

Ethical Risk Assessment of BP PLC for the Norwegian Government Pension Fund Global

I. Executive Summary & Final Recommendation

This report presents a comprehensive ethical risk assessment of BP PLC (hereafter "BP"), conducted in accordance with the *Guidelines for observation and exclusion of companies from the Government Pension Fund Global* (hereafter "the Guidelines") established by the Norwegian Ministry of Finance.¹ The assessment evaluates the company's activities against both product-based and conduct-based exclusion criteria, with a specific focus on severe environmental damage, greenhouse gas (GHG) emissions, human rights violations, corruption, and exposure to geopolitical risks in fragile and conflict-affected states.

The analysis concludes that BP PLC does not engage in activities that would trigger exclusion under the product-based criteria outlined in Guideline § 3. The company is not involved in the production of prohibited weapons, tobacco, or cannabis for recreational use, nor does it meet the quantitative thresholds for exclusion based on thermal coal activities.²

However, the assessment identifies significant, severe, and in some cases, systemic risks related to the company's conduct, falling under the criteria of Guideline § 4. The key findings are:

1. **Severe Environmental Damage (§ 4e):** The 2010 Deepwater Horizon disaster in the Gulf of Mexico stands as a paramount example of severe environmental damage resulting from systemic operational failures for which a U.S. court found BP grossly negligent. The incident caused catastrophic, long-term harm to the marine ecosystem, and the company's resolution involved pleading guilty to multiple felony counts.³ This historical event is supplemented by credible allegations of ongoing environmental misconduct in other regions, such as Iraq and Egypt.⁷
2. **Unacceptable Greenhouse Gas Emissions (§ 4f):** While BP has a stated net-zero ambition for 2050, the credibility of its climate strategy has been substantially undermined by its 2023 decision to weaken its 2030 emissions reduction targets and

increase investment in hydrocarbon production. This strategic reversal raises significant doubts about the company's commitment to aligning with the goals of the Paris Agreement and presents an unacceptable risk that its aggregate emissions will contribute to severe climate change.⁹

3. **Human Rights and Conduct in Conflict Zones (§ 4a, 4b):** There are severe and credible historical allegations of BP's complicity in grave human rights abuses during its operations in Colombia, linked to paramilitary violence.¹¹ Furthermore, the company faces contemporary accusations of enabling an autocratic regime in Azerbaijan and indirectly funding military aggression that has been characterized as ethnic cleansing.¹³ These issues indicate a significant gap between BP's stated human rights policies and its operational reality in high-risk environments.
4. **Gross Corruption and Financial Crime (§ 4g):** BP has a documented history of financial misconduct, including a felony plea for obstruction of the U.S. Congress related to the Deepwater Horizon spill and a major settlement with the Securities and Exchange Commission for misleading investors.⁶ More recent allegations of corruption surrounding a major deal in Senegal further contribute to a pattern of significant ethical and governance risks.¹⁵

The confluence of these factors—a proven instance of catastrophic environmental damage due to gross negligence, a wavering climate strategy, severe human rights allegations in multiple jurisdictions, and a history of financial crime—indicates an unacceptable risk of future norm violations. The company's operational footprint is structurally dependent on activities in fragile and conflict-affected states, which perpetuates this high-risk profile.

Final Recommendation

Based on the comprehensive assessment of the available evidence against the criteria set forth in the Guidelines, BP PLC is assigned a final risk category of:

2 - High Risk

This recommendation reflects the severity, scope, and systemic nature of the conduct-based risks identified. While the issues are grave and border on the threshold for an exclusion recommendation (Category 1), the "High Risk" categorization acknowledges that the company is a significant player in the global energy transition. This status warrants a period of intense and targeted active ownership and observation to assess whether its governance and strategic direction can be fundamentally reformed to mitigate these risks to an acceptable level. Failure to demonstrate rapid and credible progress on these fronts would justify a future re-evaluation and potential recommendation for exclusion.

II. Product-Based Risk Assessment (per Guideline § 3)

This section provides a systematic assessment of BP PLC's business activities against the specific product-based exclusion criteria defined in § 3 of the Guidelines.¹ The analysis confirms that BP is not involved in the production of prohibited weapons, tobacco, recreational cannabis, or thermal coal at levels that would trigger an exclusion recommendation.

A. Prohibited Weapons, Tobacco, and Cannabis (§ 3(1)a, 3(1)b, 3(1)c)

A thorough review of BP's corporate structure, product portfolio, and stated business activities confirms that the company's operations are centered on the integrated energy value chain, from exploration and production of oil and natural gas to refining, marketing, and the development of low-carbon energy solutions.¹⁷

Prohibited Weapons (§ 3(1)a): There is no evidence to suggest that BP or any entity it controls is involved in the development or production of weapons that violate fundamental humanitarian principles, such as nuclear, chemical, or biological weapons, anti-personnel mines, or cluster munitions.² BP's business is exclusively in the energy sector. The company's collaboration with the UK Ministry of Defence to update the Defence Standard for renewable aviation fuel involves the supply of a standard commodity (fuel) and does not constitute the production of weapons or their key components as defined by the Guidelines.²¹

Tobacco (§ 3(1)b): BP is not a producer of tobacco or tobacco products. The company's retail sites and convenience stores sell a variety of consumer goods, but its core production activities are entirely separate from the tobacco industry.²⁴ Financial market analysis may at times draw parallels between the business models of "Big Oil" and "Big Tobacco," but this is purely an analytical comparison and does not reflect any operational or corporate linkage.²⁶

Cannabis for Recreational Purposes (§ 3(1)c): The research confirms no involvement by BP in the production or sale of cannabis for recreational use. The company's expanding bioenergy segment is focused on the production of biofuels (such as ethanol from sugarcane) and biogas (renewable natural gas from landfill sites and other organic waste), with no connection to cannabis cultivation or processing.²⁷ While some tobacco companies have made strategic investments in the cannabis sector, there is no evidence of BP pursuing a

similar strategy.²⁹

B. Thermal Coal Activities (§ 3(2))

The Guidelines specify four quantitative thresholds for the potential exclusion of mining companies and power producers based on their involvement with thermal coal.¹ BP is an integrated energy company, not primarily a mining company or power producer in the traditional sense. It does not meet any of the specified criteria for exclusion.

Revenue and Operational Basis (§ 3(2)a, 3(2)b): BP's revenue is generated from its three primary business segments: Oil Production & Operations, Gas & Low Carbon Energy, and Customers & Products.² A detailed review of the company's annual reports and financial statements reveals no revenue stream derived from the mining or sale of thermal coal.³¹ The company's strategic focus is on oil, natural gas, and a transition toward low-carbon energy sources, positioning natural gas as a cleaner alternative

to coal.³⁴ The company divested its coal assets several decades ago.³⁶ Consequently, BP does not derive 30% or more of its income from thermal coal, nor is 30% or more of its business based on thermal coal.

Production Volume and Power Capacity (§ 3(2)c, 3(2)d): BP does not engage in the mining of thermal coal. Historical data charts that may appear under BP's name, such as those detailing U.S. coal production, originate from the *BP Statistical Review of World Energy*.³⁷ This was a highly regarded annual publication that reported on

global energy statistics across all sources and countries; it did not represent BP's own corporate production volumes.³⁸ BP's own corporate reports do not list coal as a produced commodity.²⁵ Similarly, BP does not own or operate coal-fired power plants. Its power trading and generation activities are focused on natural gas and a growing portfolio of renewable sources, including wind and solar.³⁹ Therefore, BP does not meet the exclusion thresholds of producing more than 20 million tonnes of thermal coal per year or having a power capacity of more than 10,000 MW from thermal coal.

The unambiguous absence of product-based risks under Guideline § 3 serves to sharpen the focus of this assessment on the company's conduct. It demonstrates that a company can be fully compliant with one set of ethical criteria while presenting profound risks under another. This underscores the necessity of the Guidelines' dual-pronged approach, which prevents a clean product portfolio from obscuring a problematic operational history and ensures a comprehensive behavioral assessment.

III. Conduct-Based Risk Assessment (per Guideline § 4)

This section evaluates BP's corporate conduct against the criteria outlined in § 4 of the Guidelines. The assessment reveals a significant history of severe norm violations and ongoing activities that present an unacceptable risk of future breaches. The analysis considers the probability of future norm violations, the severity and scope of past incidents, and the direct connection between the violations and the company's operations and decisions.

A. Severe Environmental Damage (§ 4e)

BP's history is marked by one of the most significant instances of corporate-caused environmental damage in modern history, supplemented by other serious incidents and allegations that suggest systemic weaknesses in its environmental risk management, particularly in regions with less stringent oversight.

The Deepwater Horizon Disaster (2010)

The 2010 explosion of the Deepwater Horizon rig and the subsequent Macondo well blowout in the Gulf of Mexico represents a case study in severe, systemic environmental damage.

- **Magnitude and Impact:** Over an 87-day period, the well discharged an estimated 3.19 to 4.9 million barrels (over 130 million gallons) of crude oil, making it the largest accidental marine oil spill in history.⁴ The ecological devastation was ecosystem-wide and long-lasting. The official Programmatic Damage Assessment and Restoration Plan concluded that the spill resulted in "an injury to the entire ecosystem of the northern Gulf of Mexico".⁴² Impacts included the deaths of up to 167,000 sea turtles and widespread harm to bottlenose dolphins, seabirds, fish populations, and deep-sea coral communities.³ More than a decade later, the consequences persist, with studies showing a doubling of shoreline erosion rates in affected areas of Louisiana and continued contamination of the ecosystem.⁴⁴
- **Culpability and Legal Consequences:** The severity of the incident was directly linked to

corporate conduct. In September 2014, a U.S. federal court found BP to be the primary party responsible for the spill, concluding that the disaster was a result of the company's "gross negligence and willful misconduct".⁵ This legal finding signifies a standard of recklessness that goes far beyond simple operational error. In its resolution of federal criminal charges, BP pleaded guilty to 11 felony counts of Misconduct or Neglect of Ships Officers (related to the deaths of 11 workers) and a misdemeanor count under the Clean Water Act.⁶ The final settlement with the U.S. government and Gulf states amounted to a historic \$20.8 billion, including up to \$8.8 billion specifically for natural resource damages, reflecting the unprecedented scale of the environmental harm.⁴⁶

Other Environmental Incidents

While Deepwater Horizon is the most egregious example, other incidents and allegations point to a broader pattern of environmental risk.

- **Egypt (Ras Shukeir Terminal):** A 2022 investigation by SourceMaterial and BBC News Arabic alleged that an oil terminal in the Gulf of Suez, in which BP was a joint owner from 1999, has been discharging highly polluted "produced water" into the Red Sea for decades, in breach of Egyptian environmental laws. Leaked data reportedly showed contaminants like iron and lead at levels hundreds of times higher than legal limits, threatening sensitive coral reef ecosystems.⁸
- **Iraq (Rumaila Oil Field):** Investigations by Greenpeace Unearthed and the BBC have documented extensive and allegedly unreported gas flaring at the Rumaila oil field, where BP is the lead contractor. This flaring releases toxic pollutants, including the carcinogen benzene, and has been linked by local communities to abnormally high cancer rates. The investigation noted that if emissions from this non-operated asset were included in BP's public reporting, its global flaring emissions would double, raising concerns about transparency and the true environmental footprint of its associated operations.⁷
- **Alaska (Prudhoe Bay, 2006):** Prior to Deepwater Horizon, BP was responsible for the largest oil spill on Alaska's North Slope, caused by severe corrosion in a pipeline that the company was aware of but failed to properly maintain. This incident resulted in BP pleading guilty to a misdemeanor violation of the Clean Water Act and paying significant fines, indicating a history of operational neglect leading to major environmental harm.⁴⁹

B. Unacceptable Greenhouse Gas Emissions (§ 4f)

The Guideline for § 4f allows for exclusion based on "actions or omissions which on an

aggregated company level lead to an unacceptable degree of greenhouse gas emissions." This assessment considers not only BP's absolute emissions but also the credibility of its strategy and actions to address them.

Emissions Profile

BP is a major contributor to global GHG emissions. In 2024, its total reported Scope 1 and 2 (operational) emissions were 33.6 million tonnes of CO₂ equivalent (MtCO₂e), an increase from 32.1 MtCO₂e in 2023.⁵¹ However, these are dwarfed by its Scope 3 emissions, which arise from the combustion of its sold products and amounted to approximately 314.9 million tonnes in 2023.⁵² These Scope 3 emissions represent the overwhelming majority of the company's climate impact.

Net Zero Strategy and Credibility Gap

In 2020, BP announced an ambitious plan to become a net-zero company by 2050, which was initially seen as industry-leading.⁵³ However, in February 2023, the company announced a significant strategic reversal. It weakened its 2030 target for reducing emissions from its oil and gas production (a Scope 3 measure) from a 35-40% reduction to just 20-30%. Simultaneously, it announced plans to invest more in short-term hydrocarbon projects than previously planned.⁹

This rollback has been widely condemned by investors and climate analysts as a "retreat" from its climate commitments, fundamentally undermining the credibility of its long-term net-zero ambition.⁹ The move suggests that in the face of high energy prices, short-term profit motives took precedence over its stated climate strategy. This action constitutes an "omission" under the Guideline, as it represents a failure to follow through on a decarbonization pathway that the company itself had previously defined as necessary.

Independent Assessments

Independent analyses confirm that BP's trajectory is not aligned with a 1.5°C pathway.

- The **Transition Pathway Initiative (TPI)** assesses BP's short-term (2027) emissions

trajectory as "Not Aligned" with the 1.5°C benchmark, though it notes the company's long-term (2050) ambition is aligned on paper.⁵⁵

- **Reclaim Finance**, using the International Energy Agency's (IEA) Net Zero Emissions scenario as a benchmark, calculates that BP's oil and gas production in 2030 will be 12% higher than the level required to align with a 1.5°C pathway.¹⁰

The combination of a massive emissions footprint and a public, strategic retreat from previously announced climate targets constitutes an unacceptable level of risk. The company's actions demonstrate that its commitment to decarbonization is contingent on market conditions and is not sufficiently embedded to ensure a credible transition.

C. Human Rights and Conduct in Conflict Zones (§ 4a, 4b)

BP has a history of operating in politically volatile and conflict-affected regions, where it has faced severe and credible allegations of complicity in grave human rights abuses. These cases raise significant concerns under the criteria for "gross or systematic human rights violations" and "serious violations of individual rights in war or conflict situations."

Colombia

During its operations in the Casanare region from the 1990s, BP faced persistent allegations of complicity in human rights violations perpetrated by Colombian military and associated paramilitary groups.

- **Allegations of Complicity:** Reports from organizations like War on Want detail how BP made payments for security to the Colombian military at a time when these forces were collaborating with paramilitary death squads responsible for the murder and disappearance of thousands, including many trade union activists in the oil industry.¹¹ A lawsuit filed in the UK by Gilberto Torres, a trade unionist who was kidnapped and tortured, alleged that the pipeline company Ocesa (in which BP was a key partner) commissioned his abduction.¹¹
- **Legal and Corporate Response:** The case against BP was ultimately discontinued due to the immense procedural and financial challenges faced by the plaintiff, not on a judgment of the merits of the case.¹¹ BP has consistently denied the allegations.⁵⁸ However, the weight of the evidence from journalistic investigations and human rights reports establishes a credible and severe risk of historical complicity in systematic human rights abuses.

Azerbaijan

BP's role as the largest foreign investor in Azerbaijan has drawn criticism for enabling the autocratic regime of Ilham Aliyev.

- **Funding Military Aggression:** The campaign group Global Witness has alleged that revenues generated for the Azerbaijani state from BP-operated oil and gas projects have helped fund the country's military aggression against ethnic Armenians in the Nagorno-Karabakh region.¹⁴ Their analysis suggests that from 2020-2023, Azerbaijan's share of production from two BP-led projects was worth nearly \$35 billion, more than four times its military spending over the same period.¹⁴
- **Complicity in "Ethnic Cleansing":** The military offensive in September 2023, which led to the exodus of over 100,000 ethnic Armenians, was described by the European Parliament as ethnic cleansing. The coalition No Business With Genocide has accused BP of being "conspicuously silent" and therefore complicit in these crimes.¹³ In its response, BP has stated that it supports a peaceful settlement and conducts human rights due diligence for projects in conflict-affected regions.⁵⁹

The stark contrast between BP's formal human rights policies⁶¹ and the severe, credible allegations stemming from its operations in high-risk zones points to a critical failure in implementation and due diligence. This pattern suggests that the company's presence in such environments carries an inherent and unacceptably high risk of contributing to or being linked with severe human rights violations.

D. Gross Corruption and Financial Crime (§ 4g)

The Guideline for § 4g pertains to "gross corruption or other gross financial crime." BP's record includes a definitive legal finding of gross financial crime in the U.S. and credible, high-profile allegations of corruption in its international dealings.

Deepwater Horizon-Related Financial Crime

In the aftermath of the 2010 oil spill, BP's misconduct extended beyond environmental

negligence into the realm of financial crime.

- **Obstruction of Congress:** As part of its 2012 resolution with the U.S. Department of Justice, BP pleaded guilty to a felony count of obstruction of Congress. The charge stemmed from the company providing deliberately low and false estimates of the rate of oil flowing from the well, a clear act of deceiving government authorities and the public.⁶
- **Securities Fraud:** Simultaneously, BP settled claims with the U.S. Securities and Exchange Commission (SEC) for misleading investors about the severity of the spill, paying a penalty of \$525 million.⁶ These actions constitute proven instances of gross financial misconduct at the highest corporate levels.

Senegal Corruption Allegations

A 2019 BBC investigation raised serious corruption allegations concerning BP's entry into gas blocks in Senegal. The deal involved paying approximately \$10 billion in royalties to a company run by Frank Timis, a controversial businessman who had previously been awarded the blocks in a questionable manner and had employed the brother of Senegal's president, Aliou Sall.¹⁵

- **Corruption Red Flags:** The Natural Resource Governance Institute identified numerous red flags in the deal, including payments to a politically exposed person (PEP) and the use of offshore companies with hidden owners.¹⁶ While BP denied any wrongdoing and stated it conducted "extensive and appropriate due diligence," the circumstances surrounding the deal create a strong appearance of rewarding prior corrupt dealings.¹⁵ Global Witness called for UK and US authorities to investigate the deal for potential complicity in corruption.⁶³

This pattern of behavior, from a felony conviction in the U.S. to serious allegations in Africa, combined with historical cases of bribery by employees⁶⁴ and fines for market manipulation⁴⁹, indicates a significant and recurring risk of involvement in gross financial and ethical misconduct.

Guideline	Key Issue / Incident	Primary Evidence	Risk Severity & Chronicity
§ 4e	Deepwater Horizon Disaster (2010)	Court finding of "gross negligence"; 11 felony pleas; catastrophic,	High / Systemic. A historical event of such magnitude that it indicates a

		long-term ecosystem damage. ⁵	systemic failure of risk management with ongoing consequences.
§ 4f	Climate Strategy Rollback (2023)	Weakening of 2030 emissions targets; increased hydrocarbon investment; independent assessments show non-alignment with 1.5°C pathway. ⁹	High / Ongoing. A current strategic decision that demonstrates an unacceptable risk of contributing to severe climate change.
§ 4a, 4b	Human Rights in Colombia	Credible allegations of complicity with paramilitaries responsible for murder and torture of unionists. ¹¹	High / Historical with Ongoing Impunity. Grave historical allegations where full accountability has not been achieved.
§ 4a, 4b	Human Rights in Azerbaijan	Allegations of enabling an autocratic regime and funding military aggression characterized as ethnic cleansing. ¹³	High / Ongoing. A direct link between company revenues and an active conflict with severe human rights implications.
§ 4g	Obstruction of Congress & SEC Fraud	Felony guilty plea for obstruction; \$525 million SEC penalty for misleading investors post-Deepwater Horizon. ⁶	High / Historical. A proven instance of gross financial crime and unethical conduct at the corporate level.

§ 4g	Senegal Corruption Allegations	Partnership in a \$10bn deal flagged for multiple corruption risks, including payments to a company linked to a PEP. ¹⁵	High / Reputational & Ethical. Severe allegations that, even if unproven in court, represent a grave ethical risk.
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IV. Geopolitical and Operational Risk Exposure

BP's global operational strategy is intrinsically linked to its ethical risk profile. The company's business model, particularly in its upstream segment, is structurally dependent on operating within and maintaining long-term relationships with states characterized by high levels of political instability, weak governance, and active conflict. This is not an incidental risk but a core feature of its portfolio, creating a persistent tension between its stated ethical commitments and the political realities of securing and exploiting major hydrocarbon resources. This exposure significantly elevates the probability of future norm violations under Guideline § 4.

A. Operations in Fragile and Conflict-Affected States (FCS)

A significant portion of BP's major projects and production assets are located in countries that are either formally classified as FCS by institutions like the World Bank and IMF or exhibit similar characteristics of fragility and conflict.⁶⁵ The specific ethical risks in these key jurisdictions are directly relevant to the conduct-based criteria.

- Iraq:** As a lead contractor at the super-giant Rumaila field and an investor in the Kirkuk fields, BP operates in a country consistently defined as an FCS.⁶⁸ The operational environment is characterized by political instability, weak state institutions, and the persistent threat of violence.⁷⁰ This context exacerbates the risks of environmental misconduct, as seen in the allegations of uncontrolled gas flaring near populated areas, and raises concerns about the equitable distribution of resource wealth and potential complicity in human rights abuses.⁷ Furthermore, its operations in Kirkuk are in a territory with a history of dispute between the central government and the Kurdistan Regional Government, adding a layer of conflict risk.⁷¹
- Azerbaijan:** BP's deep and long-standing partnership with the Azerbaijani state places it

at the center of a geopolitical conflict zone.⁶⁸ The government is widely regarded as autocratic, with a poor human rights record. The active conflict over Nagorno-Karabakh, which has involved military actions described by outside observers as ethnic cleansing, is directly funded by state revenues overwhelmingly derived from oil and gas exports managed by BP.¹⁴ This creates a direct and ongoing risk of complicity in "serious violations of individuals' rights in war or conflict situations" (§ 4b).

- **Egypt:** A key operational hub for BP in North Africa, Egypt presents significant political and governance risks.⁶⁸ The country has experienced periods of intense political instability, and its governance framework can lack transparency. The alleged long-term breach of environmental laws at the Ras Shukeir terminal highlights the risk of operating in a jurisdiction where regulatory enforcement may be weak, allowing severe environmental damage to persist over decades.⁸
- **Angola:** BP's long history in Angola has involved navigating a post-conflict environment with extremely high levels of perceived corruption.⁶⁸ Allegations have surfaced linking a BP payment to a firm run by a powerful and allegedly corrupt Angolan official, highlighting the severe risk of entanglement in corrupt practices (§ 4g) when operating in such environments.⁷⁴ The country's dependence on oil revenue creates a high-stakes environment where ethical compromises can be pressured.⁷³

B. Exposure to Major Geopolitical Conflicts

As a global energy supermajor, BP's operations are inherently exposed to the world's primary geopolitical fault lines. Its strategic responses to these conflicts are a key indicator of its risk management and ethical posture.

- **Russia-Ukraine Conflict:** BP's decision to exit its nearly 20% stake in the Russian state-owned oil company Rosneft following the 2022 invasion of Ukraine was a significant and financially material action, resulting in a write-down of approximately \$24 billion.¹⁴ This move, taken under intense pressure from the UK government and in response to international sanctions, demonstrates that the company can and will act decisively when faced with a major geopolitical crisis that aligns with the foreign policy of its home country. However, it also underscores the immense financial risk embedded in its partnerships with state-controlled entities in autocratic nations.
- **Broader Geopolitical Tensions:** The company's global supply chains, trading operations, and physical assets are exposed to risks from escalating U.S.-China strategic competition and persistent instability in the Middle East.⁷⁶ These macro-risks can manifest as sanctions, trade disruptions, and heightened cybersecurity threats, as noted in BP's own risk disclosures.⁷⁷ For the purposes of this ethical assessment, these tensions are most relevant in how they might create pressure for the company to make ethical

compromises to secure resources or market access in contested regions.

The following table summarizes the intersection of BP's geographic footprint with the key ethical risks outlined in the Guidelines.

Country of Operation	Political Instability	Active Conflict	Human Rights Abuse Risk	Corruption Risk	Environmental Governance Weakness
Iraq	High. Post-conflict fragility, sectarian tensions, regional interference. ⁷⁰	High. Ongoing counter-terrorism operations; regional proxy conflicts. ⁷⁰	High. Risk to local communities from operations; weak rule of law. ⁴⁸	Severe. Endemic corruption at state and local levels. ⁶⁹	High. Allegations of uncontrolled flaring; weak regulatory enforcement. ⁷
Azerbaijan	Medium. Autocratic stability with risk of succession crisis.	High. Active conflict and military operations in Nagorno-Karabakh. ¹⁴	Severe. Complicity in funding state-led aggression and repression of dissent. ¹³	High. State-level corruption and lack of transparency.	Medium. Concerns over methane emissions reporting and transparency. ⁵⁹
Egypt	High. History of political upheaval; security risks. ⁷²	Medium. Insurgency in Sinai; regional instability.	High. State repression of civil society and dissent. ⁸⁰	High. Pervasive corruption and lack of transparency.	High. Alleged long-term breach of environmental laws at Ras Shukeir. ⁸
Angola	Medium. Post-conflict	Low.	Medium. Risks	Severe. Ranked	Medium. Weak

	ct state with fragile institutions. ⁷⁵		associated with poverty and weak governance .	among the most corrupt countries; allegations of complicity. ⁷³	regulatory capacity and oversight.
Colombia (Historical)	High. Decades-long civil conflict during period of operation. ¹¹	High. Direct operational presence in a war zone. ¹¹	Severe. Alleged complicity with military/paramilitary abuses. ¹²	High.	High. Alleged environmental damage from pipeline construction. ¹¹

V. Synthesis and Final Risk Categorization

This final section synthesizes the findings from the product-based, conduct-based, and geopolitical risk assessments to arrive at a holistic evaluation and a final, justified risk categorization for BP PLC. The assessment weighs the company's past actions, current policies, and forward-looking strategic direction against the ethical standards mandated by the Guidelines.

A. Holistic Risk Evaluation

The assessment reveals a stark dichotomy. On one hand, BP is fully compliant with the product-based exclusion criteria of Guideline § 3. The company's business model does not involve the production of prohibited items. On the other hand, BP presents a profile of severe and multifaceted risk under the conduct-based criteria of Guideline § 4.

The risk is not isolated to a single incident or category but is systemic across environmental stewardship, climate action, human rights, and corporate integrity. The Deepwater Horizon disaster was not merely an accident but a catastrophic failure rooted in "gross negligence," a

legal determination that points to a profound breakdown in corporate risk management and safety culture.⁵ This is compounded by a guilty plea to the felony of obstructing the U.S. Congress, a deliberate act of corporate malfeasance.⁶

This documented history of severe misconduct in a well-regulated jurisdiction like the United States is amplified by credible and grave allegations of complicity in human rights abuses in Colombia and Azerbaijan, and environmental and corruption risks in Iraq, Egypt, and Senegal. A clear pattern emerges where the company's operations in jurisdictions with weak governance and active conflict are associated with the most severe ethical and human rights concerns. This suggests that the company's internal governance and control mechanisms, while comprehensive on paper⁸¹, have proven insufficient to prevent or mitigate severe norm violations under challenging operational conditions. The gap between stated policy and documented outcomes is a central finding of this assessment.

B. Assessment of Forward-Looking Factors

Guideline § 6(4) allows for consideration of forward-looking factors, including whether a company is taking credible steps to reduce the risk of future norm violations.¹ In BP's case, the evidence is mixed but trends negative.

The most significant negative forward-looking indicator is the 2023 rollback of its climate targets.⁹ This decision signals that the company's commitment to the energy transition is subordinate to short-term financial considerations, undermining the credibility of its entire net-zero strategy. For an integrated energy company, a credible climate strategy is the primary means of mitigating the risk of contributing to an unacceptable degree of GHG emissions (§ 4f). By publicly weakening this strategy, BP has increased, not decreased, its forward-looking risk in this critical area.

Furthermore, the company's continued deep engagement in high-risk countries like Azerbaijan, without a clear and robust public stance on the ongoing conflict and human rights situation, maintains a high probability of future complicity in norm violations. The company's response to allegations has often been to deny wrongdoing or state that it has conducted due diligence, which, given the outcomes, appears insufficient.⁵⁸

On the positive side, BP's significant investments in its transition growth businesses (bioenergy, EV charging, renewables) are acknowledged.² Its withdrawal from Russia demonstrated an ability to make difficult strategic decisions in response to an acute geopolitical crisis.³⁶ However, these positive steps are overshadowed by the negative indicators. The core of its business remains hydrocarbon extraction, and its strategic pivot towards this in 2023, coupled with its operational footprint in fragile states, suggests that the

fundamental drivers of its ethical risk profile remain firmly in place.

C. Final Recommendation and Justification

The sum of the evidence points to a company with a high-risk profile. The severity of past violations—particularly the gross negligence finding and felony plea associated with Deepwater Horizon—is substantial. The persistence of severe allegations in its international operations and the recent backsliding on climate commitments indicate that the risk of future norm violations remains unacceptably high.

Therefore, the final recommended risk category is **2 - High Risk**.

This categorization is justified on the following grounds:

1. **Severity of Past Conduct:** The company has been found legally and criminally responsible for actions leading to catastrophic environmental damage and loss of life, and has admitted to deceiving a legislative body. This history meets the threshold of "particularly gross breaches of fundamental ethical norms."
2. **High Probability of Future Violations:** The company's strategic reliance on operations in fragile and conflict-affected states, combined with a demonstrated willingness to weaken its climate commitments for financial reasons, creates a high probability of future breaches of environmental and human rights norms.
3. **Inadequacy of Current Mitigation:** Despite having extensive governance policies, the company has failed to prevent severe norm violations. The recent strategic changes suggest a prioritization of hydrocarbon production over decarbonization, indicating that the internal culture and incentives may not be aligned with a truly sustainable and ethical transition.

While the cumulative evidence could support a recommendation for immediate exclusion (Category 1), the "High Risk" (Category 2) designation is chosen to align with the Fund's active ownership principles. It signals that the company's current trajectory is unacceptable, but allows for a period of intensive engagement and observation. This places the onus on BP to demonstrate fundamental and verifiable changes in its strategy, governance, and operational conduct. Should such changes not materialize, or should further severe violations occur, a recommendation for exclusion would be the necessary next step.

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