we continue our practice of sustainability reporting, we regularly revisit our reporting methodology to ensure that we accurately reflect our efforts in integrating sustainability into all of our decisions. Publishing these reports serves the purpose of communicating to our stakeholders the progress we make in contributing to sustainable development in the country and beyond. As a responsible company, we are proud of the work and effort we have put into the development of this sustainability report.

Methods of data collection and reporting methodologies

This year, we continued to align our report with the GRI Standards and the IADC reporting guidelines. To ensure clarity and accuracy of the data in the report, we continue to improve our internal reporting systems, among which are the betterment of the data collection process, digitalization of data reporting, and optimization of calculation methodologies. To collect data, we conduct interviews with process owners, hold questionnaires, and refer to internal reports and information provided by third parties.

Table 1. About the report

Entity name	SOCAR-AQS LLC
Headquarters	Baku, Azerbaijan
Reporting boundary	SOCAR AQS
Reporting period	1 st January 2021 – 31 st December 2021
Reporting cycle	Annual
Reporting frameworks	Global Reporting Initiatives (GRI) Standards (Core) UN Sustainable Development Goals (SDGs) International Association of Drilling Contractors (IADC) reporting guidelines
Report language	English (available in Azerbaijani)
Third-party involvement	External independent assurance on selected indicators (see section 'Independent Assurance Statement')



Environmental Indicators

Table 2. Reporting methodology on emissions and energy consumption

	GHG emissions & energy consumption	Other emissions
Entity scope	All generators and vehicles under the ownership of SOCAR AQS in Azerbaijan	All generators and vehicles under the ownership of SOCAR AQS in Azerbaijan
Principle	<ul style="list-style-type: none"> GRI 302 Energy Disclosure Standard GRI 305.1-305.5 Emissions Disclosure Standard 	GRI 305.7 Emissions Disclosure Standard
Data scope	CO ₂ , N ₂ O and CH ₄	CO, NO _x , NMVOCs and SO _x
Methodology	Tier 1 approach of the thermal effect of stationary gases	Local legislation for monitoring and reporting significant air emissions
Data source	<ul style="list-style-type: none"> Internal reporting systems IPCC default emission factors 	Internal reporting systems

Table 3. Reporting methodology on other environmental indicators

	Water	Waste management and significant spills	Biodiversity impact
Entity scope	All operations of SOCAR AQS in Azerbaijan	All operations and locations of SOCAR AQS in Azerbaijan	All operations of SOCAR AQS in Azerbaijan
Principle	GRI 303 Water and Effluents Disclosure Standard	GRI 306 Waste Disclosure Standards	GRI 304 Biodiversity Disclosure Standard
Data scope	Water withdrawal and water discharge	<ul style="list-style-type: none"> Hazardous waste, including drilling cuttings Non-hazardous waste 	Impact of operations on biodiversity
Methodology	GRI-303 Water and Effluents Disclosure Standard	<p>Local legislations related to significant spills and waste performance</p> <p>Calculation method: To convert the volume of household waste from cubic meters to tons, we use the average conversion coefficients based on the types of waste generated.</p>	Local legislation on reporting data pertaining to biodiversity impact
Data source	Internal reporting systems	Internal reporting systems	Internal reporting systems

Social indicators

Table 4. Reporting methodology on social indicators

	Health and safety	Other social indicators
Entity scope	<ul style="list-style-type: none"> All operations of SOCAR AQS in Azerbaijan All people directly employed by SOCAR AQS in Azerbaijan regardless of contract type 	Community development initiatives of SOCAR AQS
Principle	<ul style="list-style-type: none"> GRI 403 Occupational Health and Safety (OHS) standard IADC health and safety reporting guidelines Local legislative requirements 	400 series of the GRI Standards
Data scope	Data collected at the site level and further consolidated at the company-level	Social expenditures
Methodology	Supplemental Incident Report (SIR)	GRI Standards
Data source	Internal reporting system built on incident investigations reports	Internal reporting system

Economic Indicators

Table 5. Reporting methodology on economic indicators

Entity scope	All operations of SOCAR AQS Group (including all subsidiaries) in all geographic locations
Principle	<ul style="list-style-type: none"> International Financial Reporting Standards (IFRS) The International Accounting Standards Board (IASB) Conceptual Framework
Data scope	Key facts and figures included in this report correspond to those in the financial statements
Methodology	IFRS and IASB
Data source	<ul style="list-style-type: none"> Internal reporting system External financial audits

Materiality analysis

To reflect the level of effort behind our sustainability reporting practice, we maintain regular communication with our stakeholders while also monitoring our media presence to ensure that our material topics are in line with the issues of importance and priority for our stakeholders. This year, we decided to revisit our materiality assessment to stay up-to-date with the stakeholder sentiment and the updated GRI Standards.

Within the scope of this report, we have identified 23 material topics, which we have categorized by economic, environmental, and social groups. Each material topic is referred to in its relevant section to disclose related information. For the list of material topics as well as the materiality assessment process, see **Figure 1 & 2**.



Figure 1. Materiality assessment of SOCAR AQS

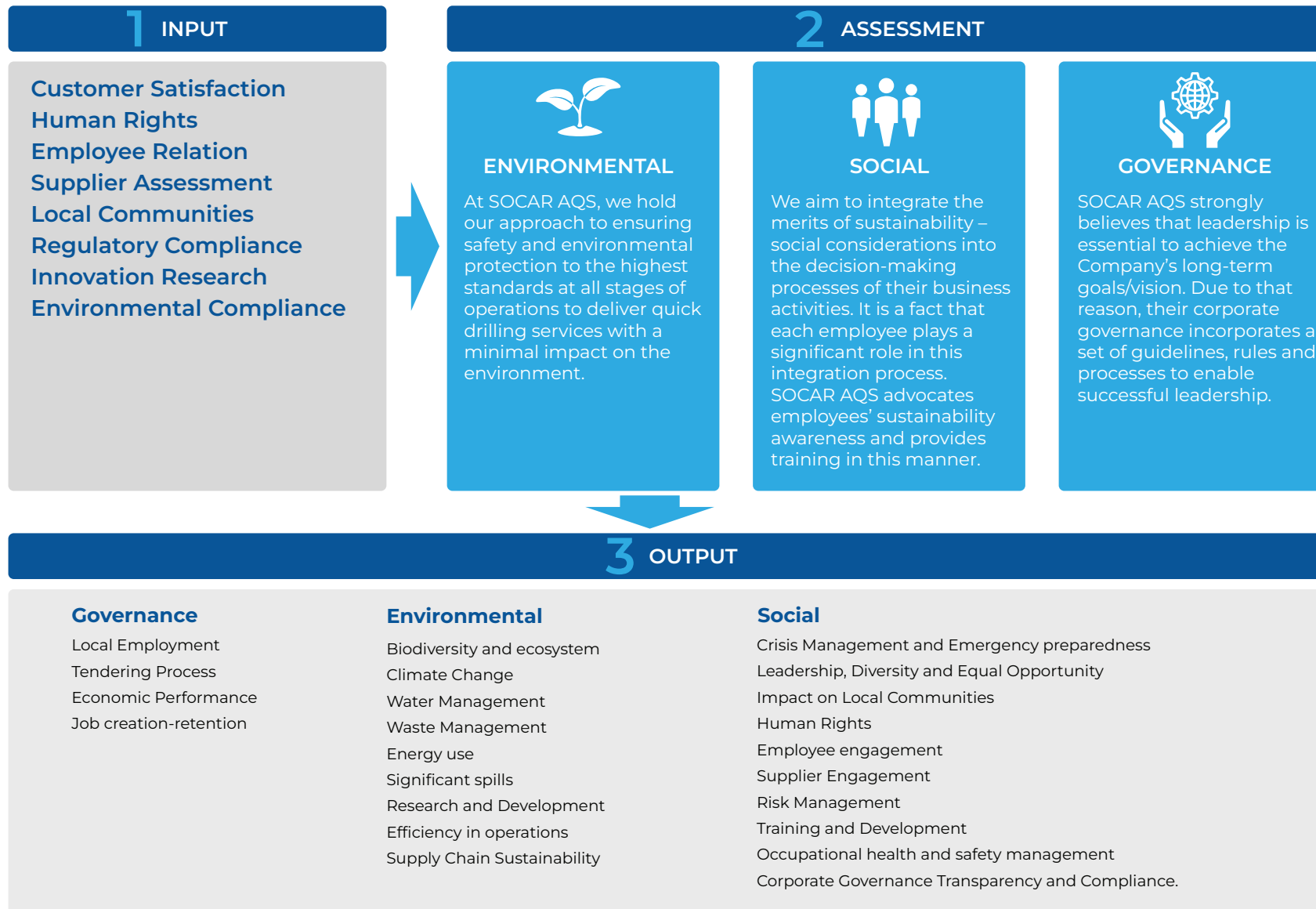
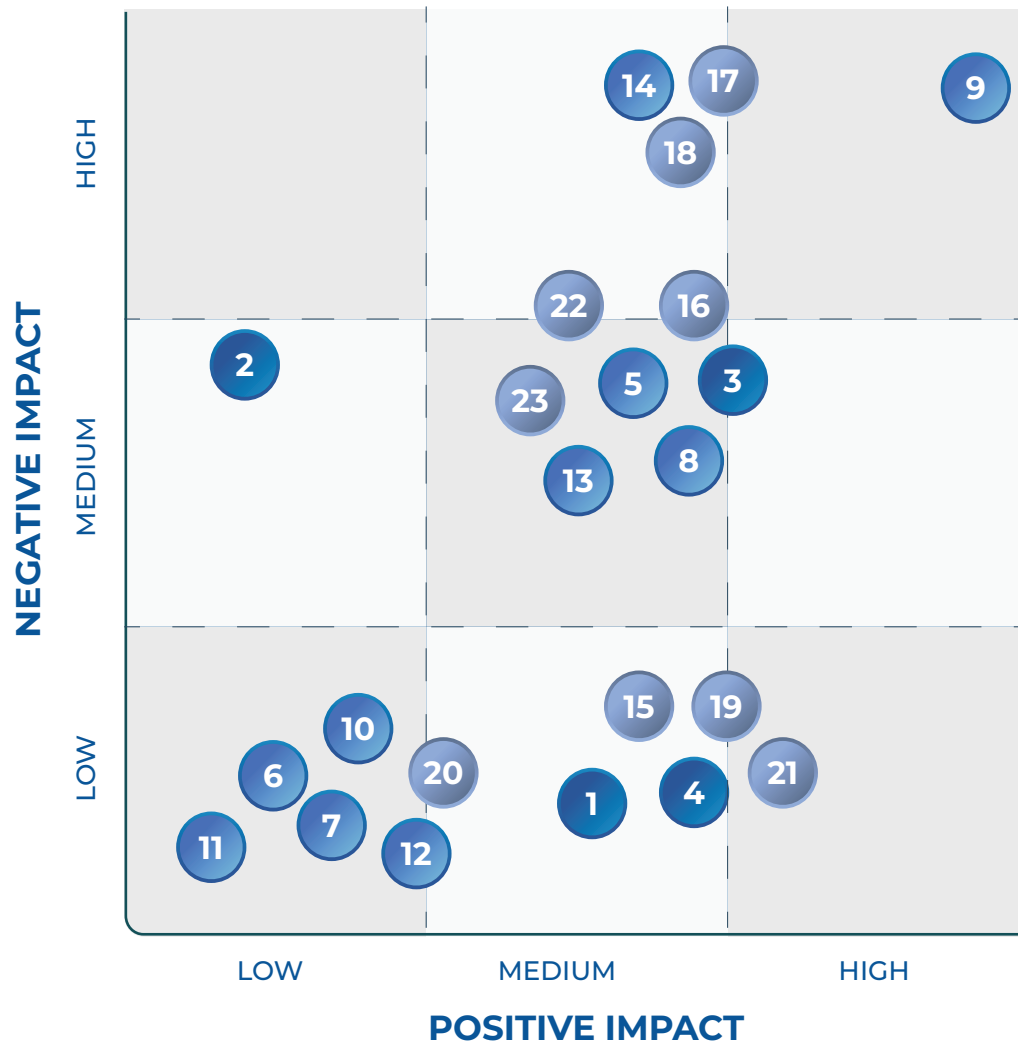


Figure 2. Materiality Matrix of SOCAR AQS



Material Topics

- 1. Local Employment
- 2. Tendering Process
- 3. Economic Performance
- 4. Job creation-retention

- 5. Crisis Management and Emergency Preparedness
- 6. Leadership, Diversity & Equal Opportunity
- 7. Human Rights
- 8. Corporate Governance, Transparency & Compliance
- 9. Occupational health and safety management
- 10. Training & Development
- 11. Supplier Engagement
- 12. Impacts on local community
- 13. Employee Engagement
- 14. Risk Management

- 15. Biodiversity and ecosystem
- 16. Waste Management
- 17. Significant spills
- 18. Climate Change & GHG Emissions
- 19. Research & Development
- 20. Water Management
- 21. Supply Chain Sustainability
- 22. Energy use
- 23. Efficiency of operations



About SOCAR AQS

Who we are

	
Limited Liability Company	
Est. 2007	
Drilling of oil and gas wells; Industry-specific supply chain management; Warehouse management.	
Implemented projects across five countries around the world	
Integrated drilling and well maintenance management	

SOCAR AQS operations in Azerbaijan

Bulla Deniz

First company in Azerbaijan to apply 18 ¼ inch size PDC bit and drilling/reaming operations (18 ¼x24) in one run in Bulla Deniz field.

Guneshli

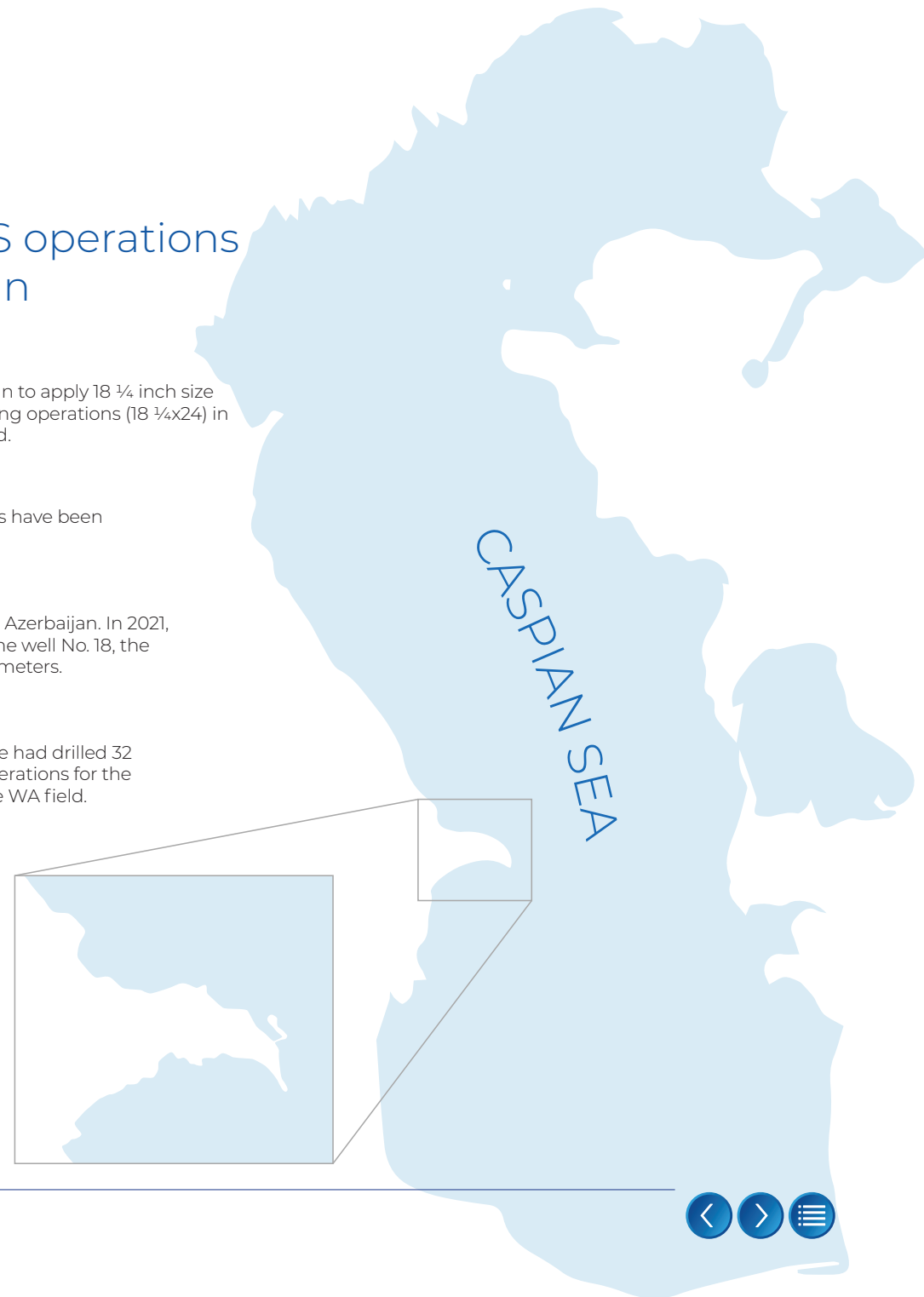
By the end of 2021, 66 wells have been drilled in Guneshli.

Umid

Second largest gas field in Azerbaijan. In 2021, we conducted drilling of the well No.18, the depth of which was 6,270 meters.

West Absheron

Until the reporting year, we had drilled 32 wells in WA. Successful operations for the first multilateral well in the WA field.



SOCAR AQS around the world



Ukraine

In 2018, we successfully implemented provision of consultancy on enhancement of well drilling and field development. To take the joint cooperation a step further, SOCAR AQS and Naftogaz signed a memorandum with the goal of development of onshore and offshore activities in 2021.



Bangladesh

In 2018, we successfully drilled and tested a turnkey well for the national oil company in Bangladesh.



Turkey

SOCAR AQS has been operating in Turkey since 2019, delivering 38 underground gas storage wells in the Tuz Golu area of Aksaray region of Turkey.



Kazakhstan

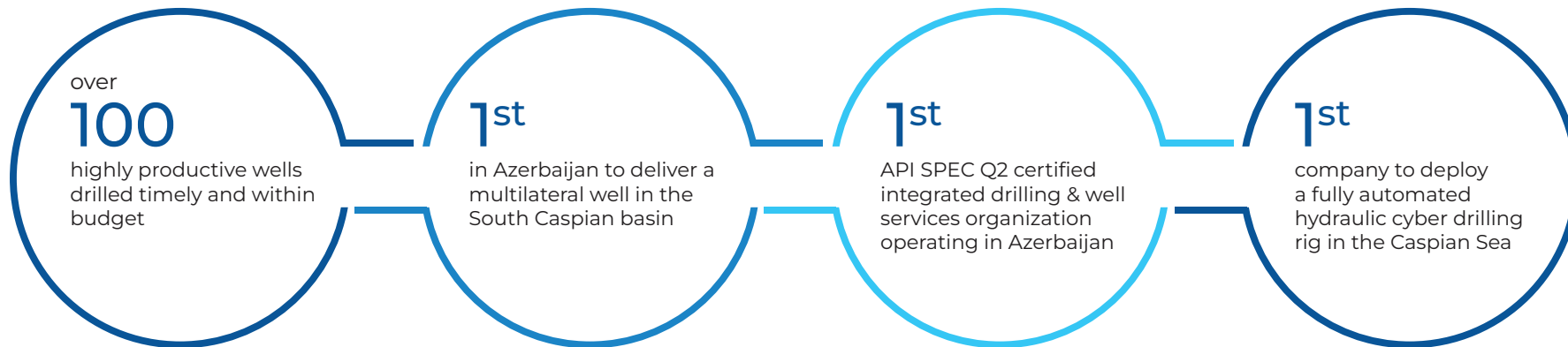
In 2020, we provided supervision of drilling of a deviated oil well in Kazakhstan. Following the success of the first project, we have been providing management of two oil wells since 2021.

Our Services

- Well design & planning (engineering)
- Well workover and well repair operations
- Drilling of oil, gas and underground storage wells (operations)
- Drilling of HP / HT wells
- Casing running services
- Rig upgrade, refurbishment, mobilization and demobilization
- BOP repairing and testing
- Drilling of directionally deviated and horizontal wells
- Conventional and sand control completions
- Drilling and completion of multilateral wells



Our achievements



Our certifications



Our awards



Caspian Business Awards

Drilling Company of the Year, 2016



Caspian Business Awards

Company of the Year (Drilling Company), 2013



Caspian Business Awards

Company of the Year (Drilling Company), 2011

BP

Company of the Year
For the successful implementation
of modern technology, 2015



Caspian Business Awards

Company of the Year (Drilling Company), 2012



Caspian Business Awards

Company of the year
For the implementation of advanced drilling technologies and new
management method, 2010



Mission, vision, and values



VISION

To add the highest value to our stakeholders as a modern international company by delivering integrated and efficient energy solutions.

To ensure that our stance as a Company reflects what we and our stakeholders believe in and strive for, we revisited our company vision, mission, and values in 2021.



MISSION

To provide sustainable and industry-leading drilling services in the Caspian region and expand business in the international market.

This action will help us ensure that our operations and decision-making are in full alignment with the changing industry and consumer demands.

Values



SAFETY

Safety is at the core of our organizational culture and we conduct our business according to the highest safety standards.



PEOPLE-ORIENTED

We value and respect every person in our company and our goal is to build a healthy environment and work as one team.



INTEGRITY

We are honest with all our stakeholders and we have strong moral principles. We follow the highest ethical standards across all our activities.



EXCELLENCE

We strive for excellence in all our operations and aim for high-level performance and continuous improvement.



INNOVATION

We continually invest in modernization – by applying cutting-edge technology and agile ways of working – to deliver safe, competitive and reliable solutions for our customers.

Stakeholder engagement

While we strive for growth, we believe in development in which no one is left behind. Therefore, it is of utmost importance to us to ensure that we have strong and clear communication channels with every stakeholder group identified by SOCAR AQS. Our priority in our communication with stakeholders is to convey the efforts we make to contribute to the development of society and the preservation of the environment while playing a part in the economic growth of the country. At the same time, through our communication channels, we seek to hear back directly from the stakeholders to ensure that their voices are heard and their concerns are addressed in a timely and holistic manner.

Communication of the information to the internal stakeholders is being executed mainly by mail. Furthermore, the Company provides up-to date meetings. For the perpetuation of internal communication across the Company entities SOCAR AQS is planning to develop the Intranet system, a tool used for communication between employees, data storage and employee engagement as well as the “Yammer” website in 2022.

SOCAR AQS prioritizes stakeholder engagement and implements external communication via Facebook, LinkedIn, Twitter, YouTube, corporate brochures, and its official website.

In **Figure 3**, we outline our stakeholder groups and the tools we use to maintain regular communication with them.



Figure 3. Stakeholder groups and engagement methods



Sustainability at SOCAR AQS

Sustainability strategy and approach

As a responsible service-provider, we seek to integrate sustainability considerations into every aspect of our businesses, starting from high-level decision-making and trickling down to individual conduct. This approach allows us to keep our employees at the center of our sustainability agenda as we recognize that without individual effort, our sustainability targets would never be achieved. Therefore, we maintain focus on internal awareness campaigns and training to ensure that our efforts in sustainable development are properly conveyed to all of the employees and contractors of SOCAR AQS. One of such initiatives is the company-wide access to the UN Global Compact Learning Academy, which provides comprehensive learning materials and resources on sustainability.

Our sustainability strategy involves an extensive and far-reaching approach, through which we seek to engage employees at every level of professional development. To maintain a top-down sustainability integration within our Company, we hold annual strategy workshops that gather together all senior leadership, managers, and specialized associates. These workshops are designed to review the triple bottom line (TBL) both internally and externally, to revisit our company mission, vision, and values and update them according to the expectations of the stakeholders, global best practices, as well as the industry trends. These workshops are also a chance for us to realign our key priority areas and strategic targets for the next years.

The newly defined mission, vision, values, and goals are communicated to the employees through training sessions organized by the Human Capital Department. These new priorities further cascade to each department, which defines its own goals in alignment with the new priority areas, strategic goals, and company vision. Each employee is then enabled to determine their individual targets that enhance their ability to contribute to the overall work of the team, and hence the company as a whole. To ensure that we accurately manage our sustainability initiative, we have developed a number of management tools, which are listed in **Figure 4**.

Alignment with the SDGs

Being committed to sustainability, we recognize that it is imperative to acknowledge the UN SDGs and integrate them into our strategic decision-making to achieve sustainable economic growth. As such, we have been taking strides to join the global community in its venture to make the SDGs a reality. We have joined both the **Reporting on SDGs Action Platform** and the **Decent Work in Global Supply Chains Action Platform**. At the same time, we have been a member of the **GRI Community** since 2019. Furthermore, in 2019 we were selected as the UN Global Compact LEAD Company. In **Figure 5**, we outline the SDGs prioritized by our Company as we understand the importance of contributing to the achievement of each goal.

Figure 4. Sustainability management tools



Figure 5. Our SDG alignment



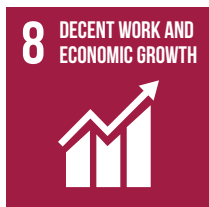
Our 5-star Security Program encourages and monitors compliance with our internal Health & Safety regulations as well as local laws and international standards.



We are committed to increasing access to STEM education for underprivileged students by offering scholarships, organizing educational activities, and partnering with leading universities. At the same time, our Learning Management System (LMS) was designed to encourage and facilitate the development and career growth of our internal stakeholders.



As a responsible employer, we seek to ensure that men and women in the workplace are provided equal opportunities. Based on the results of the satisfaction survey, the actions for increasing the woman engagement were identified and will be implemented in 2022.



By providing job opportunities to the local community, working primarily with local suppliers, and offering internships to students and recent graduates, we seek to contribute to the sustainable economic growth in the country.



We are always on the look-out for opportunities to encourage innovative solutions to the challenges in the oil and gas field. Therefore, we continue to invest in SMART and innovative technology.



We believe that as a responsible market player, we hold a certain responsibility towards the society in the sustainable development of the community, therefore we continue to implement projects and programs aimed at community development and access to education, as well as contribute to various charities. As a major player in the oil and gas field, we are also contributing to the provision of energy to the society.



The waste produced by our operations is outsourced to third-party recycling facilities, whom we monitor to ensure that all waste is handled according to the local legislation and international standards.



Our actions targeted towards environmental preservation and health and safety of our employees and contractors contribute to our commitment to minimizing the effect of our operations on climate change.



As we acknowledge that our operations have the potential to affect life below water, we ensure that we utilize the latest technology with the goal of minimizing potential hazards such as significant spills. We have also developed rigorous frameworks to regulate our operations and respond to potential risks in a timely and holistic manner.



Continuing our efforts to support national values, we contribute to the preservation of peace and justice within our society.

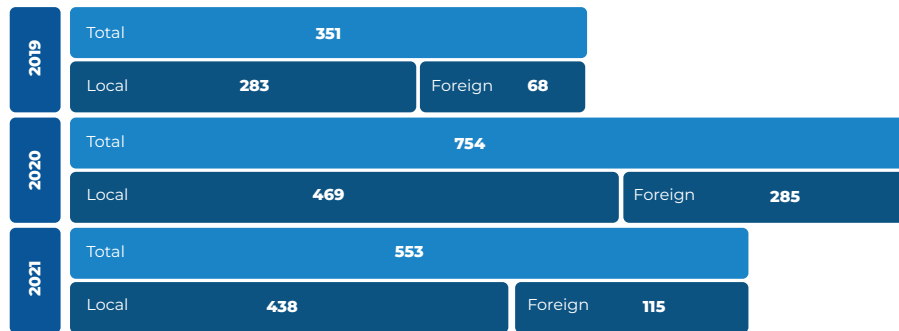


Sustainable supply chain management

In order to maintain our reputation and expand our operations towards being more sustainable, we dedicate our time to acknowledge the people with whom we conduct business. Thus, we only engage with vendors who share our values and dedication to ethical business conduct.

SOCAR AQS retains the right to conduct ongoing audits with suppliers to determine whether they comply with the local legislation, Labor Code of the Azerbaijan Republic, as well as international standards such as ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, API Q2 Specifications.

Figure 6. Number of suppliers by category, 2019-2021



In 2021, SOCAR AQS implemented a new supply chain strategy, which entailed a transition from tactical to **strategic procurement**. The aim of the strategic procurement approach is to execute one of our goals for 2021, which was the **automatization** of manual tasks such as contract management, and the P2P process to the maximum possible extent. We believe that this transition will significantly increase transparency and allow us to accurately measure compliance within our supply chain. We have also adopted the digitalization of procurement processes through the **e-Procurement system**. This system is advantageous due to increased accuracy, control, and productivity of the procurement process. The system allows us to perform the operations more securely, while also executing multiple tasks at the same time.

On top of that, strategic procurement is in compliance with Azerbaijani legislation, by supporting prioritization of local suppliers. This leads to enhancing the capability and competence of the national industry suppliers and establishing a more efficient business environment. The integration of a strategic procurement approach stimulated the Company towards enhanced transparency and a boosted trust within both local and international markets.

As a result of this shift in approach, SOCAR AQS has increased the share of local suppliers for 2021 from **62%** to **79%**.

Currently, all of our tenders, open and closed, are conducted via a new publicly available supply chain management system, **Promena**, which we concurrently use as one of the communication channels with our suppliers. Some of the features of this e-platform include

viewing the offers only after deadline, which lead to increased transparency in competition among vendors as well as a higher level of trust in the market place.

SOCAR AQS has set the list of procedures, including vendor validation, which plays a vital role for the employees directly involved with the tendering procedure in the simplification of the processes. At the same time, these procedures ensure that the suppliers are in line with our compliance frameworks and our company strategy and mission. Within the vendor assessment process (**Figure 7**), suppliers are being assessed against a number of metrics, including their anti-corruption and anti-bribery procedures, and compliance with the Code of Conduct and Business Ethics of SOCAR AQS.

Figure 7. Vendor assessment process flow



We recognize the part we can hold in the efforts to prevent potential human rights violations in our supply chain related to modern slavery, human trafficking, child labor, and human rights. Therefore, we implement additional control steps in parallel with external questionnaires and market research conducted within the due diligence screening process, while newly added vendors are required to fill in the survey, which adds additional control of compliance of the vendor. To sum up, we are auditing the behavior of both employees and vendors for compliance with international standards on the potential matters outlined above in compliance with the local legislation and our Code of Conduct and Business Ethics.



RING
ON

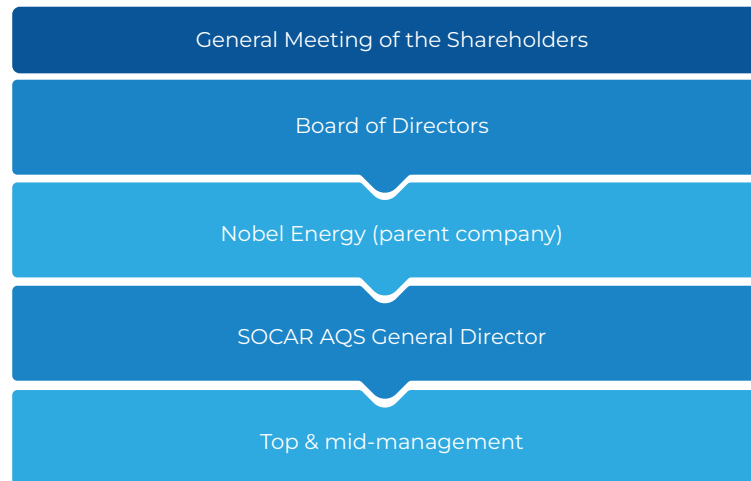


Corporate governance

Governance structure

Corporate Governance, which establishes a set of guidelines and procedures that govern how our organization functions and how it addresses the interests of all of our stakeholders, plays a crucial role in the financial performance of our Company. Thereby, SOCAR AQS operates a governance structure that is comprised of the Board of Directors, Committees, and Senior Management, all of whom are highly skillful and well-qualified experts in their fields striving to maintain sustainable development of the Company. The parent company of SOCAR AQS is Nobel Energy while the other shareholders are SOCAR and Absheron Qazma LLC.

Figure 8. Governance structure of SOCAR AQS



We continue our efforts to ensure that sustainability remains a priority in our high-level decision-making. Under our Board of Directors' supervision, we aim to enhance financial viability, lower risks, and adhere to the highest standards. Therefore, we continuously maintain an agenda of the regular meetings of the Board of Directors to include sustainability issues, future projects, as well as corporate goals. Risk Management, Budget and Crisis Management, and Health, Environment, and Safety are the three committees at SOCAR AQS. The committees play a vital role for the company in terms of sustainability issues. They prioritize the aspect of sustainability issues in their meetings, adopt new strategies for the resolution of those issues and inform the Board on the status of their progress and any related issues. For additional information, please, see **Figure 9**.

Figure 9. Committees of SOCAR AQS



Ethics, compliance, and integrity

As a responsible service provider, we seek to ensure that as a company we follow the highest standards of professional and personal conduct. Therefore, throughout the years of our operations, we have developed number of policies and internal procedures that guide our conduct in our pursuit of excellence.

As such, we have developed a **Code of Conduct (Figure 10)** and **Business Ethics** with the goal to ascertain that we perform all of our operations ethically and virtuously. For us, ethical conduct is the foundational pillar of the main values of our company culture. The Code is not only applicable to our employees but to those who we do business with as well, including our vendors and suppliers, our governmental partners, the communities we work with, and other stakeholders. This governance framework stipulates ethical and accountable work behavior that suppresses the disobedience with the **Code of Conduct and Business Ethics**.

Violation of the Code of Conduct is encouraged to be reported and is monitored by top management of the Company. At SOCAR AQS, annual acknowledgement and awareness of the policy should be assured by leading executives by using the Receipt and Acknowledgement form on this matter. Managers have an excess obligation, as they are required to ensure that all the team members confirm their comprehension of the Code of Conduct by signing the Receipt and Acknowledgment form provided by the Ethics and Compliance Team.

Figure 10. Business practices outlined by the Code of Conduct

Code of Conduct	
1 Health, safety, environment, and security	7 Conflict of interest
2 Facilitation payments	8 Fraud, data, and assets protection
3 Relations with public officials	9 Internal audit
4 Political activity	10 Customer and third-party relations
5 Community benefits	11 Compliance with local legislation
6 Gift and hospitality policy	

Transparency and internal control systems

Since stakeholder-centricity and integrity are two of the core values of SOCAR AQS, we expect a compliant and lawful demeanor from employees, customers, and third-party entities alike. According to the [Anti-Bribery Policy](#), SOCAR AQS encourages employees to lead business practices in a fair, transparent, and legally compliant manner. The Company seeks to prevent any potential cases of jeopardizing the terms of the Policy to preserve our reputation and avoid any severe consequences. SOCAR AQS has built a Speak-Up culture (Figure 11) where employees do not remain reluctant to raise any issues that could lead to undesired outcomes or violations of the Code of Conduct by using the Concern Reporting Form or the hotline established by our parent company.

Figure 11. Speak-Up culture tools at SOCAR AQS



We continually retain control of our processes and operations to ensure elimination of bribery, corruption, and facilitation payments cases through maintaining full compliance with our Policy, which was developed in line with the ISO 370001 Standard.

Prioritizing sustainable impact and transparent business practices, we are conducting our annual internal audit assessment based on the Internal Audit framework. In general, audit programs planned by the Management Systems Department and conducted based on the importance of the areas to be audited, their frequency, as well as method and responsibilities, planning requirement and reporting. The core objective of our Company's internal audit is to assure quality and environmental management, occupational health and safety, as well as industry-specific management are in alignment with the local legislation requirements. Further, our internal audit function is performed in accordance with international standards, depicted in Figure 12.

Figure 12. International standards alignment of the internal audit function



Risk management

Being a responsible market player, we recognize that accounting for potential risks in business is one of the main marks of success. Therefore, our Risk Management Committee plays a significant role in the risk management process of the Company. The main objective of the Committee is to ensure that the risks are controlled and managed in order to prevent adverse consequences, which could potentially harm the organization through operational hazards, financial losses, or reputational damages. Our risk management process (Figure 13) is guided by the requirements of ISO 31000/COSO ERM. We strive for a well-balanced risk management by taking into consideration the importance and relevance of risks, their likelihood, and establishing preventative and response measures.

Figure 13. Risk management process at SOCAR AQS

Step 1

Risk Identification and classification

After the structural divisions prepare risk registers with identified risks per division and control measures for each risk, the Risk Management Department reviews the risk registers and methodologically evaluates them together with the heads of the structural divisions. Afterwards, the Risk Management Department forwards the updated risk registers to the Risk Management Committee for approval.

Step 2

Risk assessment

Each risk is assessed by the Risk Management Department and structural divisions per two categories:

- Probability
- Impact

Step 3

Prioritization

- Based on the results of risk assessment, risks are grouped into three categories, low, medium, and high, depending on their severity level.
- These categories are used to prioritize risks, accurately reflecting the results of the assessment and categorization in the Risk Passports.

Step 4

Preparation and implementation

- Afterwards, action plans are developed in response to each risk, including the definition of risks, measures for their management, and responsible persons. The action plans are approved and sent to the responsible persons for execution.

Step 5

Monitoring

To ensure appropriate management of risks, the process involves an approved monitoring plan, which guides the monitoring process of the implementation status of measures reflected in the Risk Passports. Performance of the Risk Management Department is quarterly monitored by the Risk Management Committee, which consists of executives from Finance, Legal, Operations, and HSE departments.





Innovation at SOCAR AQS

Service quality & well integrity

As a company whose services heavily rely on technological equipment, we understand that the quality of our devices has to be up to the highest standards to ensure the safety of the workers as well as the conservation of the environment. The transparent and trustworthy relations we have with our clients have been built over time on the foundations of integrity in our approach to business conduct. As this approach has been integrated into all aspects of our operations, we are proud of our achievement of a strong safety record through [well integrity](#).

Our well integrity process has been consolidated with the Service Execution Cycle, which is in compliance with the requirements of the American Petroleum Institute Specification Q2 (API Spec Q2) and International Association of Drilling Contractors' Competence Assurance Accreditation (IADC CAA). Further to that, our Integrated Management System (IMS) (**Figure 14 & 15**) was developed with the goal to ascertain high quality of our services, with consideration of our policies and procedures in line with international standards, including ISO 9001:2015, ISO 14001:2015, ISO 45001:2018. All the employees and contractors of SOCAR AQS are covered by the IMS.

Figure 14. Integrated Management System structure

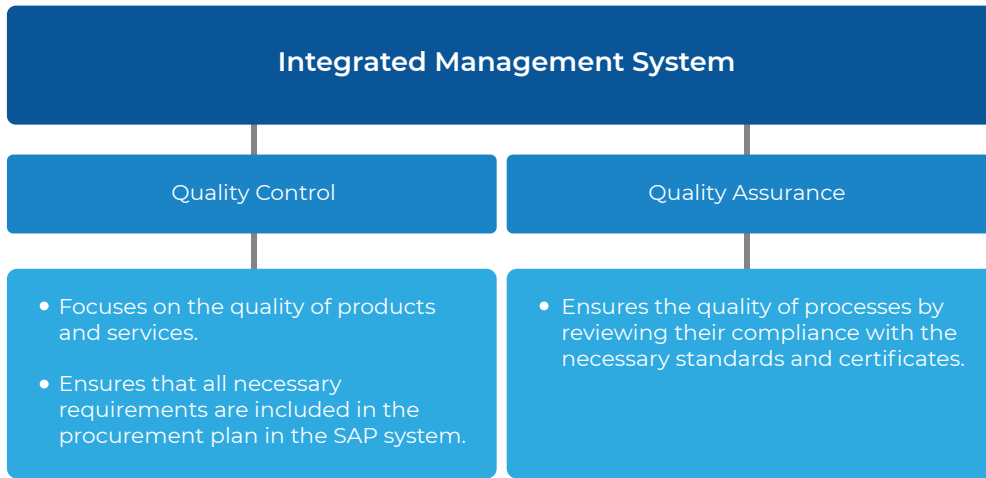


Figure 15. Service Execution Cycle: Eight Steps of Well Integrity



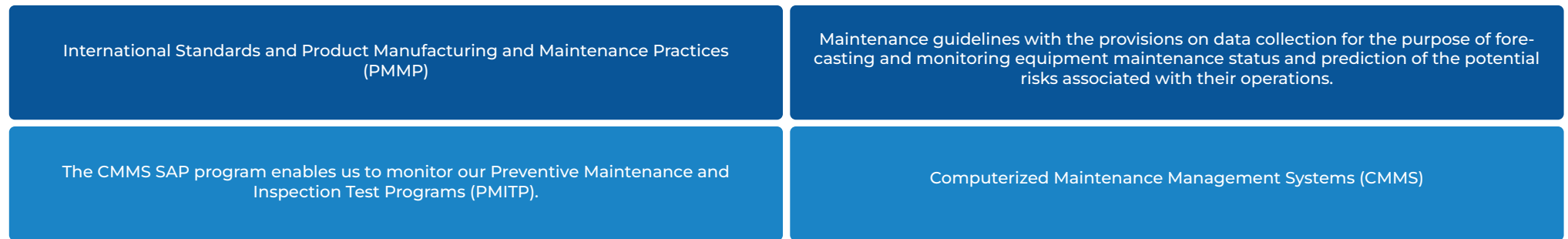
Technology & innovation

We believe that our success as a service provider in the oil and gas field is built on our openness to innovation and change. In an ever-changing and disruptive global economy, we seek to stay on top of the industry trends by continually researching technological advancements and digitization options in drilling operations. However, we view our pursuit of innovative technology and new business models as more than an economic growth opportunity, but also as a chance to move forward with our sustainability agenda. Our Operation Support Services Department takes it upon itself to ensure the operability of

our technical equipment by timely identification of defects and investigate the root causes of malfunctions. These investigations allow us to develop unique solutions to the issues we identify in order to improve our overall operations.

To ensure that our maintenance function follows the global best practice and stays on top of the international standards, we have adopted several international systems, which are outlined in the **Figure 16**.

Figure 16. International maintenance frameworks adopted by SOCAR AQS



Contributing to the society

While we continue to deliver services to our clients with a constant focus on high quality and open communication, we believe that as a responsible service provider, our impact stretches further than strictly client relations. We seek to uphold strong ties with the communities in which we operate to ensure that our approach to work reflects the needs and expectations of our external stakeholders, including society.



Community engagement

Our community engagement approach is built on the mutual trust that we have been carefully cultivating over the years of our operations.

Investing in local communities is one of the main goals implied in the Company's strategy and sustainability approach. The main factors fostering the development of local communities stemming from the operations of SOCAR AQS are the increase in the hiring process from the local community and the initiatives and projects organized for the local

youth. Our contributions to society are carefully crafted and tailored to the unique needs of the local community and economy.

Our projects range over a variety of topics, which we implement with a specific focus on the issues we believe to be most pressing for our external stakeholders. These issues are outlined in the **Figure 17** and **Table 6**.

Figure 17. Community engagement priority areas



Table 6. Statements on priority areas of community engagement

SDG	PRIORITY AREA	OUR STATEMENT
	HEALTH & SAFETY	As a responsible employer, we take the health and safety of our employees and contractors with the utmost importance. For more on our approach to HSE, please refer to section 'Health & Safety at SOCAR AQS'.
	EDUCATION	We hold the view that education is the foundational pillar of a thriving society, and therefore, we strive to promote quality education within the local community through a variety of initiatives. We continue to support students through educational scholarships, summer internships, conferences, and career fairs.

SDG

PRIORITY AREA

OUR STATEMENT



SOCIAL SERVICES

Our social services stretch through a variety of initiatives, including our direct engagement with the community, our youth engagement projects, the work conditions and benefits for our internal stakeholders, as well as creation of business opportunities through our supply chain.



ENVIRONMENT

While our initiatives aimed at preserving the environment and restoring the local ecosystems have not yet been many, we are looking to expand this priority area to ensure full alignment with our SDG priorities. As such, we showed support to Turkey by joining the campaign organized for greening of wildfire-affected forests and planting 1,000 trees.

For more on our approach to the environment, please refer to section 'Environmental management'.



NATIONAL VALUES

We are taking major steps to revive the national cohesiveness and show solidarity to martyrs' families and participants of the war. As such, we provided help and donations for war veterans and our employees who participated in the war. Moreover, we have also prepared water heaters for the State Border Services of the Republic of Azerbaijan.



Figure 18. Sponsorship activities of SOCAR AQS



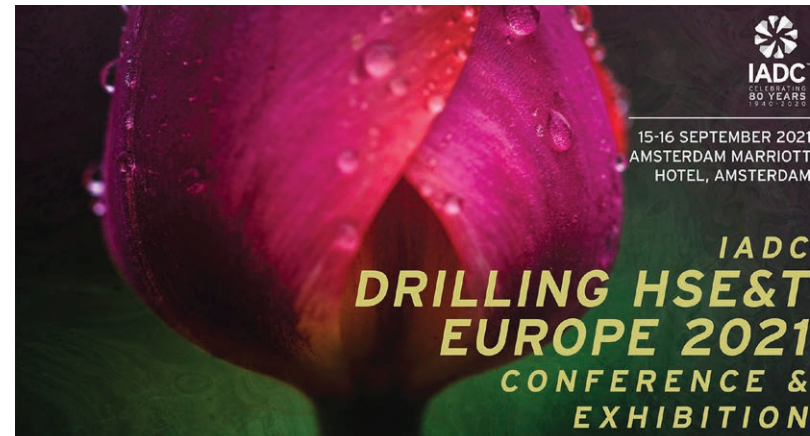
In 2021, SOCAR AQS was a **gold sponsor** of The Ukraine Gas Investment Congress. This Congress aims to unite world energy leaders around a common goal of forming a vision for the future of the gas sector, identifying shared interests, and finding mutually beneficial forms of cooperation.



During the reporting year, SOCAR AQS was a **gold sponsor** of the IADC World Drilling 2021 Conference and Exhibition. The conference explored potential challenges and opportunities arising in the oil and gas industry from a strategic leadership perspective. The conference revolved around the subject of enhancing the value proposition for our stakeholders in various areas, such as technology, diversity, contracting, collaboration, and digital solutions.



Human Capital Manager of SOCAR AQS participated in the HR session on the topic "Pandemic & Post Pandemic People Solution", delivering a presentation on the measures taken by SOCAR AQS to enhance business resilience throughout the pandemic and post-pandemic periods.



The Lead Commercial Analyst at SOCAR AQS, delivered a speech on the topic of Diversity and Inclusion (D&I) at the "Women in the Industry" panel session of IADC HSE and Sustainability Europe Conference, highlighting the importance of inclusion and diversity to our organization.



Youth Engagement

At SOCAR AQS, we believe that the youth is the future of our society. Therefore, we seek to contribute to the youth development in Azerbaijan with the goal of ensuring strong economic participation for underrepresented groups.

As we seek ways to engage with the local youth and encourage their participation in the economy, we strive to encourage voluntary and direct participation and initiative of our employees to promote our values and strengthen our culture of giving back to the community. Therefore, we are proud to say that our employees have organized a variety of educational support programs for the development of local youth with the potential for employment opportunities with SOCAR AQS in the future. Our initiatives vary between summer internship program and other educational activities, including competitions and conferences.

Conferences



The "Petroleum Geosciences and Engineering" conference organized by Baku Higher Oil School with the support of SOCAR AQS covered topics ranging from energy and environment to economic matters. The conference brought together an audience of 46 young researchers and students. Through this event, we aimed to foster an environment for open networking and exchange of knowledge between participants and key speakers. The speakers covered a wide scope of topics, ranging well performance, reservoir development and management, product optimization, well planning and drilling operations improvement, petroleum exploration and basin analysis, energy saving in the production and transportation of oil, and analysis of petroleum economics efficiency.

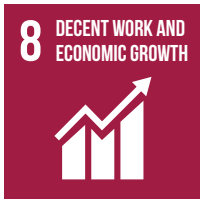
Career Fairs

In our pursuit of youth employment, we continue to participate in career fairs for students at Azerbaijan State Oil and Industry University pursuing degrees in the fields relevant to our work, as well as internship opportunities. We believe that by attracting young talent we do not only contribute to the economic participation of the youth but also open opportunities for our Company to come up with new solutions to pressing challenges through the fresh outlook of the younger generation. Thereby, within the reporting year, SOCAR AQS has launched conferences and internship programs where the young generation was able to attend and actively participate and showcase their skills to us.



People of SOCAR AQS

At SOCAR AQS, we recognize the importance of our people as they play a key part in our organizational success. Therefore, we strive to build a positive environment for our employees while ensuring that everyone has access to fair and dignified working conditions. Moreover, we take major steps to promote inclusivity and diversity in our workplace with equal opportunities for professional advancement while remaining competitive with regards to our benefit offers.



Learning and Development

At SOCAR AQS, we foster growth opportunities for our employees through a clear career pathway and the tools they need to learn and develop.

4173 training hours in 2021

For SOCAR AQS investing in employee growth is considered a key factor in our efforts to foster long-term human resource effectiveness. With the use of the online learning management system (LMS), all trainings and programs are more accessible and efficient, providing tools for a range of educational opportunities to improve technical, leadership, and social skills. The aim of development activities is to give employees the knowledge and abilities they are lacking or

require in order to perform their responsibilities at the required level. We provide a number of L&D tools and opportunities for our employees, such as participation in **HMM, MIT, and other leadership programs** and major events. On top of that, our Parent Company makes certain L&D arrangements and provides access to over **17000 digital learning contents**. Generally, our Learning and Development process follows a clear path depicted in **Figure 19**.

Figure 19. Learning and Development process flow



Through our continuous efforts to ensure employee development, we are proud to make it known that five of our employees have their manuscripts published in OnePetro Library. OnePetro is an online library that offers a pool of technical literature on the oil and gas exploration and production industry.

Table 7. Trainings statistics, 2021

Category	Trainings	Participants
Non-mandatory sessions	15	696
Mandatory sessions	14	274

In line with our commitment to provide learning opportunities to our employees, we cooperate with Baku Drilling School (BDS) to hold rigorous and integrated training programs to SOCAR AQS professionals. BDS is an internationally accredited training and consulting center that is currently providing 40 training courses through cutting-edge simulators, Endeavor X1 Platinum & Drilling Systems DrillSim-50.



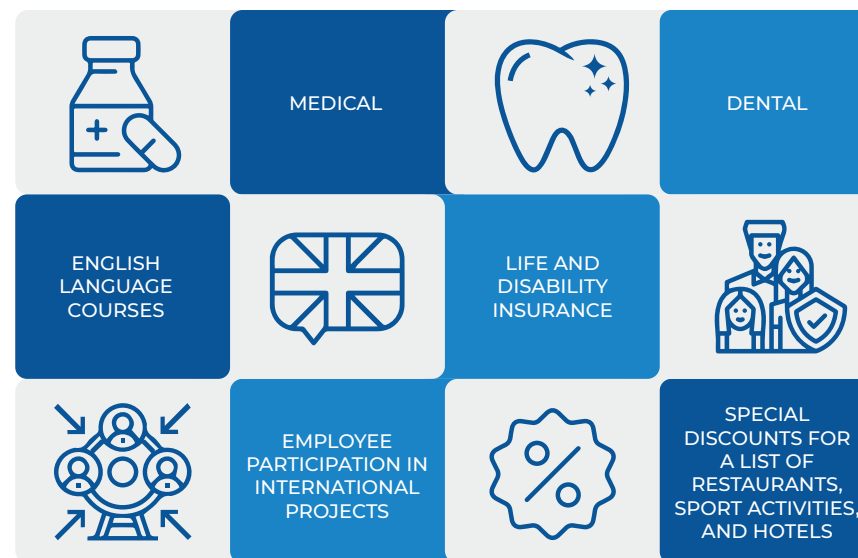
Employee Well-being

At SOCAR AQS, we believe that our employees deserve a work environment, in which everyone has the opportunity to thrive despite physical or emotional challenges.

SOCAR AQS is aware of the significance of employee well-being, knowing that it can be subject to influence from a variety of factors, including workplace expectations and stress, levels of flexibility and autonomy, the effectiveness of relationships with managers and coworkers, the frequency of shift work, and the length of the workday. In order to effectuate and maintain employee well-being within the Company, we provide a wide range of employee benefits and programs to encourage employee motivation, and wellness as well as achieve employee satisfaction. To learn more about our benefits program, please refer to **Figure 20**.

Establishing a clear communication channel with our employees has been part of the culture of our Company for many years with the goal to maintain transparency and ascertain that the overall organizational strategy and corporate values are clearly delivered to all the internal stakeholders. Communicating corporate strategy to internal stakeholders makes employees understand their expectations of top management within the Company and ensures that the expectations are timely and clearly delivered to each individual. Thereby, we as a Company build a culture that maintains smooth communication and encapsulates our **'Speak Up'** and **'Open-door'** policies, which encourage employees to share their opinions and the challenge they face without hesitation. Moreover, our parent company has established a hotline where all the employees can report their concerns and/or any issues both in written and oral forms, which we believe will lead to a healthier and more decent work environment.

Figure 20. Benefits offered by SOCAR AQS



Diversity and inclusion

At SOCAR AQS, we seek to leverage the opportunities that arise from a diverse and inclusive workplace.

We perceive establishing equity, diversity, and inclusion principles in the working place as the beating heart of the Company and thus, embrace the concepts in the core values of SOCAR AQS. We are developing a collaborative and inclusive workforce within our Company and sustaining these principles among the total of 904 employees. As such, we continually seek out ways to ensure that we have appropriate representation among our employees, particularly in the midst of managerial positions.

Through our efforts to promote gender equality, we have achieved an increase in the percentage of women in management positions throughout recent years, with the indicator rising from 9.2% in 2020 to 15.15% in 2021 (**Figure 21**). We believe this to be a direct outcome of our efforts to apply the principle of gender equality into our operations by creating equal workplace opportunities.

As we seek more female representation in the male-dominated field of oil drilling services, we strive to cultivate a culture of openness and honesty to allow our female



Figure 21. Percentage of women in management at SOCAR AQS¹

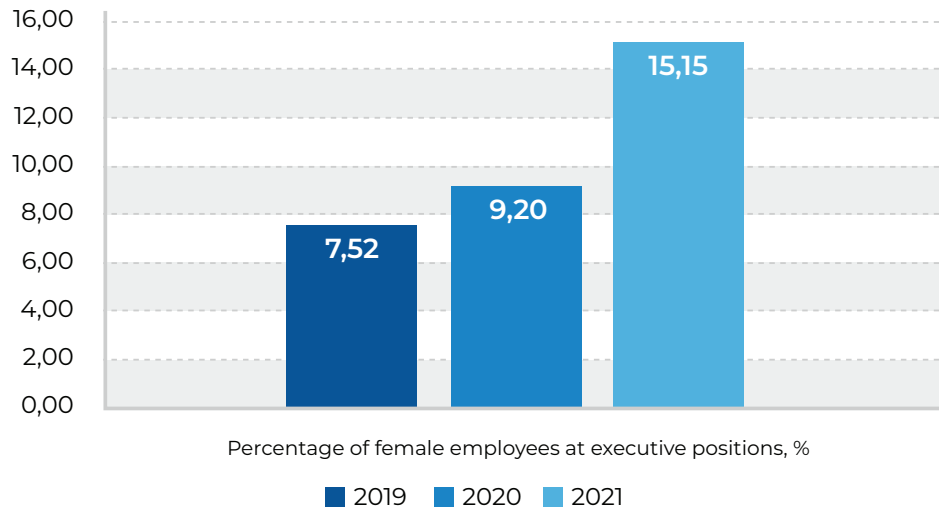
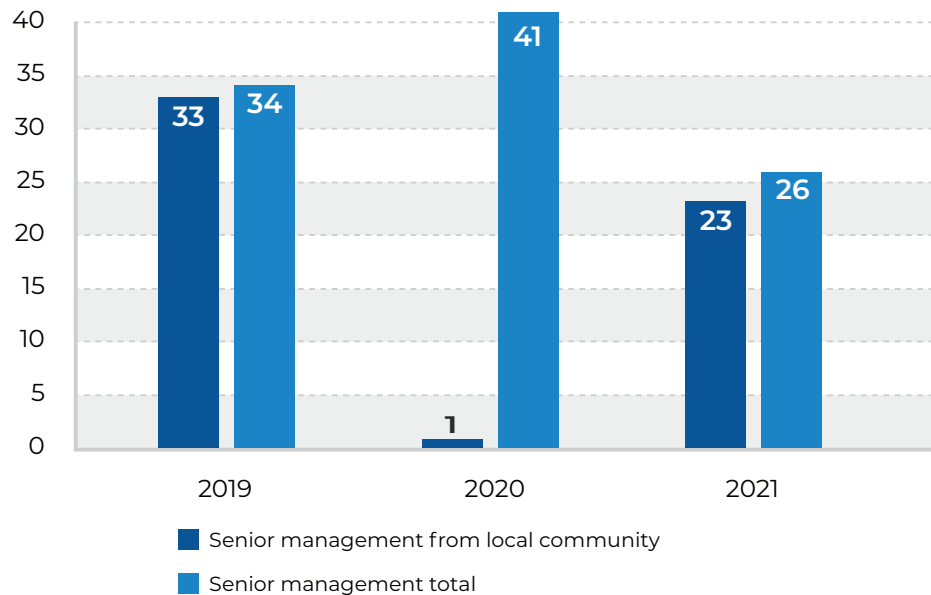


Figure 22. Proportion of senior management hired from the local community



employees to thrive in a field traditionally occupied by men. Our training and development programs are designed on equal standing for all of our employees regardless of gender or age to ensure that everyone performs to the best of their abilities.

Striving to promote equal opportunities within society, we continue to take measures to increase the hiring percentage from local communities, which can be seen in **Figure 22**. Local specialists are becoming the main workforce within the Company, thus affecting the national GDP and local economic factors. While this may potentially affect the level of diversity in terms of ethnical representation, we continue to find ways to attract people from different ethnic, religious, age, disability, and gender groups. As we continue to uphold our commitment to diversity and equal opportunities, we continue to seek out ways to ensure that all of our employees have the appropriate conditions to thrive in our Company. Therefore as a socially responsible company, we persist in our efforts to attract people with disabilities to create opportunities for otherwise marginalized groups.

Table 8. Employment of people with disabilities²

Category	2019	2020	2021
People with disabilities	12	12	12
Internally displaced people	44	43	41

On women empowerment

As a responsible employer, we recognize that we are accountable to the society for our contribution to the community development. Part of this responsibility entails ensuring that we create equal opportunities for women to participate in the economic activities of the country. We believe in breaking the stereotypes and encouraging women to join the oil and gas field, which has traditionally been a male-dominated industry.

¹ Due to the restructuration carried out during the reporting year, the number of senior management hired from the local community has increased as local employment has become the bigger focus of the company strategy.

² Due to the restructuration carried out during the reporting year, we have revisited the numbers from the previous reports to ensure an accurate reflection of data, therefore certain indicators may differ.



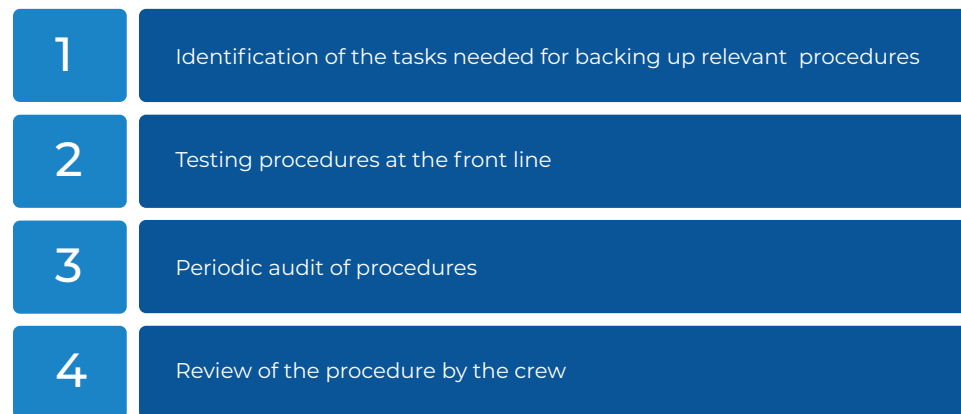
Health & Safety at SOCAR AQS

At SOCAR AQS, health and safety is given the highest priority among all company values, striving towards zero incidents during operational performance.

HSE management

During the reporting period, the QHSE section structure has been revisited and new appointments have been added with the purpose of curbing the number of occupational injuries and accidents.

Figure 23. Procedure Discipline program outline



As we pursue a new approach and way of conducting business, we have been putting special emphasis on digitalization and optimization of the workflow to minimize the risk of human error in both internal processes and operational health and safety procedures. With this in mind, we are currently developing a software platform to be launched for optimization of the QHSE process.

In 2021, SOCAR AQS developed the Procedure Discipline program (Figure 23) for increasing the compliance of the employees with the procedures and policies.



Table 9. Safety indicators

Category	2019	2020	2021
Number of fatalities	0	0	0
Total number of recordable injuries	2	4	2
Number of Lost Time Injuries (LTI)	2	1	1
Number of days lost due to incident	144	24	9
Total recordable injury frequency rate (TRIFR), per 200,000 hours	0.2	0.4	0.2
LTI frequency rate, per 200,000 hours	0.2	0.1	0.1
Total hours worked	1,920,427.5	2,048,155	1,934,162

Health & Safety culture shift

We hold the view that our employees are at the core of our business and the main drivers of our success. Therefore, we continuously seek to ascertain that all of our employees and contractors possess the required skills and knowledge of the safety standards, procedures, as well as operations workflow. With that purpose in mind, we launched trainings in line with the local and international requirements, while simultaneously organizing ad-hoc learning programs as necessary. Moreover, our field employees undergo specialized training programs within the platforms to increase the capacity required for performing their work duties.

Constant progress is being made by the organization to reinforce the workplace safety culture alignment. As part of this, the following actions (**Figure 24**) were prioritized as a way forward and were implemented at the very start of 2021, to begin reshaping Safety across the organization. Consequently, the LTIs and number of days lost due to an incident were decreased by the end of 2021.

Additionally, to promote a proactive approach to health and safety, we reward employees for their contribution to the QHSE division. There are multiple awards granted to workers, such as **“Award for Hazard Identification and Solution”**, **“Award for Safety Innovation”**, as well as **“Award for Safety Leadership”**. This award system encourages employees to report, brainstorm, and explore new and creative solutions, coming up with innovative ideas, and enhancing the teamwork during group operations.

To ensure prevention of HSE-related incidents, we hold relevant trainings for employees and contractors to reduce the knowledge and skill gaps necessary for safe operations (**Figure 25**).

Figure 24. SOCAR AQS approach to HSE



Figure 25. QHSE training sessions held in the reporting year



5-star Safety Program

As part of our culture shift, we have recently developed a 5-star program, which was designed with the purpose to encourage our employees to uphold QHSE requirements. The program entails a system, through which employees either gain or lose stars based on their compliance with the HSE requirements, after which they are either presented with an award or dismissed depending on the number of stars.

HSE reporting

To enhance accountability and responsibility within the Company, we have developed a clear reporting system. Through this system, we hold weekly meetings, which are an important communication tool, through which we highlight the main trends, plans, and statistics to the senior leadership and mid-management. To ensure involvement of the senior executives in the HSE processes, our management review meetings are held on an annual basis, where the agenda includes key targets, objectives, and recommendations on the current policies and complaints.

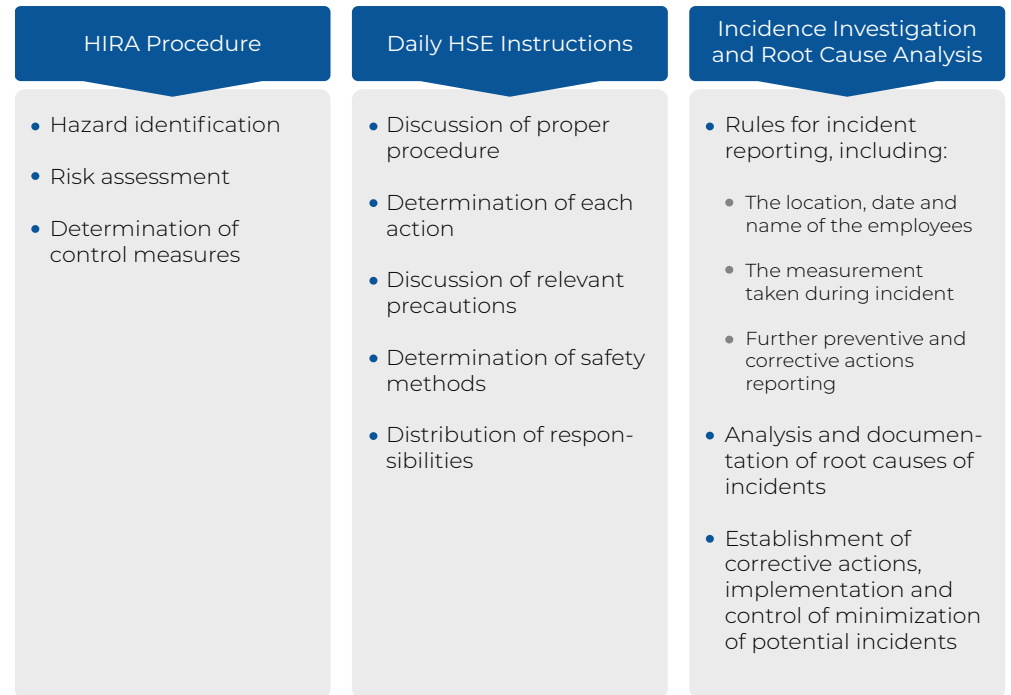
When an incident occurs, the full investigation process involves cooperation between the investigation team and the reporting person after the initial reporting of the incident. The finalized records are then collected and prepared to be reported to the parent company.

Another important tool in our reporting practice is the Safety Observation Card system. Through this system, our employees report their observations, after which the aggregation of the incidents is accumulated to the Register subsequently resulting in corrective actions. The cases of non-compliance with our QHSE standards are taken up to the senior management. By employing our grievance procedure, the cases are assessed, and further actions are undertaken as necessary.

Policies and procedures

SOCAR AQS has developed and established a set of processes and procedures to ascertain a smooth workflow of the HSE division. The processes and procedures are described in detail in **Figure 26**.

Figure 26. HSE division workflow



Go card

The Go Card system is used as a pre-start assessment tool to identify the potential HSE-related risks and threats that may arise during the operations.

More specifically, the Go Card form, which includes a description of the potential risks for the ongoing process, is developed and filled by the assigned people, and verified by immediate supervision. Furthermore, HSE solutions and the person in charge of them are determined and acknowledged. After the submission of the Go Card to the system, an HSE consultant evaluates the compliance in alignment with the HSE requirements.

Environmental management



Responding to climate change

Our commitment to the protection of the environment stretches beyond local ecosystems: we are seeking to play our part in the global fight against climate change.

As a company, we are committed to enhancing our contribution to the fight against climate change. Realizing the extent of the global crisis, we seek out ways to minimize our negative impact and maximize our contribution to the preservation of natural environments. Our efforts in this endeavor stretch through a number of projects and initiatives as well as specific action plans for the future.

As we explore all available options to enhance our environmental management practice, we look to utilize renewable energy and hybrid technology. Some of our action plans include reforestation and decreasing the thermal effect of stationary gasses. Furthermore, we have identified our climate change impact areas and the appropriate responsive measures, which are outlined in **Table 10**.

Table 10. Climate change impact areas and response of SOCAR AQS

	Our stance	Reference
Air pollution	<p>Statement</p> <p>We recognize that human activity, particularly air emissions, play a major part in exacerbating climate change.</p>	Air pollution
	<p>Response</p> <p>We are committed to bringing down our GHG emissions. During the reporting year, we carried out a thorough assessment of the carbon footprint of our operations and the equipment used during our service provision. This is the first step in our carbon reduction efforts with many more to come.</p>	
Energy use	<p>Statement</p> <p>Energy consumption is the largest source of GHG emissions globally. On top of that, the burning of fossil fuels for electricity, heating, and industry is another source of GHG emissions.</p>	Energy consumption
	<p>Response</p> <p>To ensure that we play our part in the journey of combatting climate change, we explore various ways of curbing energy consumption in the office and at all stages of operations.</p>	

Land and biodiversity

Statement

As our operations are in the oil and gas industry, we recognize that we hold a responsibility to ensure the preservation of the local ecosystems by minimizing our impact on the land, water, and subsequently the biodiversity of Azerbaijan.

Land and biodiversity

Response

To ensure that we do not negatively affect the wildlife in the field of our operations, we implement a number of procedures, such as water and plankton sampling, blowout prevention, as well as a rigorous waste management system. At the same time, we create parks and recreational areas around our bases to allow for the local ecosystems to thrive, while also giving the opportunity for our employees to enjoy a restful area.

Significant spills

Statement

The services we offer are susceptible to a variety of risks, among which is the risk of significant spillage. Significant spills affect the environment in several ways, including leaving a devastating impact on marine ecosystems, affecting the food supply chain, and subsequently influencing local employment through decreased opportunities for fisheries and tourism.

Water conservation

Response

We strive to ensure that our operations are fully in line with the highest standard of quality, particularly in terms of safety and operability. At the same time, we have rigorous emergency procedures in place that our employees and contractors are trained on.

Supply chain

Statement

As a responsible service provider, we recognize that our choice of partners may have a potential negative effect on the environment through their operations, therefore we seek to support businesses that are in line with our Company's stance on environmental preservation.

Sustainable supply chain management

Response

While we cannot control the operations of vendors and suppliers, we do have control over whom we collaborate with. As supply chain indirectly contributes to our GHG emissions and overall environmental impact, we screen our potential business partners on their environmental management procedures and compliance.



Pollution control

Being a responsible service provider, we recognize that our services may have a potential adverse impact on the environment and the local ecosystems as we sometimes have to handle operations in intense weather conditions. In response to such risks, we continually maintain full compliance with international standards and local regulations, and seek to ensure that our business partners and customers remain compliant as well.

Table 11. Diesel consumption and GHG emissions

Category	2019	2020	2021
Diesel consumption, tons	6,015	3,983	3,180.68
Direct GHG emissions (Scope 1), tons CO ₂ e	19,392	11,368	10,034.3

AIR POLLUTION

Through our efforts to minimize our share in air pollution in the world, we have identified two major sources of GHG emissions, which are energy and diesel consumption by the generators used at our premises, including our offices, drilling platforms, and warehouses. As we strive to curb our emissions, we have adopted several strategic measures that help us stay on top of our venture towards sustainability.

As the platform owner is responsible for the fuel utilization at the drilling rig, we seek to ascertain that our clients work in line with international standards and best practices as well as in full compliance with the local regulatory frameworks. We are also continuing our work on the 'Digitalization and Automation' process, through which we aim to eliminate human errors, while simultaneously curtailing our operating hours.





WATER CONSERVATION

As we recognize that our operations are susceptible to the potentiality of significant spills and other environmental hazards, we continually improve our preventative measures to ensure that we have appropriate technology and systems in place. At the same time, we have developed an incident investigation process, which was designed to help us identify the causes of spills, evaluate their impact area and degree, as well as the long-term effects of such incidents.

As the result of our rigorous efforts and control systems, we are proud to say that during the reporting year we did not have any incidents that would qualify as a spill. We continue to uphold our regulatory compliance and the application of industry best practices through integration of the latest technology and innovation.

As we primarily operate in the Caspian Sea, we acknowledge the diversity and fragility of the local marine ecosystem. Therefore, we continue to endeavor to preserve the delicate ecosystem of the Caspian Sea through a number of measures outlined in **Figure 27**.

Figure 27. Measures to prevent negative impact on biodiversity

Measure	Description
 Water and plankton surveys	Beginning in 2004, we have been regularly conducting water and plankton surveys to monitor the population of species and their environmental conditions.
 Spills control systems	As described in the 'Oil Containment' subsection of this chapter, we have rigorous systems in place to ensure prevention of significant spills during our operations.
 Water pollution control	During our operations, the following substances have the potential to be leaked into the sweater: <ul style="list-style-type: none"> • excess cement washout • BOP test discharges • wastewater discharges • residual water-based drilling mud used in drilling operations (WBM) discharges To prevent such incidents, we utilize the latest technology and global best practices, as well as implement regular evaluation of our equipment and processes in place.
 Underwater noise and vibration prevention	We utilize the most innovative technology with maximized noise prevention to ensure that the marine ecosystems remain undisturbed by our operations.

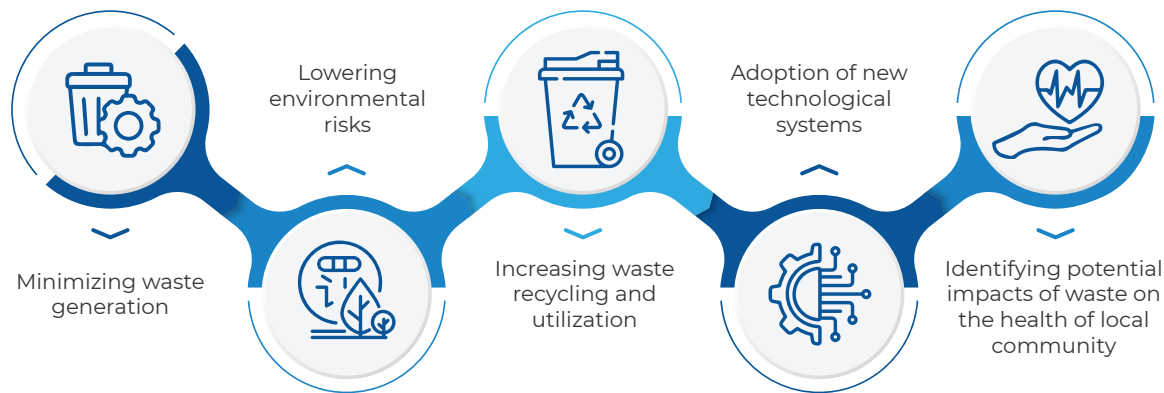
Waste management

SOCAR AQS dedicates its time to identifying environmental aspects in terms of risks and opportunities that might impact the community we work and live in. We implement a comprehensive set of policies, business practices, and processes to minimize waste generation, gas emissions, and energy use, as well as to maintain the environment's quality and biodiversity. The resolution of the Republic of Azerbaijan about industrial and household waste plays a vital role in giving significant attention to waste management in SOCAR AQS. This Resolution drew the path of determining the important focus areas (Figure 28), which could enable us to ameliorate our waste management operations. In 2021, the Company continued its principle about recycling and reusing raw materials, paying close attention to the raw materials that are considered to be littering. Additionally, SOCAR AQS has formulated a strategy for expanding waste classification for better garbage sorting, collection, and transfer to a third party. The Company has established designated locations for temporary trash storage with restricted access for unauthorized individuals in order to increase the effectiveness of mechanisms for employing secondary raw materials in working operations.



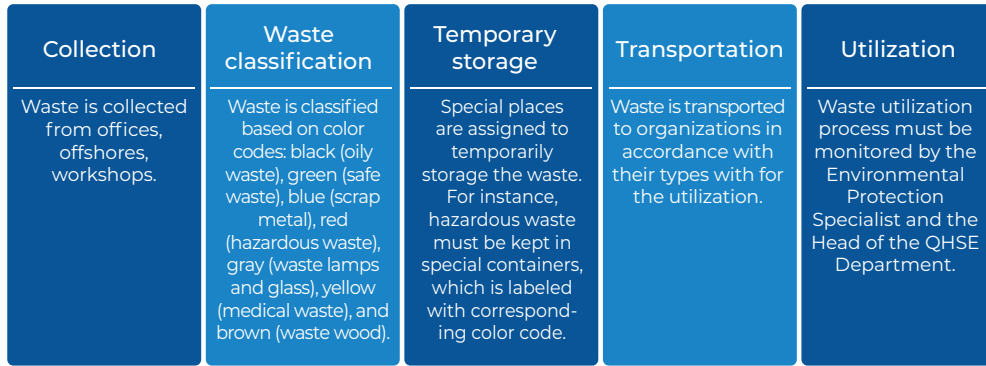


Figure 28. Priority areas of our waste management approach



All waste management activities are in conformity with the laws and Constitution of the Republic of Azerbaijan as well as international standards such as **ISO 9001:2008 Quality management system**, **ISO 14001:2004 Environmental Management system**, **ISO 45001:2018 Health and Safety management system**. Our waste management procedure employs a waste framework that outlines the objectives depicted in the **Figure 29**.

Figure 29. Waste management process and objectives



At SOCAR AQS, we adopt the stakeholder engagement approach to the organizational culture, and thereby increase the awareness of our priorities among our employees. We are engaging our stakeholders by initiating waste management-related training programs for further contribution to the environmental aspect of the Company.

Table 12. Waste generation by category

Category	2019	2020	2021
Hazardous waste, excluding drill cuttings, m ³	1,200	832	299
Non-hazardous waste, m ³	811	744	1,006

Table 13. Drill cuttings

Category	2,019	2,020	2,021
Drilling cuttings, tons	9,780	4,577	7,188

Water consumption

As we are part of an energy and water intensive industry, it is our understanding that our operations may entail adverse impacts on the environment. Therefore, a major element of our corporate sustainability agenda is the reduction of different types of consumption with a central focus on energy and water.

As is the case with fuel use on the platforms, the provisions of operational water are the responsibility of platform owners. To ensure that our operations do not adversely affect the environment even in an indirect manner, we closely cooperate with our clients in the usage of the Reverse Osmosis (RO) system of water purification, which is a water treatment method that extracts contaminants from the seawater through pressure.

To source the water for consumption throughout the SOCAR AQS premises, we purchase from a third-party provider and use the water from the well-located grounds of our office. The water we consume is managed by a number of tools that allow us to recycle or discharge it safely, which is outlined in detail in **Figure 30**.

Table 14. Water withdrawal

Category	2019	2020	2021
Water withdrawal, tons	32,583	7,980	11,585

Figure 30. Water management tools





Performance tables

Financial Indicators³

Financial Indicators (AZN)	2019	2020	2021
Direct economic value generated	267,920,213	273,311,781	153,397,313
Revenue	267,920,213	273,311,781	153,397,313
Economic value distributed	268,882,163	290,509,740	148,347,305
Operating expenses	219,404,454	247,361,953	133,960,281
Salaries (gross)	28,178,406	32,236,859	6,808,691
Property Tax	971,742	843,190	1,048,263
Withholding tax	379,804	975,290	646,981
22% SSPF charges	7,947,755	9,092,447	5,883,089
Economic value retained	11,038,050	(17,197,959)	5,050,007
Total Capitalization	646,650,082	660,647,173	526,942,374

Our People

Total number of employees, by gender	2019		2020		2021	
	Male	Female	Male	Female	Male	Female
Total number of employees by employment contract						
Part-time employees	4	1	1	0	1	0
Full-time employees	1,017	105	971	92	828	75
Total number of employees by employment type						
Permanent employees	0	0	0	0	191	15

Total number of employees, by gender	2019		2020		2021	
	Male	Female	Male	Female	Male	Female
Temporary employees	1,021	106	972	92	638	60
Total number of employees by employment position						
Senior management	28	6	36	5	23	3
Middle management	60	5	54	5	33	7
Technician position	613	32	599	32	524	23
Administrative position	320	63	283	50	250	41

Employee indicators, by age	2019			2020			2021		
	Under 30	30 to 50	Over 50	Under 30	30 to 50	Over 50	Under 30	30 to 50	Over 50
Percentage of employees	25.48%	55.01%	19.52%	17.67%	61.65%	20.68%	15.82%	64.49%	19.69%
Number of hires	85	62	0	19	40	9	17	32	10
Number of dismissals	34	39	7	48	55	26	24	134	61

³ The financial indicators are reported in accordance with the International Financial Reporting Standards (IFRS) and include the subsidiaries of SOCAR AQS – Oguz Drilling LLC, SOCAR AQS International DMCC, SOCAR AQS Sondaj, and Turan Drilling & Engineering LLC.

Turnover indicators, by gender	2019		2020		2021	
	Male	Female	Male	Female	Male	Female
Number of dismissed employees	78	2	99	30	187	32
Number of employees who left voluntarily	76	2	59	21	47	10
Number of hired employees	135	12	49	19	45	14
Employee turnover rate, by gender	7.63%	1.9%	9.3%	2.81%	22.53%	43.24%
Employee turnover rate	7.10%		12.12%		24.23%	

Compensation indicators, by gender	2019		2020		2021	
	Male	Female	Male	Female	Male	Female
Minimum wage (for Azerbaijan)	250	250	250	250	250	250
Ratio of average standard entry level wage by gender compared to local minimum wage	1.57	1.9	3.87	3.87	5.78	5.82
Ratio of average basic male salary to average basic female salary	1.65		0.87		0.97	

Parental leave indicators, by gender	2019		2020		2021	
	Male	Female	Male	Female	Male	Female
Total number of employees that were entitled to parental leave	0	106	0	92	0	74
Total number of employees that took parental leave	0	5	0	6	0	12
Total number of employees that returned to work in the reporting period after parental leave ended	0	6	0	5	0	8

Parental leave indicators, by gender	2019		2020		2021	
	Male	Female	Male	Female	Male	Female
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	0	3	0	1	0	5

Number of employees by vulnerable groups	2019	2020	2021
	Total number of employees, by vulnerable groups		
People with disabilities	12	12	12
Internally displaced people	44	43	41

Total Training hours	2019	2020	2021
	Total training hours	9,667	14,643
Average hours of training per year per employee	8.58	13.76	4.62

General indicators	2019	2020	2021
	Proportion of senior management hired from the local community, %	97	98

⁴ The number of trainings hours fell in 2021 due to the structural changes happening in the Company. The trainings conducted during the time were mainly mandatory and online.

Diversity of governance bodies and employees	2019		2020		2021	
	Male	Female	Male	Female	Male	Female
Number of individuals within the Company's governance bodies, by gender	1	0	1	0	1	0
Percentage of individuals within the Company's governance bodies, by gender	100%	0	100%	0	100%	0

Air pollutants	2019	2020	2021
CO, tons	N/A	0.70	0.83
NOx, tons	N/A	30.33	29.15
NMVOCs, tons	N/A	0.11	0.11
SOx, tons	N/A	68.43	65.21

Environment

Energy and emission indicators	2019	2020	2021
Diesel Consumption, tons	6,015	3,983	3,180.68
Natural gas consumption, m ³	N/A	55,546	41,391
Electricity consumption, GJ			2,933
Direct GHG emissions, tons CO ₂ e	19,392	11,368	10,034.3
CO ₂ emissions, tons	19,320	11,330	10,033.81
N ₂ O emissions, tons CO ₂ e	48,300	12,854	0.08
CH ₄ emissions, tons CO ₂ e	23,200	24,330	0.41



Waste Indicators	2019	2020	2021
Waste Materials including, m ³ :			
Hazardous Waste Generated, m ³	1,200	832	299
Non-hazardous waste, excluding drilling cuttings, m ³	811	744	731
Drilling Cuttings, tons	9,780	4,577	7,188

Water indicators	2019	2020	2021
Water Withdrawal, tons	32,583	7,980	11,585

Health and Safety

Health and Safety Indicators	2019	2020	2021
Fatality rate, per 10,000 employees	0	0	0
Total number of fatalities	0	0	0
Total number of recordable injuries	2	4	2
Number of Lost Time Injuries (LTI)	2	1	1
Number of days lost due to incident	144	24	9
Lost time injury (LTI) frequency rate (Per 200,000 hours worked)	0.2	0.1	0.1
Total hours worked	1,920,427.5	2,048,155	1,934,162
Total recordable injury frequency rate (TRIFR), per 200,000 hours	0.2	0.4	0.2

Supply Chain

Supply chain indicators	2019	2020	2021
Total number of suppliers	351	754	553
Number of local ⁵ suppliers	283	469	438
Number of international suppliers	68	285	115

⁵ Local suppliers refer to the suppliers registered in Azerbaijan.

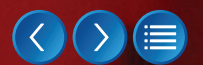


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SOCAR AQS

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	Disclosure	Status	Location
GENERAL DISCLOSURES			
GRI 2: General Disclosures 2021	2-1 Organizational details	Disclosed	Scope and methodology
	2-2 Entities included in the organization's sustainability reporting	Disclosed	Scope and methodology
	2-3 Reporting period, frequency and contact point	Disclosed	Scope and methodology
	2-4 Restatements of information	Disclosed	Throughout the report
	2-5 External assurance	Disclosed	Scope and methodology
	2-6 Activities, value chain and other business relationships	Disclosed	Who we are
	2-7 Employees	Disclosed	People of SOCAR AQS
	2-8 Workers who are not employees	Disclosed	All employees and workers who are not employed but whose work and/or workplace is controlled by the organization, are covered by our H&S Management System. All sites are also covered by this system.
	2-9 Governance structure and composition	Disclosed	Governance structure
	2-10 Nomination and selection of the highest governance body	Disclosed	The General Director is appointed by the Board of Directors of the Parent Company. Criteria used for nomination and selection of the highest governance body are independence, diversity, technical knowledge and ESG expertise. Governance structure
	2-11 Chair of the highest governance body	Disclosed	Governance structure
	2-12 Role of the highest governance body in overseeing the management of impacts	Disclosed	The General Director and BoD of the parent company approve the organization's purpose, vision and mission statements, strategies, policies, and goals related to economic, environmental, and social topics. Governance structure
	2-13 Delegation of responsibility for managing impacts	Partially disclosed	Governance structure
	2-14 Role of the highest governance body in sustainability reporting	Disclosed	Sustainability strategy and approach
	2-15 Conflicts of interest	Partially disclosed	Conflicts of interest arising from both internal and external stakeholders are disclosed in accordance with our Code of Conduct.

	Disclosure	Status	Location
GRI 2: General Disclosures 2021	2-16 Communication of critical concerns	Disclosed	Ethics, compliance, and integrity
	2-17 Collective knowledge of the highest governance body	Disclosed	Governance structure
	2-18 Evaluation of the performance of the highest governance body	Disclosed	Governance structure; The BoD assesses SOCAR AQS's top management performance.
	2-19 Remuneration policies	Disclosed	In 2020, we developed a new remuneration approach with the help of third-party consultants, which allows for performance-based and individual remuneration as opposed to grade-specific remuneration.
	2-20 Process to determine remuneration	Disclosed	Individual and departmental Key Performance Indicators (KPIs) are established and cascaded to individual scorecards. KPIs are developed by SOCAR AQS and approved by Nobel Oil Services.
	2-21 Annual total compensation ratio	Not disclosed	
	2-22 Statement on sustainable development strategy	Disclosed	Sustainability strategy and approach
	2-23 Policy commitments	Partially disclosed	Throughout the report
	2-24 Embedding policy commitments	Partially disclosed	Throughout the report
	2-25 Processes to remediate negative impacts	Disclosed	Throughout the report
	2-26 Mechanisms for seeking advice and raising concerns	Disclosed	Ethics, compliance, and integrity
	2-27 Compliance with laws and regulations	Disclosed	Ethics, compliance, and integrity
	2-28 Membership associations	Partially disclosed	Alignment with the SDGs
	2-29 Approach to stakeholder engagement	Disclosed	Stakeholder engagement
2-30 Collective bargaining agreements	Disclosed	At SOCAR AQS, our employees are not covered by any collective agreements.	
MATERIAL TOPICS			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Disclosed	Materiality analysis
	3-2 List of material topics	Disclosed	Materiality analysis

Disclosure	Status	Location
ECONOMIC PERFORMANCE		
GRI 3: Material Topics 2021	3-3 Management of material topics	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Disclosed Performance tables
	201-2 Financial implications and other risks and opportunities due to climate change	Partially disclosed Responding to climate change
	201-3 Defined benefit plan obligations and other retirement plans	Disclosed Performance tables
	201-4 Financial assistance received from government	Disclosed Neither SOCAR AQS nor its subsidiaries received any financial assistance from the government during the reporting year.
MARKET PRESENCE		
GRI 3: Material Topics 2021	3-3 Management of material topics	
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Disclosed Performance tables
	202-2 Proportion of senior management hired from the local community	Disclosed Performance tables
INDIRECT ECONOMIC IMPACTS		
	3-3 Management of material topics	
	203-1 Infrastructure investments and services supported	Not disclosed
	203-2 Significant indirect economic impacts	Disclosed Our positive indirect impacts include supporting jobs, enhancing the knowledge and skills of our employees, and use of equipment and services from local suppliers. Throughout the report
PROCUREMENT PRACTICES		
GRI 3: Material Topics 2021	3-3 Management of material topics	
GRI 204: Economic Performance 2016	204-1 Proportion of spending on local suppliers	Disclosed Sustainable supply chain management

Disclosure	Status	Location
ANTI-CORRUPTION		
GRI 3: Material Topics 2021	3-3 Management of material topics	
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Disclosed Sustainable supply chain management
	205-2 Communication and training about anti-corruption policies and procedures	Partially disclosed Transparency and internal control systems
	205-3 Confirmed incidents of corruption and actions taken	Disclosed No such incidents occurred during the reporting year.
ANTI-COMPETITIVE BEHAVIOR		
GRI 3: Material Topics 2021	3-3 Management of material topics	
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Disclosed No such incidents occurred during the reporting year.
TAX		
GRI 3: Material Topics 2021	3-3 Management of material topics	
GRI 207: Tax 2019	207-1 Approach to tax	Not disclosed
	207-2 Tax governance, control, and risk management	Not disclosed
	207-3 Stakeholder engagement and management of concerns related to tax	Not disclosed
	207-4 Country-by-country reporting	Disclosed Performance tables
MATERIALS		
	3-3 Management of material topics	
	301-1 Materials used by weight or volume	Disclosed Performance tables
	301-2 Recycled input materials used	Partially disclosed Waste management
	301-3 Reclaimed products and their packaging materials	Not applicable

Disclosure	Status	Location
ENERGY		
GRI 3: Material Topics 2021	3-3 Management of material topics	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Disclosed Performance tables
	302-2 Energy consumption outside of the organization	Not disclosed
	302-3 Energy intensity	Not disclosed
	302-4 Reduction of energy consumption	Partially disclosed Responding to climate change
	302-5 Reductions in energy requirements of products and services	Not disclosed
WATER AND EFFLUENTS		
GRI 3: Material Topics 2021	3-3 Management of material topics	
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Disclosed Water consumption
	303-2 Management of water discharge-related impacts	Disclosed Water consumption
	303-3 Water withdrawal	Disclosed Water consumption
	303-4 Water discharge	Not disclosed
	303-5 Water consumption	Not disclosed
BIODIVERSITY		
GRI 3: Material Topics 2021	3-3 Management of material topics	
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not disclosed
	304-2 Significant impacts of activities, products and services on biodiversity	Disclosed Environmental management

Disclosure	Status	Location
BIODIVERSITY		
304-3 Habitats protected or restored	Not disclosed	
304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not disclosed	
EMISSIONS		
GRI 3: Material Topics 2021	3-3 Management of material topics	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Disclosed Performance tables
	305-2 Energy indirect (Scope 2) GHG emissions	Disclosed Performance tables
	305-3 Other indirect (Scope 3) GHG emissions	Disclosed Performance tables
	305-4 GHG emissions intensity	Not disclosed
	305-5 Reduction of GHG emissions	Disclosed Environmental management
	305-6 Emissions of ozone-depleting substances (ODS)	Not disclosed
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Disclosed Performance tables
WASTE		
GRI 3: Material Topics 2021	3-3 Management of material topics	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Disclosed Waste management
	306-2 Management of significant waste-related impacts	Disclosed Waste management
	306-3 Waste generated	Disclosed Waste management
	306-4 Waste diverted from disposal	Not disclosed
	306-5 Waste directed to disposal	Not disclosed

Disclosure	Status	Location
SUPPLIER ENVIRONMENTAL ASSESSMENT		
GRI 3: Material Topics 2021	3-3 Management of material topics	
308-1 New suppliers that were screened using environmental criteria	Partially disclosed	Sustainable supply chain management
308-2 Negative environmental impacts in the supply chain and actions taken	Disclosed	We did not identify significant environmental negative impacts in our supply chain during the reporting period. Sustainable supply chain management
EMPLOYMENT		
GRI 3: Material Topics 2021	3-3 Management of material topics	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Disclosed Performance tables
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Disclosed All benefits, such as health care and parental leave, are provided to all our direct employees. Employee Well-being
	401-3 Parental leave	Disclosed Performance tables
LABOR/MANAGEMENT RELATIONS		
GRI 3: Material Topics 2021	3-3 Management of material topics	
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Disclosed We adhere to the Labor Code of the Republic of Azerbaijan.

Disclosure	Status	Location	
OCCUPATIONAL HEALTH AND SAFETY			
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Disclosed	Health & Safety at SOCAR AQS
	403-2 Hazard identification, risk assessment, and incident investigation	Disclosed	Health & Safety at SOCAR AQS
	403-3 Occupational health services	Disclosed	Health & Safety at SOCAR AQS
	403-4 Worker participation, consultation, and communication on occupational health and safety	Disclosed	Health & Safety at SOCAR AQS
	403-5 Worker training on occupational health and safety	Disclosed	Health & Safety culture shift
	403-6 Promotion of worker health	Disclosed	Health & Safety culture shift
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Disclosed	Health & Safety culture shift
	403-8 Workers covered by an occupational health and safety management system	Disclosed	All employees and workers who are not employees but whose work and/or workplace is controlled by the organization, are covered by our H&S Management System. All sites are also covered by this system. Health & Safety at SOCAR AQS
	403-9 Work-related injuries	Disclosed	Performance tables
	403-10 Work-related ill health	Disclosed	There were no cases of health deterioration related to work during the reporting period.
TRAINING AND EDUCATION			
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Disclosed	Performance tables
	404-2 Programs for upgrading employee skills and transition assistance programs	Disclosed	Learning and Development

Disclosure	Status	Location
TRAINING AND EDUCATION		
404-3 Percentage of employees receiving regular performance and career development reviews	Disclosed	Learning and Development
DIVERSITY AND EQUAL OPPORTUNITY		
GRI 3: Material Topics 2021	3-3 Management of material topics	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Disclosed
	405-2 Ratio of basic salary and remuneration of women to men	Disclosed
		Performance tables
		Performance tables
NON-DISCRIMINATION		
GRI 3: Material Topics 2021	3-3 Management of material topics	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Disclosed
		No such incidents occurred during the reporting year.
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING		
GRI 3: Material Topics 2021	3-3 Management of material topics	
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Disclosed
		No such incidents occurred during the reporting year.
CHILD LABOR		
GRI 3: Material Topics 2021	3-3 Management of material topics	
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Disclosed
		No such suppliers have been identified during the reporting year.

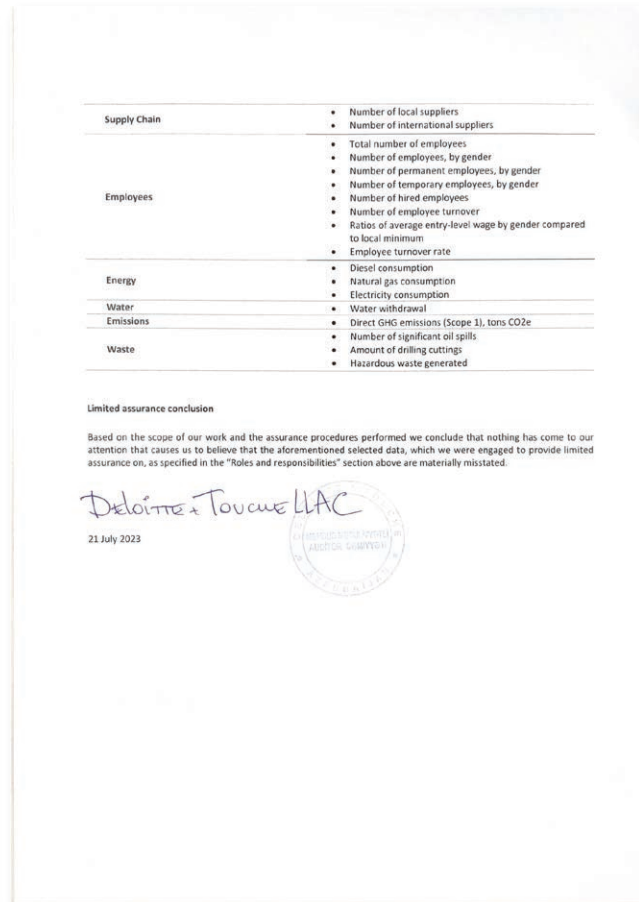
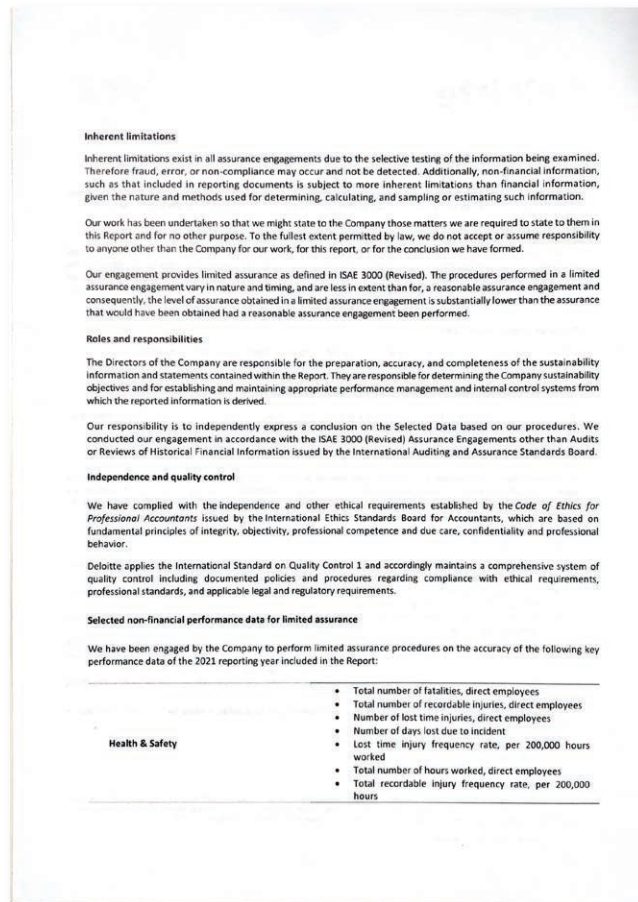
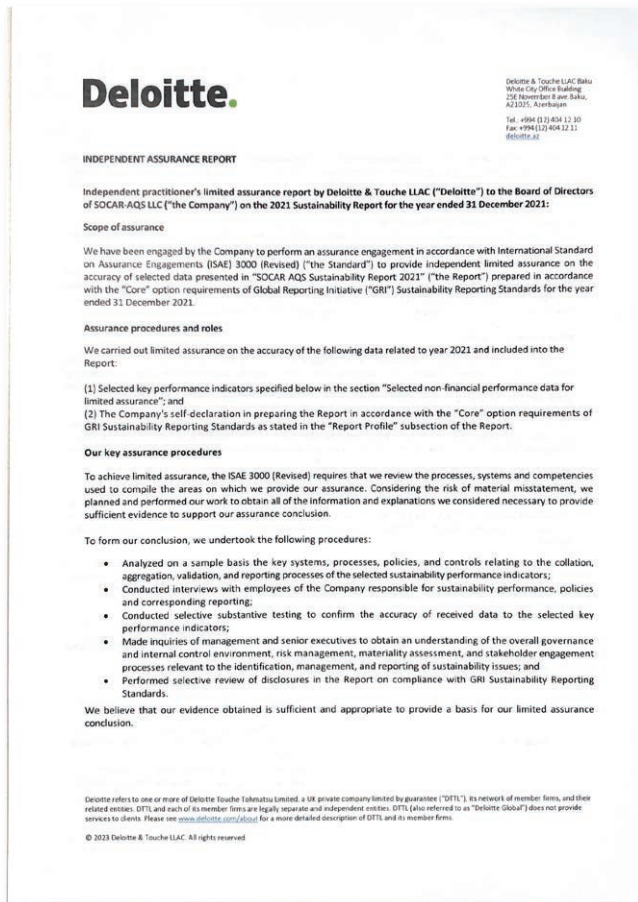
Disclosure	Status	Location
FORCED OR COMPULSORY LABOR		
GRI 3: Material Topics 2021	3-3 Management of material topics	
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Disclosed No such suppliers have been identified during the reporting year
SECURITY PRACTICES		
GRI 3: Material Topics 2021	3-3 Management of material topics	
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	Disclosed This training was not provided during the reporting period
RIGHTS OF INDIGENOUS PEOPLES		
GRI 3: Material Topics 2021	3-3 Management of material topics	
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	Disclosed No such incidents occurred during the reporting year.
LOCAL COMMUNITIES		
GRI 3: Material Topics 2021	3-3 Management of material topics	
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Disclosed Contributing to the society
	413-2 Operations with significant actual and potential negative impacts on local communities	Disclosed Contributing to the society

Disclosure	Status	Location	
SUPPLIER SOCIAL ASSESSMENT			
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Disclosed	All of our new suppliers are screened using social criteria covered in supplier contracts. Sustainable supply chain management
	414-2 Negative social impacts in the supply chain and actions taken	Disclosed	We did not identify any negative social impacts in our supply chain during the reporting period. Sustainable supply chain management
PUBLIC POLICY			
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 415: Public Policy 2016	415-1 Political contributions	Disclosed	No political contributions were made during the reporting year.
CUSTOMER HEALTH AND SAFETY			
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Partially disclosed	Environmental management; Health & Safety at SOCAR AQS
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Disclosed	No such incidents occurred during the reporting year.

Disclosure	Status	Location
MARKETING AND LABELING		
GRI 3: Material Topics 2021	3-3 Management of material topics	
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Not disclosed
	417-2 Incidents of non-compliance concerning product and service information and labeling	Disclosed
	417-3 Incidents of non-compliance concerning marketing communications	Disclosed
		No such incidents occurred during the reporting year.
		No such incidents occurred during the reporting year.
CUSTOMER PRIVACY		
GRI 3: Material Topics 2021	3-3 Management of material topics	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Disclosed
		No such complaints have been recorded.



Independent Assurance statement





Contact person for suggestions:

We value the feedback and recommendations from our stakeholders and are open to any suggestions that will improve our Sustainability Report and performance.

Ulkar Abdullayeva - Public Relations Manager

E-mail: UAbdullayeva@socar-aqs.com
Baku Bay Tower, 8 November street, 113 avenue, Xatai district, Baku city, AZ1025