

Dated 22 September, 2003

The Baku-Tbilisi-Ceyhan Pipeline Company

BTC Human Rights Undertaking



THIS BTC HUMAN RIGHTS UNDERTAKING is made as a deed on 22 September 2003 by:

The Baku-Tbilisi-Ceyhan Pipeline Company, hereinafter referred to as BTC Co;

WHO WITNESSES AS FOLLOWS:

1. INTERPRETATION

1.1 Definitions

In this BTC Human Rights Undertaking:

“IGA” means the Intergovernmental Agreement, signed by representatives of the Governments of the Azerbaijan Republic, Georgia and the Republic of Turkey on November 18, 1999, which is a treaty recording each Project State’s support for the construction and operation of the Pipeline across its territory together with the transit of crude oil via the Pipeline. The IGA became effective on June 21, 2000, after ratification by the parliaments of each of the Project States.

“Joint Statement” means the agreement between BTC Co. and each of the Azerbaijan Republic, Georgia and the Republic of Turkey executed on May 16, 2003.

“HGAs” means the three Host Government Agreements that were executed as agreements among each of the Azerbaijan Republic, Georgia and the Republic of Turkey on the one hand and Affiliates of the Sponsors on the other. BTC Co. succeeded to the rights of such Affiliates under the HGAs on August 1, 2002. The HGAs (each of which is in substantially the same form) set out the legal and fiscal regime for the Project and the mutual rights and obligations of the Project States and BTC Co. (following such succession)

“Host Government” means each of the Governments of the Azerbaijan Republic, Georgia and the Republic of Turkey.

“Project Agreement(s)” means the IGA, HGAs and all other existing and future agreements, contracts and other documents to which, on the one hand, any of the State Authorities, and, on the other hand, BTC Co. are or later become a party relating to the Project, as such agreements, contracts or documents may be extended, renewed, replaced, amended or otherwise modified from time to time in accordance with their terms.

“Project State” means each of the Azerbaijan Republic, Georgia and the Republic of Turkey.

1.2 Construction

This BTC Human Rights Undertaking is being executed in respect of the IGA and HGAs. In this BTC Human Rights Undertaking, unless the context otherwise requires, terms defined in the IGA or HGAs and not otherwise defined herein shall have the same meaning when used in this BTC Human Rights Undertaking. References in this BTC Human Rights Undertaking to international treaties shall mean only treaties to which at least two states that are not parties to the IGA (in addition to the relevant Project State) are parties and which are in force in such states.

2. UNDERTAKINGS OF BTC CO

BTC Co shall:

- (a) *(Host Governments able to regulate human rights and HSE under domestic law in accordance with relevant standards)*

not assert or advance, in any claim against, demand to, or dispute with a Host Government or another party, or in any legal action or proceeding, an interpretation of Section 2.8 of the IGA that is inconsistent with regulation by the relevant Host Government of the human rights or health, safety and environmental (“HSE”) aspects of the Project in its territory in a manner (1) reasonably required by international labor and human rights treaties to which the relevant Host Government is a party from time to time, and (2) otherwise as required in the public interest in accordance with domestic law in the relevant Project State from time to time, provided that such domestic law is no more stringent than the highest of European Union standards as referred to in the Project Agreements, including relevant EU directives (“EU Standards”), those World Bank Group standards referred to in the Project Agreements, and standards under applicable international labor and human rights treaties;

- (b) *(HSE and human rights standards dynamic and evolve in accordance with highest of international standards)*

not assert or advance, in any claim against, demand to, or dispute with another party, or in any legal action or proceeding, an interpretation of any Project Agreement that is inconsistent with Articles 7 and 8 of the Joint Statement, which confirm that the HSE and human rights standards for the Project are dynamic, will evolve when and as standards under domestic law in the relevant State, EU Standards, and applicable international treaty standards evolve, and thus require conduct of the Project’s human rights and HSE activities in accordance with such evolving domestic law from time to time provided it is no more stringent than the highest of EU Standards, those World Bank Group standards referred to in the Project Agreements, and standards under applicable international labor and human rights treaties;

- (c) *(Arbitration clause does not prevent claims by persons in Project State courts re human rights and HSE)*

(i) not assert, in any action or proceeding brought by affected persons or entities (other than a governmental authority) in any court of competent jurisdiction of or within a Project State for the purpose of making claims or seeking remedies under domestic law in that Project State (including without limitation international law as implemented into domestic law in that Project State) in relation to the Project's HSE or human rights impacts within that Project State, that the international arbitration clauses or other provisions of the HGAs require such claims to be made or remedies sought exclusively in an arbitration proceeding conducted outside of that Project State; (ii) not interpret the Project Agreements in such a manner as to limit the ability of affected persons or entities (other than a governmental authority) to seek remedies in respect of the Project's HSE or human rights impacts available under domestic law in that Project State (including international law as implemented into domestic law in that Project State) before that Project State's Courts, notwithstanding any other provision in the Project Agreements to the contrary; (iii) recognize this BTC Human Rights Undertaking as effective and binding in any arbitration; and (iv) intend this BTC Human Rights Undertaking to be subject to the provisions of Article 18 of the Turkish HGA and Article 17 of each of the Azerbaijan HGA and Georgia HGA in respect of disputes arising in relation to Project activities in each of the respective Project States as fully as if such Articles were reproduced in this BTC Human Rights Undertaking verbatim, and all disputes concerning this BTC Human Rights Undertaking shall be resolved as provided for in the relevant Article; and

- (d) *(Economic equilibrium not to be used to seek compensation for actions required under human rights, labor and HSE treaties)*

not seek compensation under the "economic equilibrium" clause or other similar provisions of the HGAs or any other Project Agreement solely in connection with (or assert any interpretation of (i) Section 4.1(vi) or 5.2.(iii) of the HGAs, (ii) the references in Section 7.2(vi) of the HGAs to international agreements or treaties (including any domestic legislation, promulgation, enactment or decree pursuant thereto), or (iii) the references to international agreements and to domestic enactments, laws and decrees for the ratification or implementation of such international agreements in the definitions of "Turkish Law", "Azerbaijan Law" or "Georgian Law", as used in Section 21.2 of the Turkish HGA and Section 20.2 of each of the Azerbaijan and Georgian HGAs, respectively, in each case in such a manner as to preclude) any action or inaction by the relevant Host Government that is reasonably required to fulfill the obligations of that Host Government under any international treaty on human rights (including the European Convention on Human Rights), labor or HSE in force in the relevant Project State from time to time to which such Project State is then a party.

3. WARRANTIES

BTC Co warrants on the date of this BTC Human Rights Undertaking that:

- (a) this BTC Human Rights Undertaking constitutes a legal, valid and binding obligation;

- (b) it has the necessary corporate power to enter into, deliver and perform, and has taken all necessary corporate action to authorize the entry into, delivery and performance by it of, this BTC Human Rights Undertaking;
- (c) the entry into, and the performance, by it of this BTC Human Rights Undertaking does not and will not breach any instrument, agreement or undertaking to which it is a party or by which it is bound or, to its knowledge, conflict with any law or regulation applicable to it; and
- (d) all consents and authorizations now necessary in connection with the entry into, and performance, by it of this BTC Human Rights Undertaking have been obtained and are in force.

4. NON-EXONERATION

This BTC Human Rights Undertaking is intended solely to define those Project Agreement interpretations set forth in Section 2 hereof by BTC Co for the benefit of the Government of the Azerbaijan Republic, the Government of Georgia and the Government of the Republic of Turkey and shall be deemed to comply with the requirements of Article 23.2 of each of the Azerbaijan and Georgian HGAs and Article 24.2 of the Turkish HGA. Nothing contained in this BTC Human Rights Undertaking is intended to or shall impair, as between BTC Co and the Government of the Azerbaijan Republic, the Government of Georgia and the Government of Turkey, the obligations of BTC Co to each of the Governments under the HGAs, which are absolute and unconditional, and, subject to Section 2 hereof, nothing in this BTC Human Rights Undertaking, express or implied, shall confer a benefit on, or grant any right to enforce any of its terms to, any Person other than each of the Government of the Azerbaijan Republic, the Government of Georgia and the Government of the Republic of Turkey and the Contracts (Rights of Third Parties) Act 1999 shall not apply.

5. LIMITATION OF LIABILITY

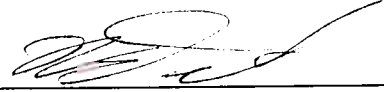
Each Host Government's remedies for breach of this BTC Human Rights Undertaking shall be subject to the same terms and limitations or remedies agreed in its HGA with respect to breaches of the HGA.

6. LAW

This BTC Human Rights Undertaking is governed by English law, and, in respect of its application in each of the project countries, cannot be revoked without the consent of the Governments of the Azerbaijan Republic, Georgia, and the Republic of Turkey, respectively.

IN WITNESS of which this BTC Human Rights Undertaking is delivered on the day and year first above written.

EXECUTED as a deed by THE BAKU
TBILISI CEYHAN PIPELINE COMPANY
acting by Michael E Townshend



Authorized Signatory

