



Reimagining  
energy for people  
and our planet

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## About bp

We deliver energy products and services to our customers around the world, and we plan to increasingly do so in ways that we believe will help drive the transition to a lower carbon future.

We have operations in Europe, North and South America, Australasia, Asia and Africa.

## About our 2021 reporting

Since we launched our sustainability frame we have worked to further embed sustainability across bp. We have also made progress in a number of areas, which are covered in this report.

Our corporate reporting suite for 2021 comprises several elements, including this report. You may also be interested in:

- [bp.com/quickread](#)
- [bp.com/sustainability](#)
- [bp.com/reportingcentre](#)
- [Annual report and Form 20-F](#)
- [Net zero ambition report](#)
- [ESG data sheet](#)
- [Reporting frameworks and standards](#)

Deloitte has assured selected key performance indicators (KPIs) in this report. Their statement is on page 57.

Read more about the KPIs that have been assured:  
[bp.com/basisofreporting](#)



# Rooting our new strategy in sustainability

**Bernard Looney,**  
chief executive officer,  
March 2022



Purpose is a company's north star. In recent weeks, our purpose has guided bp's response to the military aggression in Ukraine. It has helped us to fundamentally rethink our position in Russia – and drives us to support the humanitarian efforts in the region. As I write this letter, our thoughts remain with everyone affected by what is happening.

## Sustainability, resilience and safety

As well as embedding sustainability across our strategy, we designed it to be resilient across a wide range of scenarios. As recent events heighten uncertainty and global energy security concerns, we are positioned to help keep the energy flowing that the world desperately needs.

We do this recognizing that nothing is more important than safety. While we have seen some improvements in our safety performance over the past year, tragically a bp contractor died in an accident at our Castellon refinery in Spain. We have more work to do to eliminate accidents and injuries so that everyone goes home safe to their loved ones every day. Nothing is more important.

## Leaning into greening

The strategic progress we have made so far, and the pace at which society has been moving on sustainability, has given us confidence to accelerate the greening of bp. We now expect that by 2025, more than 40% of our capital expenditure will be in our transition growth businesses, and around 50% by 2030.

We have also increased our net zero aims. On aim 1, we are now aiming to cut our operational emissions in half by 2030 (up from 30-35%). And on aim 3 (covering the lifecycle emissions for the energy products we sell) we now aim to reduce carbon intensity to net zero by 2050 or sooner – up from 50% – and have increased the volume of emissions covered by this aim, which now includes physically traded sales of energy products. Uniquely among our peers, we are aiming to be net zero across operations, production and sales.

## Diversifying and decarbonizing

We have a lot more to learn, but our experience so far is that our purpose – reimagining energy for people and our planet – can help us diversify and decarbonize bp and at the same time create real value and returns for our shareholders. What does that mean in practice?

It means that by doubling down on five transition growth engines where we have real strengths – bioenergy, convenience, EV charging, renewables and hydrogen – we can grow as a company and at the same time advance towards our aim of net zero on the products we sell (aim 3).

Or take our aim 4, which is to install methane measurement at all our major oil and gas processing sites by 2023. While we work towards that, our methane intensity has come down by more than 40% since 2019 (from 0.12 to 0.07%). This includes reduced operational methane emissions, and more bp-produced gas available to sell to our customers.

And at our Gelsenkirchen sites in Germany, we have reduced our Scope 2 emissions by more than half-a-million tonnes in 2021 (in line with aim 1), helped by our trading team's long-term arrangement to purchase renewable energy.

## Focused on delivery

With our direction set, and the major organizational changes behind us, we are now fully focused on delivering our strategy and the sustainability aims that underpin it.

Thank you for your support and challenge – it has been vital. We could not have made this progress so far without you – and look forward to your continued backing.

Thank you.

# Embedding sustainability into the way we do business

The conflict in Ukraine is devastating. As Bernard says in his introduction, our purpose is guiding us as we look to help in the ways we can. One is by supporting organizations providing comfort, shelter and aid. Another is by maintaining our focus on keeping energy flowing today while transforming bp to sustainably deliver more and more of the reliable, affordable, clean energy the world wants and needs into the future.

## Sustainability in action

Against this backdrop, and as we have seen the world's low carbon ambitions gather momentum, we have been in action across the three focus areas – net zero, people and planet. Our aims have helped us plan and prioritize our work. In 2021, that work was about continuing to deliver in the areas that, for bp, are more mature, while defining and embedding our newer aims in areas where we are building our understanding of what is needed, and what methodologies and structures will best enable us to deliver.

## Performance and progress

This report sets out our performance against those aims where we have clear targets and goals, as well as our progress in the areas that are less well defined.

To share a few examples, this includes:

- Quadrupling our renewables development pipeline to over 23GW including 5.2GW in offshore wind (contributing to our aim 11).
- Reducing operational Scope 1 and 2 emissions by 35% compared to the 2019 baseline (aim 1).

- Evaluating our net positive impact methodology for biodiversity at some of our projects, including the Tangguh Expansion Project and Greater Tortue Ahmeyim Phase 1 in Mauritania and Senegal (aim 16).
- Starting a pilot in Aberdeen to work with local communities as part of our aim to support a just transition (aim 12) and our partnership with Aberdeen to help them deliver their net zero vision (aim 10).

## Interconnected aims

Our aims are connected to the three pillars of our strategy – resilient hydrocarbons, convenience and mobility, and low carbon energy – and many are also connected to each other. Perhaps the clearest example is Net Zero Teesside and the related projects that bp is leading in the North-East of England. We are working to develop first-of-a-kind gas-fired power generation with carbon capture, blue and green hydrogen, and further carbon capture capacity for storing emissions from UK industries. As well as developing bp's interests in each of these business areas, successful delivery of these projects would

support low carbon energy investment (aims 5 and 11); decarbonization of regions, cities and corporates (aim 10); a just transition (aim 12); and support and create thousands of skilled jobs (aim 13).

## Putting sustainability at the core of bp

Approaching strategy and sustainability in this integrated way is enabling us to prioritize and capture the opportunities in the energy transition – those best aligned to bp's capabilities and strategic objectives.

We know we cannot achieve this by ourselves, and we owe much thanks to our stakeholders who have supported, challenged and worked with us. You have helped us not just to make progress, but to increase our ambition, as Bernard sets out in his introduction. We have made a start, but it is only the start.

As we navigate the changing times ahead, we will work hard to earn your continued support while striving to become a truly purpose-led organization, with sustainability ingrained into the way we do business.

**Giulia Chierchia,**  
EVP, strategy, sustainability & ventures (SS&V),  
March 2022



# Sustainability at bp

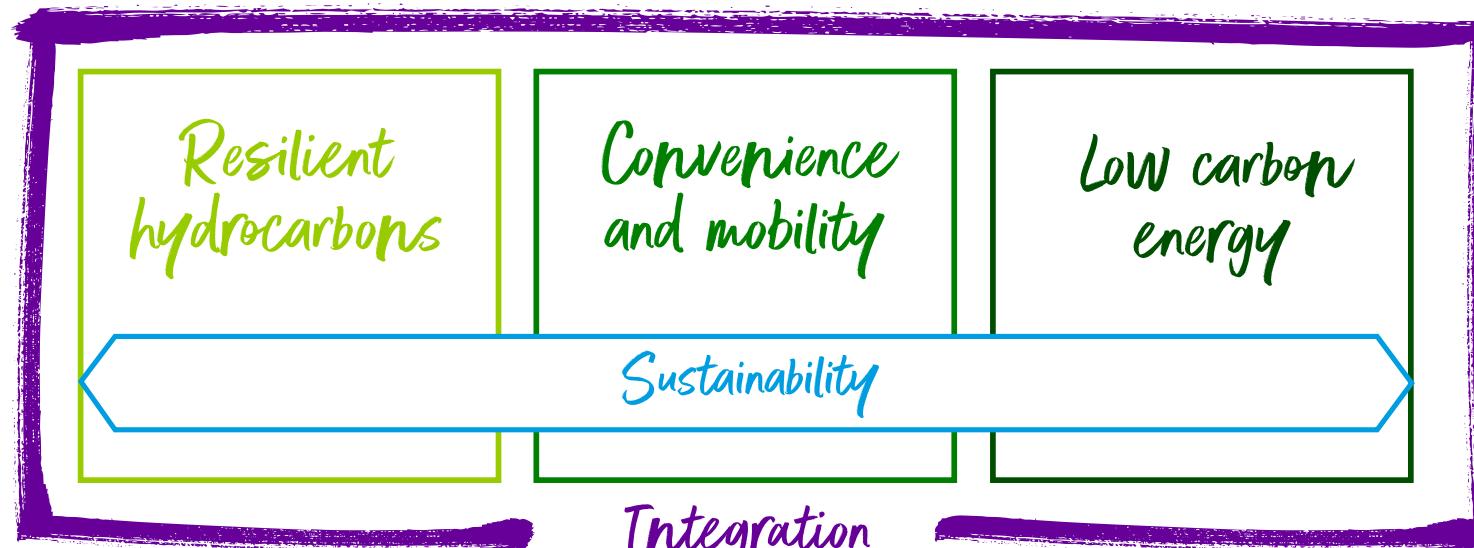
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# Our strategy: from IOC to IEC

In 2020, we set out our net zero ambition and a new strategy to become an integrated energy company. And in February 2022, we announced that we expect to increase the proportion of capital expenditure★ in transition growth businesses to more than 40% by 2025 and around 50% by 2030.



## Resilient hydrocarbons

We are high-grading our portfolio, lowering our emissions and driving returns, through three focus areas: oil and gas, refining and bioenergy.



**Transition growth engine:**  
– Bioenergy

## Convenience and mobility

Growth from our differentiated convenience and fuels offers, acceleration of our EV charging and *Castrol*, aviation, B2B and midstream businesses.



**Transition growth engines:**  
– Convenience  
– EV charging

## Low carbon energy

We are building renewables at scale with capital discipline, a returns focus and aiming for global leadership in hydrogen.



**Transition growth engines:**  
– Renewables  
– Hydrogen

## Sustainability

Embedded across our strategy is our sustainability frame, which sets out our aims for getting to net zero, improving people's lives and caring for our planet.

## Integration

Binding our strategy together is integration. Harnessing our collective capabilities as the energy system transitions, to help more and more customers get the energy they want, creating value for our shareholders.

★ See glossary on page 377 of the bp annual report 2021.

# Sustainability at bp

Our purpose is reimagining energy for people and our planet. Our sustainability frame underpins our strategy to become an integrated energy company and translates our purpose into action. It sets out aims in the areas where we believe we can make the biggest difference for bp, our stakeholders and society.

## Our aims and objectives

Sustainability at bp is about creating value by connecting the business opportunities of the energy transition with our aims and objectives for people, our planet and getting to net zero.

The aims are targeted but interconnected, so delivering one aim can help us deliver others.

## Our foundations

Sustainability is not new to bp. Over many decades we have built strong foundations to help us do the right thing on safety, greenhouse gas emissions, human rights, biodiversity, and other social and environmental factors. Delivering our aims requires us to build on and strengthen these foundations.

## Engaging stakeholders

We learn through ongoing engagement with our many different stakeholders and collaborate with them to deliver our aims.

## Embedding into our DNA

We are working to embed sustainability more deeply into our culture and mindset, decision making, systems and processes, and governance.



- |   |  |  |
|---|--|--|
| <span style="color: #0070C0;">1</span> Net zero operations<br><span style="color: #0070C0;">2</span> Net zero production<br><span style="color: #0070C0;">3</span> Net zero sales<br><span style="color: #0070C0;">4</span> Reducing methane<br><span style="color: #0070C0;">5</span> More investment for new energies<br><span style="color: #0070C0;">6</span> Advocating<br><span style="color: #0070C0;">7</span> Incentivizing employees<br><span style="color: #0070C0;">8</span> Aligning associations<br><span style="color: #0070C0;">9</span> Transparency leader<br><span style="color: #0070C0;">10</span> Clean cities and corporates | <span style="color: #0070C0;">11</span> More clean energy<br><span style="color: #0070C0;">12</span> Just transition<br><span style="color: #0070C0;">13</span> Sustainable livelihoods<br><span style="color: #0070C0;">14</span> Greater equity<br><span style="color: #0070C0;">15</span> Enhance wellbeing | <span style="color: #0070C0;">16</span> Enhancing biodiversity<br><span style="color: #0070C0;">17</span> Water positive<br><span style="color: #0070C0;">18</span> Championing nature-based solutions<br><span style="color: #0070C0;">19</span> Unlock circularity<br><span style="color: #0070C0;">20</span> Sustainable purchasing |
|---|--|--|

# Our sustainability aims

In developing our people and planet aims, we used the UN sustainable development goals to inform our thinking.

Although our business activity touches the majority of the SDGs, we are focusing our efforts on those that align with our aims in order to make the most impactful contribution to sustainable development and for people over the next decade.

## Five aims to get bp to net zero

### 1 Net zero operations★

Be net zero across our entire operations on an absolute basis by 2050 or sooner.



### 2 Net zero production★

Be net zero on an absolute basis across the carbon in our upstream oil and gas production by 2050 or sooner.



### 3 Net zero sales★

Reduce to net zero the carbon intensity of the energy products we sell by 2050 or sooner.



### 4 Reducing methane

Install methane measurement at all our existing major oil and gas processing sites by 2023, publish the data, and then drive a 50% reduction in methane intensity of our operations.



### 5 More investment for new energies

Increase the proportion of investment we make into our non-oil and gas businesses.



## Five aims to help the world get to net zero

### 6 Advocating

More actively advocate for policies that support net zero, including carbon pricing.



### 7 Incentivizing employees

Incentivize our global workforce to deliver on our aims and mobilize them to become advocates for net zero.



### 8 Aligning associations

Set new expectations for our relationships with trade associations around the globe.



### 9 Transparency leader

Be recognized as an industry leader for the transparency of our reporting.



### 10 Clean cities and corporates

Launch a new team to create integrated clean energy and mobility solutions.



## Five aims to improve people's lives

### 11 More clean energy

Develop enough clean energy to benefit more than 36 million people.



### 12 Just transition

Support a just energy transition that advances human rights and education.



### 13 Sustainable livelihoods

Help more than one million people build sustainable livelihoods and resilience.



### 14 Greater equity

Greater diversity, equity and inclusion for our workforce and customers, and increase supplier diversity spend to \$1 billion.



### 15 Enhance wellbeing

Enhance the health and wellbeing of our employees, contractors and local communities.



## Five aims to care for our planet

### 16 Enhancing biodiversity

Make a positive impact through our actions to restore, maintain and enhance biodiversity where we work.



### 17 Water positive

Become water positive by 2035.



### 18 Championing nature-based solutions

Champion nature-based solutions and enable certified natural climate solutions.



### 19 Unlock circularity

Unlock new sources of value through circularity.



### 20 Sustainable purchasing

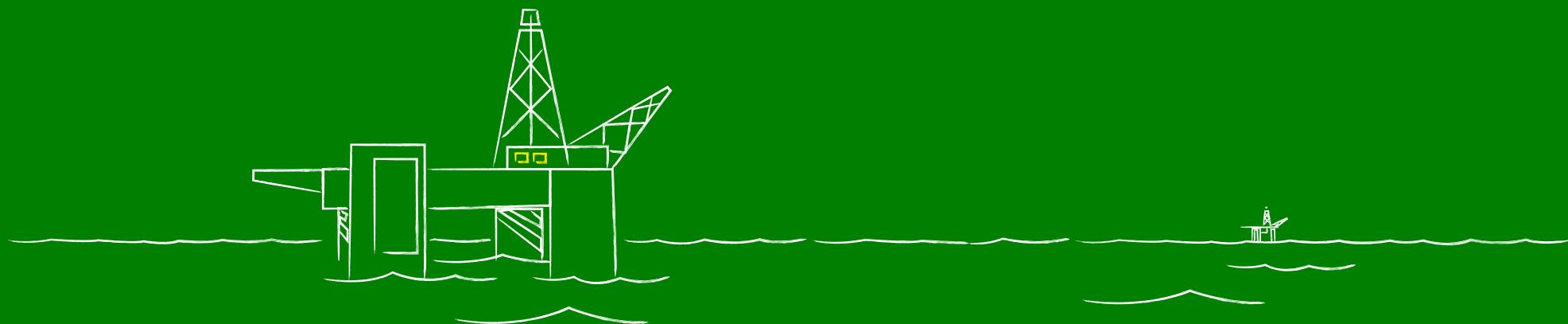
Develop a more sustainable supply chain.



# 2021 at a glance

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# 2021 at a glance

A snapshot of bp's scale, global reach and performance against our strategy.

## Our scale<sup>a</sup>

Employees	Retail sites
<b>65,900</b> 2020 63,600	<b>20,500</b> 2020 20,300
Countries of operation	Customer touchpoints★
<b>&gt;65</b> 2020 > 70	<b>&gt;12m</b> 2020 >11 million
Electric vehicle charge points★	Countries where Lightsource bp operates
<b>13,100</b> 2020 10,100	<b>14</b> 2020 14
Businesses supported through bp ventures and Launchpad	Million barrels of oil equivalent per day – upstream production★
<b>44</b> 2020 38	<b>2.2m</b> 2020 2.4mmboe/d <sup>b</sup>

## Our performance

Tier 1 and 2 process safety events <sup>c</sup>	Profit attributable to bp shareholders
<b>62</b> 2020 70	<b>\$7.6bn</b> 2020 \$(20.3)bn loss
bp-operated refining availability★	bp-operated hydrocarbon plant reliability★
<b>94.8%</b> 2020 96.0%	<b>94.0%</b> 2020 94.0%
Low carbon investments <sup>d</sup> ★	Developed renewables to FID★
<b>~\$2.2bn</b> 2020 \$750m	<b>4.4GW</b> 2020 3.3GW

<sup>a</sup> As at 31 December 2021.  
<sup>b</sup> Relative to 2019, we expect our hydrocarbon production to be around 40% lower by 2030, reflecting active management and high-grading of the portfolio, including divestment of non-core assets. We will not undertake exploration activity in new countries.  
<sup>c</sup> This represents reported incidents occurring within bp's operational HSSE reporting boundary. That boundary includes bp's own operated facilities and certain other locations or situations.  
<sup>d</sup> The majority of this related to investments in offshore wind, electric vehicle charging infrastructure and solar.  
<sup>e</sup> Includes bp Foundation spend.  
For terms with ★ refer to the glossary on page 377 of the bp annual report 2021.

## Value creation

### Total economic value generated by bp

**\$167.1bn**

2020 \$188.0bn

We create value for society in many different ways: through our products and services and as an employer, taxpayer, supply chain participant and investor in local communities. In 2021 we generated around \$167.1 billion in economic value.

### Suppliers

**\$122.2bn**

2020 \$165.3 billion

Sourcing goods and services from around 40,000 suppliers

### Employees

**\$8.9bn**

2020 \$9.9 billion

Providing jobs for 65,900 people worldwide

### Governments

**\$5.4bn**

2020 \$3.3 billion

Contributing to economies through the taxes we pay

### Communities

**\$51m**

2020 \$0.1 billion

Supporting additional initiatives to benefit the communities where we operate<sup>e</sup>



Read more: [bp.com/annualreport](http://bp.com/annualreport)

## 2021 sustainability highlights

Net zero operations

**35%**



Reduction in absolute emissions against our 2019 baseline

Net zero production

**16%**

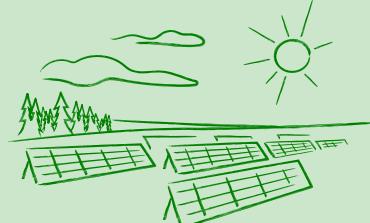
Reduction in absolute emissions against our 2019 baseline



More clean energy

**4.4GW**

Developed renewables to FID



Low carbon investments

**~\$2.2bn**

Up from around \$750m in 2020

Transparency

**A-**

Score received in CDP Climate 2021

Enhancing biodiversity

**Net positive impact**

methodology developed

City or region partnerships

**3**

Working in partnership with Houston, Aberdeen and the Valencia region in Spain



# Foundations

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Throughout 2021, we continued work to strengthen our safety culture, with the launch of a refreshed set of Safety Leadership Principles.

# Building on strong foundations

Our approach to sustainability is targeted, systematic and collaborative. It rests on strong, well-established foundations that guide the way we work. These support our aims, which take us further forward and focus our efforts where we can make the greatest difference.

## **Our values and code of conduct**

Our values inform how we do business and the decisions we make, including those related to sustainability. They are integral to the way we recruit, develop and performance manage our people.



We set high ethical standards and try to behave in ways that earn and maintain trust, including respecting colleagues and others we work with. We value and prioritize diversity of people and thought. Our values and code of conduct (the code) help us to do this the right way.

The code is based on our values. It sets expectations about how we work and applies to all bp employees. We provide regular training and communications to help employees apply the code in their daily work.

Employees, including executives, are required to confirm annually whether they understand and have followed the principles of the code. Members of the board are asked to confirm that they understand their responsibilities under the code and will apply this knowledge in their role.

We document and clearly inform our suppliers that we expect them to operate in a manner consistent with the code.

 Read more: [bp.com/values](http://bp.com/values)

## **Safety**

Safety is our core value. It is underpinned by our operating management system (OMS), which sets out how we aim to deliver safe, reliable, compliant and sustainable operations.

Tragically, in July 2021 a contractor died in a pipe lifting incident at our Castellon refinery in Spain. We deeply regret this loss and have offered our condolences and support to his family, as well as to his colleagues. We are taking action to learn from this incident by codifying lessons into our OMS and sharing them internally and externally, so we can try to mitigate the potential for this kind of incident to happen again.

Early in 2021, we set a goal to eliminate tier 1 process safety events, fatalities and life-changing injuries – and set out a plan to help us achieve this. This plan recognizes the value of industry standardization and consistent rules, for example, the International Association of Oil & Gas Producers' (IOGP) Life Saving Rules.

Developed by a team of industry experts, the Life Saving Rules identify clear actions that workers can take to help eliminate fatalities. The rules will supplement our existing safety practices and further strengthen our OMS. Their adoption is intended to make safety expectations clearer and more consistent for many of our contractors, who operate across the industry. We are rolling out the rules across our operating businesses, identifying ways of embedding them more deeply into working practices.

We are also identifying ways to improve process safety by integrating IOGP's Process Safety Fundamentals. This enhances our OMS and drives further standardization in key areas of industry risk.

## **Our safety culture**

Throughout 2021, we continued work to strengthen our safety culture, with the launch of a refreshed set of Safety Leadership Principles. These principles are designed to guide behaviour and ways of working across bp to drive a robust, consistent safety culture in which:

- We genuinely care about each other
- We will not compromise our focus on safety
- We encourage and recognize speak-up
- We understand how work actually happens
- We learn why mistakes occur and respond supportively

Our refreshed principles are guided by human performance, helping us enable a culture of care. It is about understanding how people interact with their working environment, recognizing that they can make mistakes and doing all we can to set them up for success.

Our progress in driving and integrating human performance to support our personal and process safety goals was recognized by the Chartered Institute of Ergonomics & Human Factors, which presented bp with its prestigious President's Award for 2021. This was in recognition of our internal progress and our industry-wide contribution in sharing our human performance learning resources externally.

## Building on strong foundations

We review how people interface with the equipment and systems around them. We examine potential causes of stress and fatigue, and the quality of the systems and procedures that people have to follow. Showing care about how work is being done and acting on concerns raised, can help drive a learning culture – one which we hope can consistently and incrementally make the workplace safer. Through our work on diversity, equity and inclusion (DE&I) and our code of conduct we also aim to support people to speak-up about any safety concerns they have.

### Safety during the COVID-19 pandemic

At the time of writing, with the COVID-19 pandemic ongoing, we are taking steps to support our people. Precautions in our operations and offices, together with enhanced guidance, are focused on safety, hygiene and health, including mental health. Decisions about working practices and returning to office-based working are being made in compliance with local and national regulations, taking into account relevant guidelines.

During 2021, COVID-19 pandemic-related travel restrictions affected our ability to get people to and from our operations. This had human and operational consequences. Those who could travel often faced extended periods away from home, at their workplace or in quarantine, which led to concerns about possible fatigue.

We managed these concerns as directly as possible and provided ongoing information about burnout and stress management, for example through our globally accessible Employee Assistance Programme.

At an operational level we needed to defer some scheduled activities, however plans are in place to address the impact of this.

Despite the challenging circumstances presented by the pandemic, we remained focused on safety; for example, we held our annual contractor and supplier events for operations and project safety virtually, in October 2021.

### Personal safety

In 2021, we recorded an increase of 24% in our recordable injury frequency (RIF) and an increase in 16% in our days away from work case frequency (DAFWCF) compared with 2020, a year in which both were at an historic low due to the pandemic impacting the nature of work undertaken.

Compared with 2019, in 2021 our RIF slightly improved and, except for 2020, it was better than any time in the past 15 years. For absolute injuries, there was a small increase in recordable injuries (RI) between 2021 and 2020, and a small decrease in days away from work cases (DAFWC) during the same period. In 2021, DAFWC were at their lowest ever recorded level.

### Driving safety

Ten severe vehicle accidents (SVA) occurred in 2021 (2020 five SVAs) while kilometres driven for bp fell by 18% compared with 2020.

We are focusing on improving driving safety. In 2021, we carried out a driving safety campaign for some of our employees to raise safety awareness for those returning to driving after commuting less due to the pandemic.

### Process safety

The overall downward trend in tier 1 and tier 2 process safety events (PSE) continued in 2021. Our combined PSE have generally decreased over the last 10 years, apart from in 2019. We had fewer tier 1 and tier 2 PSE in 2021, with one fewer tier 1 PSE and seven fewer tier 2 PSE, compared with 2020.

Work is continuing on a number of process safety focus areas including risk management and learning. These are intended to further strengthen our OMS, process safety barriers – which are physical or non-physical means to prevent, control or mitigate accidents – and consequently our safety performance.

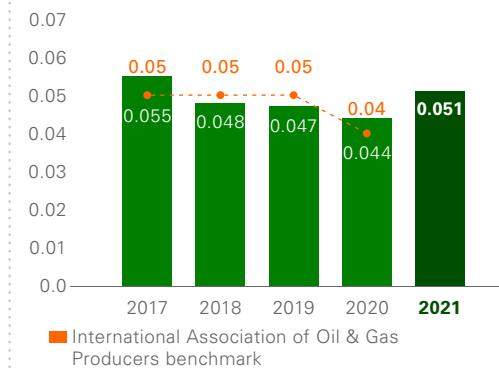
### Spills and spills prevention

We have made progress in preventing and reducing spills over the past 10 years. However, the number of oil spills<sup>e</sup> in 2021 was 121, the same as in 2020.

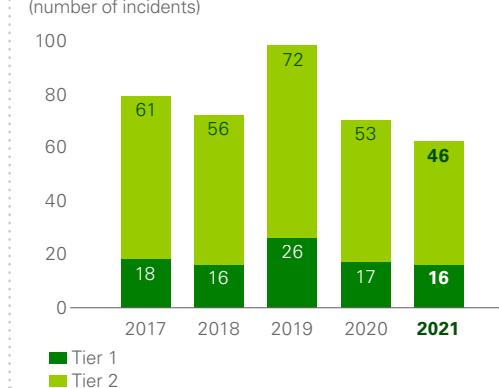
**Recordable injury frequency (RIF)<sup>a,b</sup>**  
(workforce per 200,000 hours worked)



**Days away from work case frequency (DAFWCF)<sup>a,c</sup>**  
(workforce per 200,000 hours worked)



**Process safety events<sup>d</sup>**  
(number of incidents)



a IOGP 2021 data report is not available until May 2022.

b The number of reported work-related incidents that resulted in a fatality or injury.

c The number of incidents that resulted in an injury where a person was unable to work for a day (or shift) or more.

d Tier 1 events are losses of primary containment from a process of greatest consequence – causing harm to a member of the workforce, damage to equipment from a fire or explosion, a community impact or exceeding defined quantities. Tier 2 events are those of lesser consequence.

e The number of accidental or unplanned losses of hydrocarbon from primary containment from a bp or contractor operation, irrespective of any secondary containment or recovery. Oil spills > 1bbl are defined as any liquid hydrocarbon release of more than, or equal to, one barrel (159 litres, equivalent to 42 US gallons).

## Building on strong foundations

Underpinning the generally improving trend is several years' work in OMS areas, including ongoing risk management, investigations, process safety and control of work improvements. Risk management processes across the group are monitored and updated to improve their effectiveness.

The regions and various operating sites collaborate with each other to share relevant examples of good and proven practice, while a central team works to make sure that any serious and complex incidents are thoroughly investigated, and any systemic gaps are closed as soon as possible.

 Find more data at: [bp.com/ESGdata](https://bp.com/ESGdata)

### Ethics and compliance

As a purpose-led, values-based company, we are committed to doing business in a safe and ethical manner that is consistent with our code of conduct (the code) throughout our transition.

### Anti-bribery and corruption

Managing bp's key enduring risks, such as our exposure to bribery and corruption, remains essential. We operate in parts of the world where bribery and corruption present a high risk, so it is important we make clear to our employees, contractors, suppliers and others that our commitment to ethical and compliant operations is unwavering.

The code explicitly prohibits engaging in bribery or corruption in any form. Our group-wide anti-bribery and corruption, anti-money laundering and anti-tax evasion policy and procedures include measures and guidance to assess and mitigate risks, understand relevant laws and report concerns. They apply to all bp-operated businesses.

Appropriate training focuses on the needs of employees in locations or roles assessed to be at a high risk of bribery and corruption. Around 12,700 employees completed anti-bribery and corruption training as part of 2021 ethics and compliance risk-based learning.

We assess any exposure to bribery and corruption risk when working with suppliers and business partners. When appropriate, we put in place a risk mitigation plan and will choose not to work with a counterparty or to reject tenders if we conclude that the risks are too high. We also conduct anti-bribery compliance audits on selected suppliers when contracts are in place.

We take corrective action with suppliers and business partners who fail to meet our expectations. This action may include terminating contracts.

We support anti-corruption efforts by participating in the Extractive Industries Transparency Initiative (EITI). Through the disclosure of government revenues and other relevant information, EITI can help to mitigate corruption risks in the extractive sector and support local anti-corruption efforts. In 2021, we participated in multi-stakeholder groups in Iraq, Trinidad and Tobago and Mauritania and Senegal, to continue our support for transparency and local participation in EITI activities.

### Revenue transparency and payments to government

We support transparency in the flow of revenue from our oil and gas activities to governments. We are a founding member of EITI, which supports the disclosure of payments made to and received by governments in relation to oil, gas and mining.

### Political donations

We prohibit the use of bp funds or resources to support any political candidate or party. We recognize the rights of our employees to participate in the political process and these rights are governed by the applicable laws in the countries where we operate. Our stance on political activity is set out in the code.

In the US we provide administrative support for the bp employee political action committee (PAC) which is a non-partisan committee that encourages voluntary employee participation in the political process. All bp employee PAC contributions are reviewed for compliance with federal and state law and are publicly reported in accordance with US election laws.

The PAC paused all contributions as of January 2021 and we expect to restart them in 2022. During this time PAC re-evaluated its criteria for candidate support.

### Tax transparency

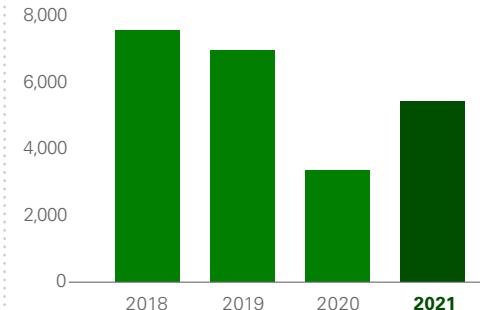
We take a responsible and transparent approach to tax and have open and constructive dialogue with governments and tax authorities.

Our responsible tax principles align with the bp code of conduct, our values and behaviours, and The B Team responsible tax principles, which we endorse. We do not tolerate the facilitation of tax evasion by people who act for or on behalf of bp.

 Read more: [bp.com/tax](https://bp.com/tax)

### Taxes paid to governments<sup>a</sup>

(\$ million)



### Employee concerns

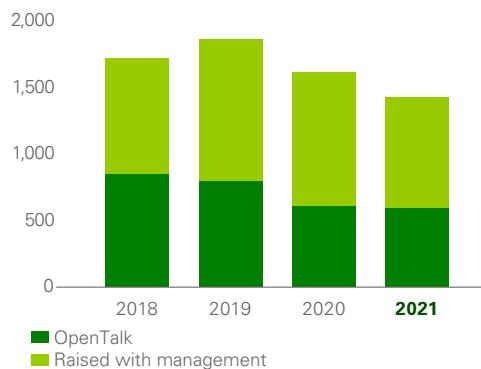
We aim to create a safe, inclusive working environment for our employees, contractors, vendors, third parties and other stakeholders. This is why we encourage the use of multiple speak up channels to raise questions or concerns about the code and unethical or unsafe behaviours.

Concerns or enquiries can be raised to line managers, senior leaders, contacts in our people and culture, ethics and compliance, and legal teams, work councils, or anonymously via OpenTalk, the bp global confidential helpline. This helpline is available 24/7 in more than 75 languages by phone or web to employees, the wider workforce, communities, business partners and other stakeholders who wish to raise a concern.

<sup>a</sup> Comprises corporate income and production taxes.

## Building on strong foundations

### Total number of concerns and enquiries raised



In 2021, around 40 employee exits<sup>b</sup> resulted from non-conformance with the code or unethical behaviour, compared with around 80 in 2020. This total excludes dismissals of staff employed at our retail service stations.

### Our people

Our people are crucial to delivering our purpose and strategy. We focus on attraction, recruitment and development to help ensure we have the skills we need today and are prepared for our transition to become an integrated energy company.

In 2021, we continued our work to build skills forecasts and capability plans in priority disciplines, such as digital and data, hydrogen, offshore wind, and electrification, so that we have the capabilities we need to deliver our strategy. This work is integral to our aim 12 to support a just transition.

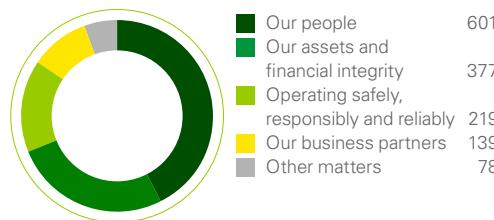
Read more about our aim 12 just transition, on [page 35](#)

### Developing our people

bp employees collectively completed more than 750,000 hours of formal learning in 2021. This was in addition to on-the-job learning, coaching and mentoring, team growth days and other informal learning opportunities that were available to our employees. Our overall learning catalogue currently includes more than 20,000 course titles, which help individuals to develop leadership skills and technical discipline depth, underpinned by a rigorous core mandatory curriculum centred on safety and compliance. Our curriculum also emphasizes future skills beyond technical and business specialisms – including sustainability, digital, agility and commercial, bolstered by a core set of soft skills.

### Concerns and enquiries raised through all reporting channels in 2021

(by code of conduct chapter)



More than 1,400 concerns<sup>a</sup> and enquiries were reported in 2021, around 14% fewer than 2020 (more than 1,600 enquiries). Concerns reported per 100 employees in 2021 decreased slightly to 2.5 (2.6 2020).

The most frequently raised concerns continue to be related to the ‘our people’ section of the code. This section of the code addresses issues such as harassment, equal opportunity, and diversity and inclusion.

<sup>a</sup> Excluding duplicate concerns.

<sup>b</sup> Dismissals, resignations during investigation and supplier terminations.

### Our capability across bp

**>10,000** engineers

**600** scientists

**2,000** digital experts

**500** coders

**1,200** project experts

**300** geologists

In 2021, we piloted a new virtual coaching and learning programme, designed to support employee personal development and strengthen our approach to performance management and feedback, with more than 3,300 people.

Leadership capability is critical. We need everyone in bp to lead through the energy transition and we are refreshing and relaunching our leadership frame and talent management practices to promote the behaviours and skills needed for the future. In 2021, we offered ‘Leading safe, ethical and inclusive teams’ support to more than 1,100 new line managers and introduced new DE&I training, including our Race for Equity programme, continuing to build leadership capability across bp.

Read more about Race for Equity, on [page 39](#)

We are also continuing to bring high-calibre specialized talent into bp from the external market to fill skills gaps and complement our expertise. Of our 64 new group leader appointments since the third quarter of 2020, 15 have been external hires.

### Education and employability

We support education and employability initiatives and invest in the communities where we work. This helps underpin our future growth by expanding talent pipelines for established skillsets and newer ones, including many of the skills that bp and the world need to get to net zero. These skills are in short supply and competition for talent is high.

# Building on strong foundations

In 2021, we refreshed our education and employability strategy to support our overall strategy and build on our work over many years to promote science, technology, education and mathematics skills.

[Read more about our education initiatives, on page 36](#)

## Monitoring employee sentiment

We monitor employee sentiment through our annual 'Pulse' survey, which is sent to all employees, and through our weekly 'Pulse Live' survey, which is sent to a representative sample of 8% of employees.

We did not run an annual 'Pulse' survey in 2020, so our comparisons are between 2021 and 2019. Despite the uncertainty caused by the COVID-19 pandemic, our 2021 survey told us that trust in our senior leadership has increased (up two percentage points compared with 2019) and more employees believe we are making progress on our transformation with a simplified organizational structure (up seven percentage points from 2019).

We introduced a new overall engagement metric in 2021, which scored 64%. Pride, which we have measured and tracked for a number of years, remained strong at 73%, but has declined by two percentage points since 2019. Building on what we have heard, we are now focusing action-planning on four key areas to strengthen engagement – connecting with purpose and strategy, employees' future excitement at work, career development and inclusion.

## Identifying and managing risk

bp manages, monitors and reports on the principal risks and uncertainties that we have identified as having the potential to impact our ability to deliver our strategy. We identify risks for particular oversight by the board and its various committees in the coming year. In 2021, these included climate-related risks, strategic and commercial risks such as financial liquidity, safety and operational risk including process safety, personal safety and environmental risks, compliance and control risks such as ethical misconduct.

bp's system of internal control is a holistic set of internal controls that includes policies, processes, management systems, organizational structures, culture and behaviours employed to conduct bp's business and manage associated risks.

The group operations risk committee provides oversight of safety and operational risk management for the group, including risks relating to sustainability. Our operating businesses identify and manage risk, using our OMS. We also monitor how risk is managed in non-operated joint ventures.

[Read more about how we manage risk in our \*\*bp Annual Report 2021\*\* on page 72](#)

## Cyber security risk

The severity, sophistication and scale of cyber attacks continue to evolve. The increasing digitalization and reliance on IT systems and cloud platforms makes managing cyber risk an even greater priority for many industries, including our own. The risk comes from a variety of cyber threat actors, including nation states, criminals, terrorists, hacktivists and insiders. As in previous years, we have experienced threats to the security of our digital infrastructure, but none of these had a significant impact on our business in 2021.

[Read more about cyber security risk in our \*\*bp Annual Report 2021\*\* on page 70](#)

## Addressing sustainability risks

We are working to further integrate sustainability risks into our risk management processes, building on both the labour rights and modern slavery risk assessments that are already in place, and our work on climate-related risks.

[Read more about our approach to climate-related risk, on page 48](#)

## Environmental and social practices

Our policies and practices set out expectations for how we manage environmental and social performance during our activities. They already include environmental and social requirements covering the majority of our sustainability aims.

As we make progress on our aims and embed sustainability into bp's DNA and culture, we will review our practices and update them as necessary so that they continue to reflect new ways of working across bp.

## Our operating management system

Our OMS provides a single framework, designed to deliver safe, reliable, compliant and sustainable operations. It includes environmental and social requirements related to our sustainability frame. These requirements apply to businesses where bp has operational control.

All our major operating sites attest or certify to ISO 14001, in line with our OMS requirement. We aim to use the planned OMS update in 2022 to better reflect our sustainability frame and aims.

## bp environmental policy

Our environmental policy is established through relevant elements of our code of conduct, in particular the sections on 'operating safely, responsibly and reliably,' and 'our code – our responsibility'.

It is supported by relevant aspects of our commitment to health, safety, security and environmental (HSSE) performance, our sustainability frame, our biodiversity position and our internal group requirements and guidance, including those comprising OMS.

[Read more: \*\*bp.com/environmentalpolicy\*\*](#)

## Biodiversity and protected areas

Our biodiversity position, published in 2020, builds on the robust practices we already had in place to manage biodiversity across bp projects.

We are committed not to operate any new oil or gas exploration or production activities inside natural or cultural UNESCO World Heritage sites, or in Strict Nature Reserves and Wilderness Areas as listed on 1 January 2020 and defined by the International Union for Conservation of Nature (IUCN). We review this commitment periodically and engage with UNESCO, the IUCN and the UNEP World Monitoring Conservative Centre.

# Building on strong foundations

We report on the number and overlap of our major operating sites in or near to protected areas and key biodiversity areas in our protected areas update. In 2021, survey activity was carried out in an international protected area as part of the UK Net Zero Teesside project. Prior to this survey, we assessed the associated environmental risks and received executive sign-off.

 Read more about our aim 16 enhancing biodiversity, on [page 43](#)

 Read more: [bp.com/protectedareas](http://bp.com/protectedareas)

## Human rights policy

Our human rights policy, updated in 2020 in consultation with external organizations, aligns with the UN Guiding Principles on Business and Human Rights. It is underpinned by the International Bill of Rights and the International Labour Organization's Declaration of Fundamental Principles at Work, including their Core Conventions. The policy states that we will obtain independent third-party assessments of selected sites and business activities' conformance with it, on a risk-prioritized basis. In 2021, a third-party assessor began scoping and developing a phased approach to deliver these assessments, starting with our central systems and processes.

Our code of conduct and OMS also contain requirements and guidance about respecting the rights of workers and community members.

 Find out more: [bp.com/humanrights](http://bp.com/humanrights)

## Labour rights and modern slavery

We publish our labour rights and modern slavery (LRMS) principles online. Requirements and guidance for our approach to LRMS across bp-operated businesses are set out in our OMS.

 Read more about our approach to labour rights and modern slavery, on [page 36](#)

 Read our LRMS principles: [bp.com/humanrights](http://bp.com/humanrights)

 Read our modern slavery and human trafficking statement: [bp.com/modernslavery](http://bp.com/modernslavery)

## Supplier expectations

We want to work with suppliers who strive for sustainability in their supply chains. We try to develop and strengthen relationships with suppliers who are committed to and act in accordance with our code of conduct.

 Read more about our aim 20 sustainable purchasing, on [page 46](#)

 Read more: [bp.com/supplierexpectations](http://bp.com/supplierexpectations)

## Influencing non-operated joint ventures

We have processes for the management of bp's interests in non-operated joint ventures (NOJV) and we leverage these to help us influence sustainability through our partners. In 2021 this influence focused on net zero operations, the measurement and abatement of methane emissions, biodiversity and human rights. Looking ahead, we plan to embed sustainability more fully in our NOJV processes, and to review all our NOJVs' portfolios so that we understand more about how we can best work together.

## Water

Our businesses actively manage our freshwater demands in areas of stress and scarcity. Based on analysis carried out using the World Resources Institute (WRI) Aqueduct Global Water Risk Atlas, four of our 17 major operating sites were located in regions with medium to extremely high water stress in 2021.

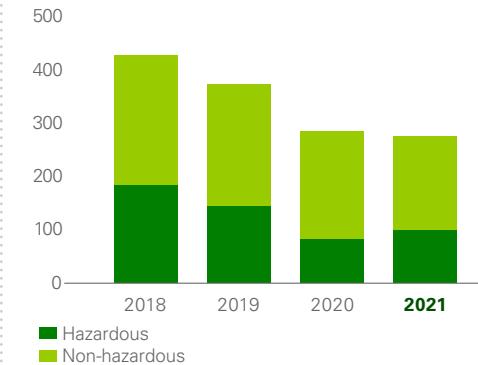
 Read more about our aim 17 water positive, on [page 44](#)

## Waste

We adopt a lifecycle approach to waste management, with a goal of avoiding, reducing and reusing the waste that is created by our operations. Around 270kt of hazardous and non-hazardous waste was disposed of in 2021, a 4% decrease from around 280kt in 2020.

### Waste disposed

(kt)



 Read more about waste streams, on [page 46](#)

## Air emissions

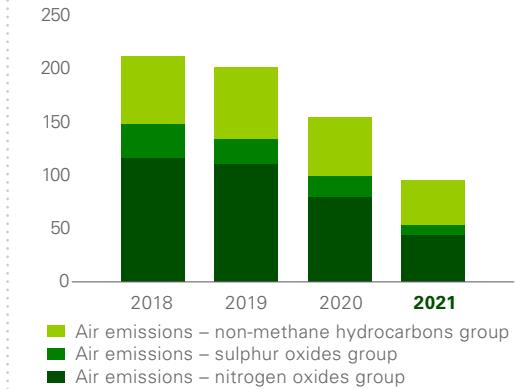
We monitor our air emissions and, where possible, put measures in place to reduce the potential impact of our operational activities on local communities and the environment.

In 2021, our total air emissions reduced by 38% compared with 2020, largely due to reductions in flaring at some of our operating facilities, including US onshore operations.

bp's operated shipping fleet transitioned to very low or ultra-low sulphur fuel oils in 2020 to comply with the International Maritime Organization's 2020 MARPOL regulation. This also contributed to the reduction in air emissions, with bp's fleet fully compliant with the regulation in 2021. These reductions were partially offset by operational variances including temporary production-related changes and flaring associated with a new production start-up.

### Air emissions

by substance (kt)



 Find more environmental and social data at: [bp.com/ESGdata](http://bp.com/ESGdata)

# Performance and progress

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# Getting to net zero

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## Reducing methane

Our bpx business is on track to achieve its aim of zero routine flaring in its US onshore operations by 2025. When bpx began operating its Permian assets in 2019, flaring intensity was over 16%. Today it is less than 1%. Investments in infrastructure, improvements to on-site operations, and enhanced fugitive emissions monitoring have contributed to these methane reductions and we are trialling new technologies to help our businesses achieve more in future.

Read more: aim 



 Our plans to install methane measurement at all our existing major oil and gas processing sites continued in 2021.

# Getting to net zero introduction

Our ambition is to be a net zero company by 2050 or sooner, and to help the world get to net zero.

In 2021, we continued to make progress against the five aims to help bp get to net zero we announced in February 2020.

In February 2022, we provided an update on our progress against our three strategic focus areas: resilient hydrocarbons, convenience and mobility and low carbon energy.

This progress, combined with our confidence in the business opportunities of the energy transition, has enabled us to accelerate two of our net zero aims. In parallel, the pace at which the world is moving to net zero is increasing, something we explore in the 'New Momentum' scenario in the 2022 bp Energy Outlook.

Read more: [bp.com/energyoutlook](https://bp.com/energyoutlook)

We now aim to be net zero across operations, production and sales.

- For aim 1, which encompasses our Scope 1 and 2 emissions from our operations, we now aim to reduce emissions by 50% by 2030, compared with our previous aim of 30-35%, on the way to being net zero by 2050 or sooner.
- For aim 3, we are aiming to reduce to net zero the lifecycle emissions for energy products we sell by 2050 or sooner – up from the previous aim of a 50% reduction in their average emissions intensity. This aim now includes physically traded energy products and marketed sales. For 2030 we are now aiming for a 15-20% reduction in the lifecycle carbon intensity of these products against the 2019 baseline.

These changes to the aims are not reflected in the basis of reporting for the purposes of our 2021 reports. Looking ahead we plan to report progress against these updated aims.

## Net zero Q&A

### What do we mean when we talk about net zero?

When we talk about helping the world get to net zero we mean achieving a balance between sources of anthropogenic emissions and removal by sinks of greenhouse gases, as set out in article 4.1 of the Paris Agreement<sup>h</sup>. When referring to bp becoming a net zero company by 2050 or sooner in the context of our net zero ambition and aims this means achieving a balance between:

- The relevant Scope 1 and 2 emissions associated with our operations (aim 1), Scope 3 emissions associated with the carbon in our net share of production of oil and gas (aim 2), or lifecycle emissions associated with our sales of energy products (associated with aim 3); and
- The total of applicable deductions from qualifying activities such as sinks, for example carbon capture, use and storage (CCUS) and land carbon projects, that are allowed for in our methodology at the applicable time.

<sup>a</sup> Cumulative reductions against the 2019 baseline on an absolute basis.  
<sup>b</sup> Previous aim 30-35%.

<sup>c</sup> Cumulative reduction in the carbon intensity of the energy products we sell ★ against the 2019 baseline.

<sup>d</sup> Previously >15% (2030).

<sup>e</sup> Previously 50% cumulative reduction in the average emissions intensity of marketed energy products ★ against the 2019 baseline.

<sup>f</sup> Methane intensity based on our new measurement approach which we aim to have in place by the end of 2023.

<sup>g</sup> Reductions against a new baseline which we intend to be based on our new measurement approach, which we aim to have in place by the end of 2023.

For terms with ★ refer to the glossary on page 377 of the bp annual report 2021.

To deliver our net zero ambition and aims, we recognize that the balance of investment between emissions reduction activities and deductions will be important. We intend to apply the principles of a mitigation hierarchy in our aims, emphasizing the role of actions such as direct operations emissions abatement, reducing our upstream oil and gas production, and shifting our sales portfolio towards lower carbon products. Qualifying deductions also have a role to play.

Aims	2025 target	2030 aims	Aims for 2050 or sooner
① Net zero operations★	20% <sup>a</sup>	50% <sup>a,b</sup>	Net zero★
② Net zero production★	20% <sup>a</sup>	35-40% <sup>a</sup>	Net zero★
③ Net zero sales★	5% <sup>c</sup>	15-20% <sup>c,d</sup>	Net zero★ <sup>e</sup>
④ Reducing methane	0.20% <sup>f</sup>	50% reduction <sup>g</sup>	
⑤ More \$ for new energies	\$3-4bn	~\$5bn	

## Getting to net zero introduction

### What role will divestments play in achieving our net zero aims?

Divestments are, and continue to be, an important part of our strategy. They enable us to strengthen our balance sheet and high-grade or diversify our portfolio. They will also help bp to create a resilient, lower cost and lower carbon oil, gas and refining portfolio that is smaller but high quality.

Divestments contribute to our aims 1, 2 and 3. For aim 1, divestments contribute to reducing our operational emissions. For aim 2, we expect our oil and gas production to be around 40% lower by 2030 compared with 2019, from 2.6mboe/d in 2019 to 1.5mboe/d in 2030, with contributions from our current programme of divestments, alongside existing field decline. For aim 3, proceeds from divestments will help to grow our low carbon businesses which over time will contribute to a reduction in the carbon intensity of the products we sell.

Divestments may not lead directly to a reduction in absolute global emissions but by redeploying investable funds to bp they accelerate the pace at which we can grow low carbon businesses. As well as helping us to meet our aim 3, these businesses can help reduce future demand for fossil fuels, and as a result, emissions. We are aiming to increase capital expenditure on our low carbon businesses to \$4-6 billion each year by 2030.

#### Our approach to divestment

We are working to reduce carbon emissions where possible across our portfolio, including in businesses or assets that we may be considering, or have scheduled, for divestment. Where we are the operator and have mature carbon management plans, we aim to pass those plans on to the buyer. All businesses and assets we sell remain covered by local regulatory requirements. This includes jurisdictions where we are advocating for effective policies and regulations to help the world get to net zero.

Read more about aims 1, 2 and 3 on [pages 22-24](#)

### Will we rely on offsetting to meet our net zero aims?

We believe that both natural and technological emission reductions and removals are critical to reaching the Paris goals. We believe that effective compliance and voluntary markets for high quality carbon credits are important to finance these activities.

We expect that global demand for carbon credits is likely to grow as more companies use them to achieve their climate-related goals. So, we intend to continue to offer carbon credits and offsetting solutions to our customers to help them meet their goals.

We do not plan to rely on offsetting to meet our 2030 net zero aims. We consider that it makes sense to account for carbon credits directly related to our business, for example where carbon credits are bundled with the energy we sell, and looking ahead we plan to do so.

We are currently participating in several initiatives and associations to develop and strengthen the quality of the offset market:

- UK Voluntary Carbon Markets Forum
- International Carbon Reduction & Offset Alliance (ICROA)
- International Emissions Trading Association (IETA)
- Natural Climate Solutions Alliance convened by the World Economic Forum and World Business Council for Sustainable Development (NCSA)

### How will we influence NOJVs to support our aims?

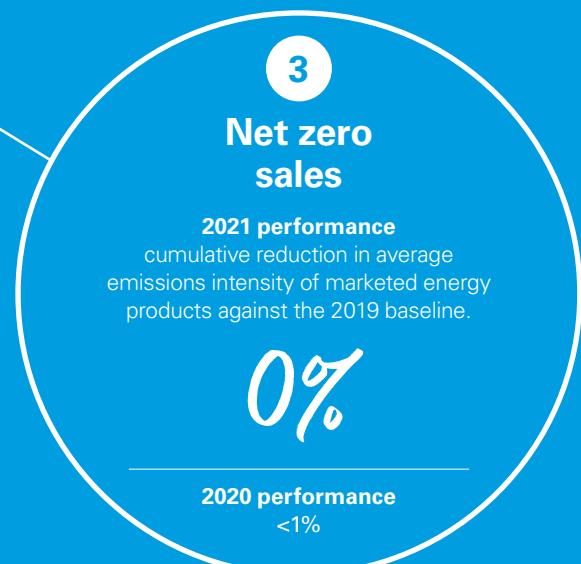
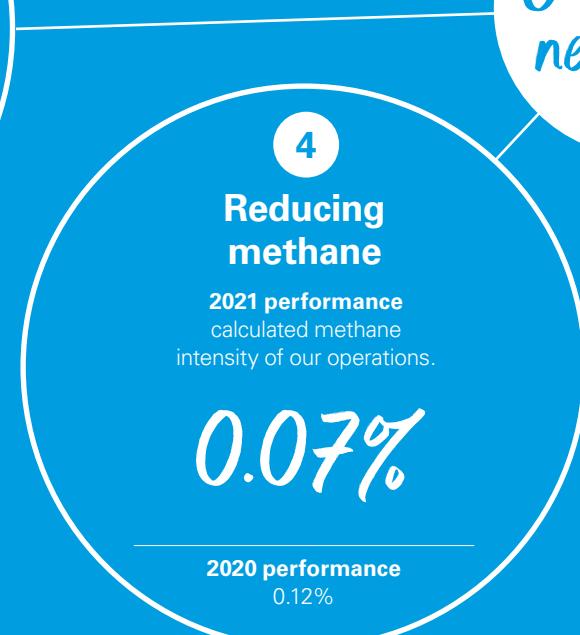
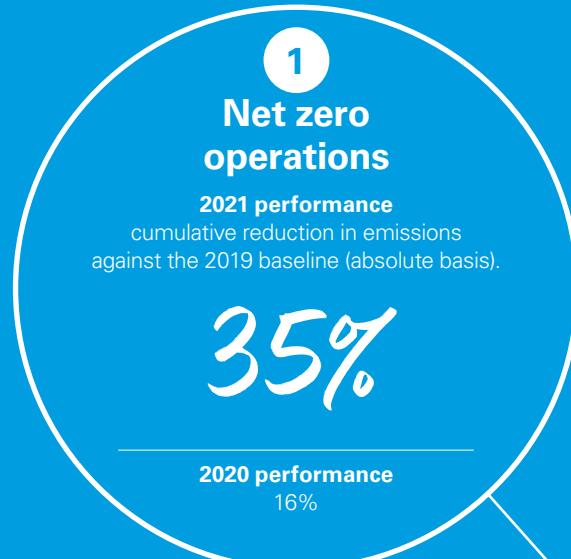
Non-operated joint ventures (NOJVs) are an important part of bp's business strategy, including with respect to methane management and net zero. In 2020, bp established a NOJV centre of excellence, which provides support to teams in bp who work with our NOJVs, including support for their efforts to influence in relation to reducing methane emissions and overall sustainability management.

We see increasing potential for influencing NOJVs or partnering with them through memoranda of understanding or strategic collaborations in support of shared goals, on issues such as carbon management, hydrogen and sustainability.

# Five aims to get bp to net zero

## Progress summary

We launched our five aims in February 2020. Given their maturity compared with the other sustainability aims that we launched in 2021, we have made progress against the majority of our targets.



Get bp to net zero

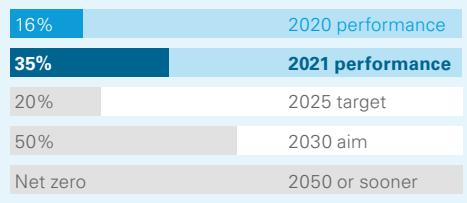
# Net zero operations★

Our aim 1 is to be net zero across our entire operations on an absolute basis by 2050 or sooner.

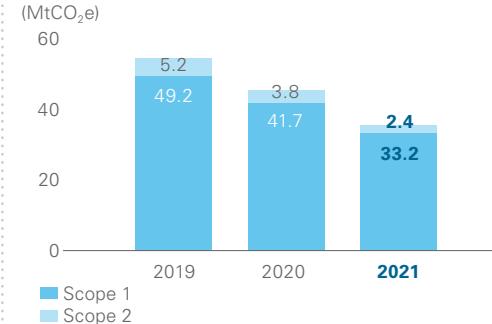
This aim relates to our Scope 1 (from running the assets within our operational control boundary) and Scope 2 (associated with producing the electricity, heating and cooling that is bought in to run those operations) GHG emissions. These emissions were 54.4MtCO<sub>2</sub>e in 2019. We're targeting a 20% reduction in our aim 1 operational emissions by 2025 and will aim for a 50% reduction by 2030 against our 2019 baseline. The 2030 aim was updated from 30–35% to 50% in February 2022.

## Progress and targets

Cumulative reduction in emissions against the 2019 baseline (absolute basis).



## Scope 1 (direct) and Scope 2 (indirect) GHG emissions (operational control boundary)<sup>a</sup>



## Our progress in 2021

We made further progress against our operational emissions reduction targets in 2021. Our combined Scope 1 and Scope 2 emissions, covered by aim 1 were 35.6MtCO<sub>2</sub>e, a decrease of 35% from our 2019 baseline of 54.4MtCO<sub>2</sub>e. The total decrease of almost 19MtCO<sub>2</sub>e includes 14.7MtCO<sub>2</sub>e in divestments and 2.6MtCO<sub>2</sub>e in sustainable emission reductions (SERs)<sup>b</sup>. Compared with 2020 (45.5MtCO<sub>2</sub>e), Scope 1 and 2 emissions in 2021 decreased by 22%.

This means that while we have exceeded our 2025 target, we have more work to do to achieve our overall net zero aim by reducing emissions while bringing new projects online.

Scope 1 (direct) emissions, covered by aim 1, were 33.2MtCO<sub>2</sub>e in 2021, a decrease of 20% from 41.7MtCO<sub>2</sub>e in 2020. Of those Scope 1 emissions 32.0MtCO<sub>2</sub>e were from CO<sub>2</sub> and

1.1MtCO<sub>2</sub>e from methane<sup>c</sup>. Emissions decreased due to divestments, delivery of SERs and other permanent operational changes.

Scope 2 (indirect) emissions decreased by 1.4MtCO<sub>2</sub>e, to 2.4MtCO<sub>2</sub>e in 2021, a 37% reduction compared with 2020. This decrease resulted from lower carbon power agreements, including at our Gelsenkirchen site, and the divestment of our petrochemicals business at the end of 2020.

In 2021 compared with 2020:

- Divestments accounted for 9.3MtCO<sub>2</sub>e of the Scope 1 and Scope 2 emissions decrease including the divestment of our operations in Alaska, our petrochemicals business and bpX energy divestments.
- The delivery of SERs reduced Scope 1 and 2 emissions by 1.6MtCO<sub>2</sub>e (in addition to the 1MtCO<sub>2</sub>e delivered in 2020).
- Other permanent reductions in 2021 included the repurposing of Kwinana refinery (0.7 MtCO<sub>2</sub>e reduction) and cessation of production at Foinaven FPSO (0.2 MtCO<sub>2</sub>e reduction).
- Temporary production-related changes accounted for an increase of 1.1MtCO<sub>2</sub>e associated with higher activity levels, particularly in refining, and temporary flaring increases in 2021.
- Total hydrocarbons flared increased from 831kt to 967kt in 2021 due to operational variances including temporary flaring associated with a new production start-up.

SERs across our business and activities in 2021 included:

- Gelsenkirchen refinery and chemicals facility reduced its Scope 2 emissions from purchased electricity by 520ktCO<sub>2</sub>e through new lower carbon power agreements.
- Our Azerbaijan, Georgia, Turkey (AGT) region delivered reductions of 118ktCO<sub>2</sub>e including 36ktCO<sub>2</sub>e from waste heat recovery modifications.
- Oman delivered further reductions of 65ktCO<sub>2</sub>e through green completions and 28ktCO<sub>2</sub>e through well-testing without flaring.

## bp equity share emissions

We report our operational (Scope 1 and 2) GHG emissions with reference to two boundaries, operational control and bp equity share. The data for both boundaries are included in the ESG datasheet and the annual report. Operational control boundary broadly covers bp-operated assets<sup>a</sup>. bp equity share covers 100% of emissions from subsidiaries and the percentage of emissions equivalent to our share of joint arrangements and associates<sup>d</sup>. Our Scope 1 and Scope 2 emissions reduced on both an operated and equity share basis in 2021 compared with 2020.

Read more: [bp.com/ESGdata](http://bp.com/ESGdata)

a Operational control data comprises 100% of emissions from activities operated by bp, going beyond the IPIECA guidelines by including emissions from certain other activities such as contracted drilling activities.

b SERs result from actions or interventions that have led to ongoing reductions in Scope 1 (direct) and/or Scope 2 (indirect) greenhouse gas (GHG) emissions (carbon dioxide and methane) such that GHG emissions would have been higher in the reporting year if the intervention had not taken place. SERs must meet three criteria: a specific intervention that has reduced GHG emissions, the reduction must be quantifiable and the reduction is expected to be ongoing. Reductions are reportable for a 12-month period from the start of the intervention/action.

c Due to rounding some totals may not agree exactly with the sum of their component parts.

d bp equity share data comprises 100% of emissions from subsidiaries and the percentage of emissions equivalent to our share of joint arrangements and associates, other than bp's share of Rosneft. On 27 February 2022, following the military action in Ukraine, the bp board announced that bp intends to exit its 19.75% shareholding in Rosneft Oil Company (Rosneft).

For terms with ★ refer to the glossary on page 377 of the bp annual report 2021.



1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20

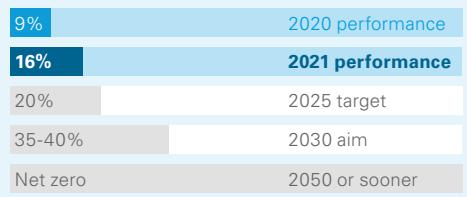
Our aim 2 is to be net zero on an absolute basis across the carbon in our upstream oil and gas production by 2050 or sooner.

This is our Scope 3 aim and is based on bp's net share of production<sup>a</sup> (around 361MtCO<sub>2</sub> in 2019). It is associated with the CO<sub>2</sub> emissions from the assumed combustion of upstream production of crude oil, natural gas and natural gas liquids (NGLs).

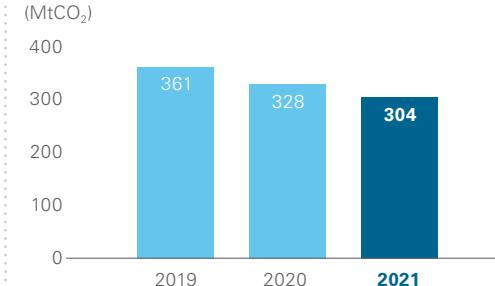
We are targeting a 20% reduction by 2025 and will aim for 35-40% by 2030 against our 2019 baseline.

## Progress and targets

Cumulative reduction in emissions against the 2019 baseline (absolute basis).



## Estimated emissions from the carbon in our upstream oil and gas production



## Our progress in 2021

Becoming net zero on an absolute basis across the carbon in our upstream oil and gas production is in part linked to reducing oil and gas production, which we expect to reduce by around 40% by 2030, against our 2019 baseline. We are taking action to achieve this through portfolio management, including divestments. We are also developing decarbonization strategies for the future, including the potential use of sinks such as carbon capture use and storage, which in future, we intend to allow for in our methodology to support this aim.

The estimated Scope 3 emissions from the carbon in our upstream oil and gas production were 304MtCO<sub>2</sub> in 2021, a reduction of approximately 7% from 328MtCO<sub>2</sub> in 2020, mainly associated with portfolio changes, including divestments and existing field decline. This is in line with our aim to reduce our oil and gas production, and was partially offset by major project start-ups and new well deliveries.

Since 2019 estimated Scope 3 emissions have reduced by 16%. We are on track to meet our 2025 target of a 20% reduction against our 2019 baseline.

## **Estimated emissions from the carbon in our upstream oil and gas production by product**

	2019 baseline	2020 performance	2021 performance
Total	361	328	304
Oil	185	177	152
Gas	165	140	138
NGL	11	11	9

## Scope 3 emissions

Our aim 2 emissions are broadly equivalent to the GHG Protocol, Scope 3, category 11, with the specific scope of upstream production volumes.



a Excluding bp's share of production in Rosneft. On 27 February 2022, following the military action in Ukraine, the bp board announced that bp intends to exit its 19.75% shareholding in Rosneft Oil Company (Rosneft).  
For terms with ★ refer to the glossary on page 377 of the bp annual report 2021.





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## NOJV activities

Our work to collaborate with and influence our NOJVs on methane management is coordinated through our NOJV centre of excellence. We have prioritized collaboration with NOJVs that have the greatest potential to reduce methane emissions. We are working to influence them to set their own methane intensity targets of 0.2% and take action to reduce methane emissions, directly and through industry bodies such as Methane Guiding Principles (MGP) and the new OGMP 2.0. We are keen to share knowledge and learn from our NOJVs.

## Collaboration and methane advocacy

bp has been awarded gold status by the United Nations Environmental Programme for our plans to measure and reduce methane emissions in the first year of the OGMP 2.0 reporting framework. The award recognizes the work of many bp teams and collaborations with our partners including NOJVs.

The UN-led OGMP initiative has gathered momentum. When we first joined the original OGMP in 2015 there were 10 member companies; there are now more than 70 members, including midstream and downstream companies.

As a signatory of the MGP, we are currently leading a project to develop a free-to-use web-based tool, suitable for use by any oil and gas company, operated or non-operated, large or small, to support improved understanding, reporting and mitigation of methane.

We have advocated for progressive methane policy, including the federal regulation of methane emissions in the US and the development of policy and regulations in Europe, for example our response to the EU methane emissions consultation.

Read more about our advocacy, on [page 29](#)

### Why methane reduction is important in slowing the rate of temperature increase

When methane is emitted into the atmosphere unburnt, it has a relatively short atmospheric lifespan of 10 to 12 years. But it is more than 25 times more potent than CO<sub>2</sub> over a 100-year time span.

Reducing methane emissions could dramatically reduce the pace of warming. According to the Intergovernmental Panel on Climate Change (IPCC), methane was the second largest contributor to warming over the last decade to 2019, with almost 60% of the impact of carbon dioxide.

During the COP26 climate change conference in Glasgow, UK, 103 countries signed the Global Methane Pledge to reduce global methane emissions by 30% by 2030 against a 2020 baseline. In the US, the Environmental Protection Agency has proposed the adoption of federal regulations that will require oil and gas operators to detect and repair methane leaks.

This is a critical step toward helping the US reach net zero by 2050 or sooner and we look forward to continuing to engage with the Agency as it develops methane rules.

## More \$ for new energies

Our aim 5 is to increase the proportion of investment we make into our non-oil and gas businesses.

Over time, as investment goes up in low and zero carbon, we see it going down in oil and gas.

### Progress and targets

Annual \$ investment in low carbon

\$750m	2020 performance
~\$2.2bn	2021 performance
\$3-4bn	2025 target
~\$5bn	2030 aim

### Our progress in 2021

As we continue towards our net zero ambition, we target increasing our low carbon investment to \$3-4 billion per year in 2025, and aim to increase it to at least \$5 billion per year in 2030.

In 2021, low carbon capital expenditure increased from around \$750 million in 2020 to nearly \$2.2 billion. This is due to our continuing acceleration in offshore wind and solar as well as advancing mobility with a bolder ambition in electrification.

Read more: [bp.com/results](http://bp.com/results)

## Offshore wind

We completed the formation of a 50-50 strategic US offshore wind partnership with Equinor to jointly develop up to 4.4GW generating capacity from two major lease areas off the US East Coast through two projects, Empire Wind and Beacon Wind. In the UK, bp and 50-50 partner EnBW were jointly selected as the preferred bidders for two 60-year leases in the UK's first offshore wind leasing round in a decade – development of these projects, Morgan and Mona, is expected to add up to 3GW offshore wind capacity in the UK.

In January 2022, together with EnBW, we were awarded a lease option to develop a major offshore wind project around 60km offshore from Aberdeen, Scotland. This project, to be known as Morven, will have a potential generating capacity of around 2.9GW, sufficient to power more than three million homes.

## Solar

Lightsource bp is further accelerating growth, now targeting up to 25GW by 2025 and will be exclusively developing a potential 9GW solar pipeline for bp following the acquisition of 7X Energy in 2021. Lightsource bp continued to grow its operational portfolio in the US, Europe and Australia in 2021, including new markets in Greece and Poland.

In June 2021, Vendima, five flagship Lightsource bp solar projects, began commercial operations in Zaragoza, Spain. The five-project cluster has a total capacity to provide around 250MWp of solar energy, producing electricity which is the equivalent of powering over 107,000 homes.

These projects also aim to improve local biodiversity by planting native species and positively contributing to the local economy through job creation.

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## Hydrogen

We anticipate significant future investment in hydrogen and during 2021 we progressed current projects in Australia, Germany, the Netherlands and Spain. We also identified several new projects and continued to explore new opportunities across multiple geographies. In the UK, we have made several recent announcements, including our plan to build a hydrogen production facility at Teesside in the North East of England, intended to deliver up to 1GW of blue hydrogen by 2030, and the HyGreen Teesside project targeting 60MWe of green hydrogen production by 2025. In addition, we have established partnerships with the cities of Aberdeen and Houston to integrate city energy systems around hydrogen, solar and mobility solutions. Initial capital expenditure is expected to be deployed from 2022 onwards.

Hydrogen production is also set to play a part in the strategic partnership we have formed with ADNOC and Masdar to provide clean energy solutions for the UK and UAE as well as in our collaboration with Valencia regional government to explore decarbonization opportunities in the region.

We are achieving significant milestones in building our hydrogen and CCS businesses. As part of the East Coast Cluster, the Northern Endurance Partnership has been confirmed as one of the UK's two initial carbon capture and storage projects. And we have awarded the first engineering contracts for Northern Endurance Partnership and Net Zero Teesside power station. We are also building a hopper of options worldwide, including global export hubs for marine and shipping.

### HyGreen Teesside

HyGreen Teesside could deliver up to 500MW of low carbon electrolytic-enabled hydrogen production by 2030. We are aiming to start production by 2025, with an initial phase of some 60MWe of installed hydrogen production capacity. A final investment decision on the project is expected in 2023. Together with H2Teesside, which has the capacity to deliver a planned 1GW CCS-enabled blue hydrogen, bp projects could deliver 30% of the UK government's 5GW hydrogen target. The project is expected to fuel the development of Teesside into the UK's leading hydrogen transport hub, helping enable large-scale decarbonization of heavy transport, airports, ports and rail in the UK, while supporting economic development and regeneration in Teesside.

## Electrification

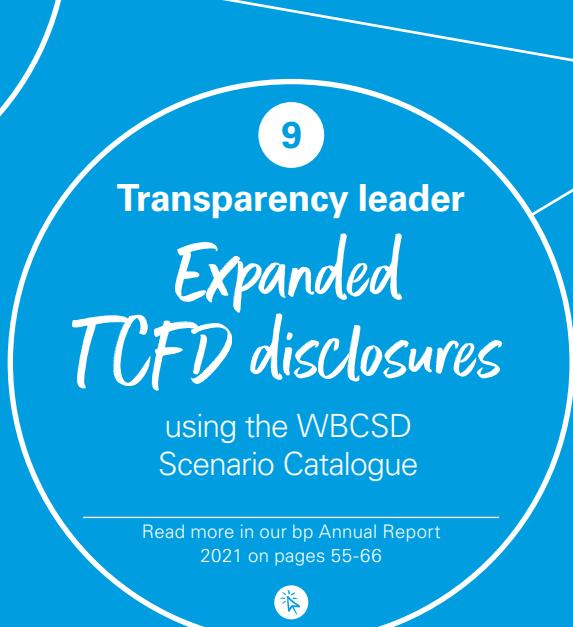
We see electric vehicle (EV) charging as a transition growth engine for our convenience and mobility strategic focus area. In 2021, we increased capital expenditure in our EV charging business compared with 2020. This aligns with bp's aim to accelerate our EV charging ambition across key growth markets, through a focus on on-the-go' charging and fleets and growing our network of around 13,100 charge points today to more than 100,000 by 2030.

Through strategic collaborations, such as our participation in Digital Charging Solutions alongside Mercedes-Benz and BMW, we expect to connect EV drivers across Europe to our network of charge points. We anticipate substantial growth potential in fleet charging and have acquired AMPLY Power, an EV charging and energy management provider for fleets in the US. This acquisition gives us a viable fleet business and has accelerated our entry into one of the fastest growing fleet charging markets in the world.

# Five aims to help the world get to net zero

## Progress summary

We launched our five aims to help the world get to net zero in February 2020, alongside five aims to get bp to net zero. These aims are primarily qualitative in nature but we have made progress in line with our aims.



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# Advocating

Our aim 6 is to more actively advocate for policies that support net zero, including carbon pricing.

We have stopped corporate reputation advertising campaigns, and this is enabling us to redirect resources to promote well designed climate policies. In future, any corporate advertising will be to advocate for progressive climate policy; communicate our net zero ambition; invite ideas; or build collaborations.

We will continue to run recruitment campaigns and advertise our products, services and partnerships – although we aim for these to increasingly be low carbon.

## Our progress in 2021

Advocacy takes place at regional, country, state and local levels but in 2021, we focused on themes including methane emissions reductions, electrification and the need to support reskilling for the energy transition. Our activities included:

- Supporting carbon pricing in the US, including actively advocating for the cap and invest programme within the Washington State Climate Commitment Act. This has now passed into law, and we are working with state agencies as they develop rules for implementation.
- Providing technical input to the US Environmental Protection Agency (EPA) ahead of its proposal for new rules aimed at reducing methane emissions from the oil and gas industry.

We advocate for direct federal regulation of methane in the US and we look forward to engaging with the EPA as it further develops its methane rules.

- Contributing to a series of actions from both industry and government to help accelerate the mass adoption of electric vehicles across the UK, as part of our membership of the Electric Vehicle Fleet Accelerator.
- Giving support and input to proposals for climate and sustainability reporting in the US and UK by responding to requests for information by the Securities and Exchange Commission (SEC) in the US and the Financial Conduct Authority (FCA) and Department for Business, Energy and Industrial Strategy (BEIS) in the UK.
- Contributing to the UK Green Jobs Taskforce report calling for government, industry and the educational sector to take action to deliver on the promise of a green industrial revolution and net zero.
- Providing input to the development of the New Zealand Sustainable Biofuels Mandate.
- Supporting the drafting of EU methane regulations by developing technical methane recommendation papers issued through industry bodies such as the Methane Guiding Principles, as well as more targeted bp-specific feedback. This effort will continue in 2022.

In addition, our CEO publicly welcomed the 'Fit for 55' legislative package – to help the EU to cut its emissions by at least 55% by 2030, compared with 1990 levels. We have responded to multiple consultations on these proposals, for example, on the ramp-up of production of sustainable aviation fuel and increasing the overall share of renewables to at least 40%.

Read more: [bp.com/policyandadvocacy](http://bp.com/policyandadvocacy)

## Our advocacy hubs

We have improved transparency about our global policy advocacy by publishing examples of our activity in support of aim 6. We plan to provide updates on key activities to inform stakeholders of our key advocacy themes and activities throughout the year.

Read more: [bp.com/advocacyactivities](http://bp.com/advocacyactivities)

Read more: [bp.com/USadvocacy](http://bp.com/USadvocacy)



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# Incentivizing employees

Our aim 7 is to incentivize our global workforce to deliver on our aims and mobilize them to become advocates for net zero.

This will include continuing to allocate a percentage of remuneration linked to emissions reductions for leadership and around 22,000<sup>a</sup> employees.

## Our progress in 2021

To help our employees deliver our strategy and sustainability aims, we are educating them about the importance of net zero, incentivizing them to become advocates and providing the support they need to do so. In 2021, we have made progress in all three areas: incentivization, education and advocacy support.

### Incentivization

Our annual bonus for all eligible employees, including the bp leadership team, has been linked to a sustainability measure since 2019.

The bonus scorecard against which our employees are measured incentivizes them through three themes: safety and sustainability (30%), operational performance (20%) and financial performance (50%).

For sustainability this includes a measure related to sustainable emissions reductions. In 2022, our annual bonus scorecard will remain unchanged for employees. We will expand sustainability measures in the long-term incentive plan scorecard for group leaders, through two social measures on employee engagement and improved ethnic minority representation within our senior level leader population, along with the inclusion of an aim 1 net zero operations measure.

 Read more in our [bp Annual Report 2021 on page 122](#)

In addition from 2022, over 40% of the performance-based share awards for our senior leaders will be related to low carbon actions and delivering our strategy.

We offer sustainable benefits to eligible UK employees, including the choice of electric fleet vehicles. In 2021, through our carbon offsetting scheme offered as part of our employee engagement, bp employees offset a combined 75ktCO<sub>2</sub>e for domestic carbon and travel, including corporate aviation. The offsetting scheme is set to be rolled out globally in 2022. These two employee schemes are unconnected to bp's operational emissions, which are not being offset.

### Education and advocacy

In 2021, we launched our new digital training course 'Net Zero + Me', which we developed to show how employees across bp contribute to our ambition. We also appointed our first low carbon skills and learning team to help our people build the capability they need as we pursue our net zero ambition and scale our low carbon businesses.

<sup>a</sup> This figure was approximately 37,000 in February 2020. It has been updated to reflect the number of employees eligible for a cash bonus in 2021.

We have created a community of employee advocates, supported by a growing communications and engagement network. Throughout 2021, these advocates supported a number of progressive climate policy campaigns, including the rEV index campaign, which measures the UK's progress in transitioning to electric vehicles. By the end of 2021 more than 2,900 advocates were active across bp.

# Aligning associations

Our aim 8 is to set new expectations for our relationships with trade associations around the globe.

We will make the case for our views on climate change within the associations we belong to and we will be transparent where we differ. And where we can't reach alignment, we are prepared to leave.

## Our progress in 2021

We belong to trade associations that offer opportunities to share good practice and collaborate on issues of importance to us, not just policy and advocacy. bp's voice is one among many, but we work hard to make our case and enlist the support of like-minded companies for progressive climate policies.

Progress is sometimes challenging and uneven because associations need to take account of members' differing views. We recognize this and will continue using our influence to make our case.

We periodically assess the alignment of key associations with our position on climate. In 2021 we published an update on the progress made by five that we had found to be only partially aligned in our 2020 inaugural report:

- Following advocacy by members, including bp, the American Petroleum Institute (API) declared support for direct federal regulation of methane in its Climate Action Framework, in which it also states that it will support carbon pricing mechanisms. We are encouraged by the Framework's focus on transparency and reporting.
- bp was among the companies that urged the US Chamber of Commerce to take a more active and positive approach to climate policy, which it did in its January 2021 policy update. This included support for a 'market-based approach to accelerate GHG emissions reductions' and the direct regulation of methane emissions.
- The National Association of Manufacturers' position has evolved in the area of carbon pricing as the organization has stated support for 'market based options'.
- We were also encouraged by progress made concerning support for progressive climate policy by the Australian Institute of Petroleum and the Canadian Association of Petroleum Producers.

In our 2021 progress update, we list our 66 most significant memberships where fees exceeded \$50,000.

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Throughout 2021, we pushed for constructive engagement on climate policy proposals in the US, with API, the US Chamber of Commerce, the National Association of Manufacturers, and other organizations.

We plan to publish a further trade associations review in the second quarter of 2022.

#### New memberships in 2021

As we transition to become an integrated energy company, our trade association memberships are evolving too. These new memberships relate to our strategic pillars of convenience and mobility and low carbon energy:

- Clean Fuel Ammonia Association aims to develop a commercial CO<sub>2</sub>-free ammonia value chain in Japan.
- Chargeup Europe advocates for policies that support and facilitate the smooth uptake of electric vehicles in Europe.
- Maersk Mc-kinney Møller Center for Zero Carbon Shipping advocates for policies to decarbonize the global maritime industry. bp formed a strategic partnership with them in 2021. And we are collaborating on the development of new alternative fuels and low carbon solutions for the shipping industry.
- NACS (the Association for Convenience & Fuel Retailing) advocates for convenience and fuel retailers, particularly on regulations affecting businesses across the globe but focused on the US.

[Read more: \*\*bp.com/tradeassociations\*\*](https://bp.com/tradeassociations)

# Transparency leader

Our aim 9 is to be recognized as an industry leader for the transparency of our reporting.

On 12 February 2020, we declared our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

We intend to work constructively with the TCFD and others – such as the Sustainability Accounting Standards Board (SASB) – to develop good practices and standards for transparency.

## Our progress in 2021

Throughout the year we have taken steps to increase the transparency of our reporting on climate-related matters and sustainability more broadly. For example, we:

- Published our SASB index, reporting against metrics from the Oil & Gas – Exploration & Production standard.
- Resumed submission to the CDP (Climate Disclosure Project) climate questionnaire and received an A- score.

[Read more about all of these: \*\*bp.com/ourreporting\*\*](https://bp.com/ourreporting)

- Published our first diversity, equity and inclusion (DE&I) report.

[Read the report here: \*\*bp.com/DEI\*\*](https://bp.com/DEI)

- Published our second tax transparency report.

[Read the report here: \*\*bp.com/tax\*\*](https://bp.com/tax)

- Published our UK ethnicity pay gap data.

[Read the report here: \*\*bp.com/ukgenderpaygap\*\*](https://bp.com/ukgenderpaygap)

- Responded to assessments by the WBA (World Benchmarking Alliance) as part of their Net Zero and Just Transition benchmarks.

- Joined the TNFD (Taskforce on Nature-related Financial Disclosures) forum to better understand future reporting on this topic.

We have actively participated in the development of carbon and net zero standards and benchmarks. We, alongside some of our peers, are currently piloting the new Net Zero Standard developed by the Institutional Investors Group for Climate Change for Oil & Gas. This standard is expected to integrate into Climate Action 100+ analysis. Throughout 2021, we have responded to consultations from CA100+, Science-Based Targets initiative and others.

[Read more about our engagement with stakeholders, on \*\*page 51\*\*](#)



## Expanded TCFD disclosures

For 2021, we have reported in line with the FCA listing rule for premium listed companies LR 9.8.6(8)<sup>a</sup> and made climate-related financial disclosures against each TCFD Recommended Disclosure that we consider to be consistent both with the Recommended Disclosure and the related Recommendations. You can read these full disclosures covering governance, strategy, risk and metrics and targets in the bp annual report 2021 on pages 55-66.

[Read more: \*\*bp.com/TCFD\*\*](https://bp.com/TCFD)

## Developing scenarios

Our chief economist contributed to work requested by the TCFD from the WBCSD (World Business Council for Sustainable Development) 'Climate Scenario Analysis Reference Approach for Companies in the Energy System', to develop business-relevant approaches to climate scenario analysis that support and inform disclosures about strategic resilience.

We hope that as companies use standard variables from the Catalogue, it will allow for greater consistency and comparisons of disclosures. We have drawn on the Catalogue to conduct our scenario analysis as part of our TCFD reporting.

The use of these scenarios in this way complements how we use scenarios in the bp Energy Outlook, which inform our understanding of the energy transition and the global energy system. This helps us to think about different outcomes and how they might impact our strategy.

[Read more: \*\*bp.com/energyoutlook\*\*](https://bp.com/energyoutlook)

<sup>a</sup> [https://www.handbook.fca.org.uk/instrument/2020/FCA\\_2020\\_75.pdf](https://www.handbook.fca.org.uk/instrument/2020/FCA_2020_75.pdf)

# Clean cities and corporates

Our aim 10 is to launch a new team to create integrated clean energy and mobility solutions.

We launched our regions, cities and solutions team in 2020, to help countries, cities and corporations around the world decarbonize.

## Our progress in 2021

In 2021, we continued working towards our target of partnering with 10-15 cities globally by 2030.

We already have partnerships with Houston in the US and Aberdeen in Scotland. In Aberdeen we signed a memorandum of understanding (MoU) with Aberdeen Harbour to explore the possibility of identifying and potentially developing projects to reduce emissions and lower air and noise pollution from vessels arriving there.

In January 2022, in the Valencia region of Spain, we signed MoUs with the state government and ceramic industry associations, to explore ways to decarbonize public and private mobility, port and airport operations and industry in the region. This builds on our plans to transform our Castellon refinery to be capable of producing green hydrogen, biofuels and renewable energy.

Our regions, cities and solutions team is working to meet corporates' complex decarbonization needs through access to a 'one stop shop' of low carbon energy solutions from across bp businesses.

We made progress against our intention to partner with corporates in the heavy industry, heavy transport and hi-tech and consumer products sectors.

### Heavy industry

We signed an MoU with CEMEX, a global leader in the building materials industry, to support its 2050 ambition to deliver net zero concrete. We intend to work with CEMEX to potentially develop decarbonization solutions for the production and transportation of their cement products.

### Heavy transport

We have agreed to work with corporates from the shipping, aviation and trucking industries. Together with the Maersk Mc-Kinney Møller Center for Zero Carbon Shipping, we signed a partnership agreement committing to a long-term collaboration on the development of new alternative fuels and low carbon solutions for the shipping industry.

We also signed an MoU with the shipping and logistics company NYK Line to collaborate on future fuel and transportation solutions to help shipping and other sectors decarbonize. In relation to shipping, the collaboration will focus on ways of transitioning from current marine fuels to future fuels and associated value chains such as CO<sub>2</sub> shipping.

We announced plans to create a decarbonized air corridor between the UAE and UK through a strategic partnership with Masdar and ADNOC. We also progressed our strategic partnership with Qantas to supply sustainable aviation fuel to the airline from 2022 for selected flights from London to Australia departing from London's Heathrow Airport.

### Hi-tech and consumer products

We signed an agreement with Infosys to develop and pilot an 'energy as a service' solution and digital platform, with a pilot to be carried out at its Pune campus in India. We also signed an MoU with Schneider Electric to collaborate on jointly offering integrated energy solutions to customers.

### Partnership updates

During 2021, we progressed a number of partnerships originally announced in 2020.

In Aberdeen, we have formed a joint venture with Aberdeen City Council to build and operate Scotland's first green hydrogen hub, supplying hydrogen for the city's mobility and heating needs. The addition of the ScotWind offshore wind lease brings the potential for greater scale, enabling the hydrogen hub to supply neighbouring regions.

As a result of the successful ScotWind bid, together with our partner EnBW we will work to establish an operational centre in Scotland, and make Aberdeen our global operations and maintenance centre of excellence for offshore wind, creating up to 120 new direct jobs. It is expected to contribute up to £40 million per year to the economy.

In July, we progressed our partnership with Microsoft to create renewable energy deal structures for its data centres. Microsoft and bp are also working together to find innovative low carbon solutions – exploring concepts such as the development of clean energy parks powered by next-generation technologies. We are also using Microsoft's Azure cloud services to access its machine learning and data analytics tools.

# Improving people's lives

## In this section

### Five aims to improve people's lives

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Aim 12: Just transition	 35
Aim 13: Sustainable livelihoods	 37
Aim 14: Greater equity	 38
Aim 15: Enhance wellbeing	 40

### More clean energy

Together with EnBW, we are set to develop a major offshore wind project around 60km offshore from Aberdeen, Scotland. This project will have a total generating capacity of around 2.9GW, sufficient to power more than three million homes. We intend to make Aberdeen our offshore wind centre of excellence for operations and maintenance, creating up to 120 new direct jobs.

Read more: **aim 11**

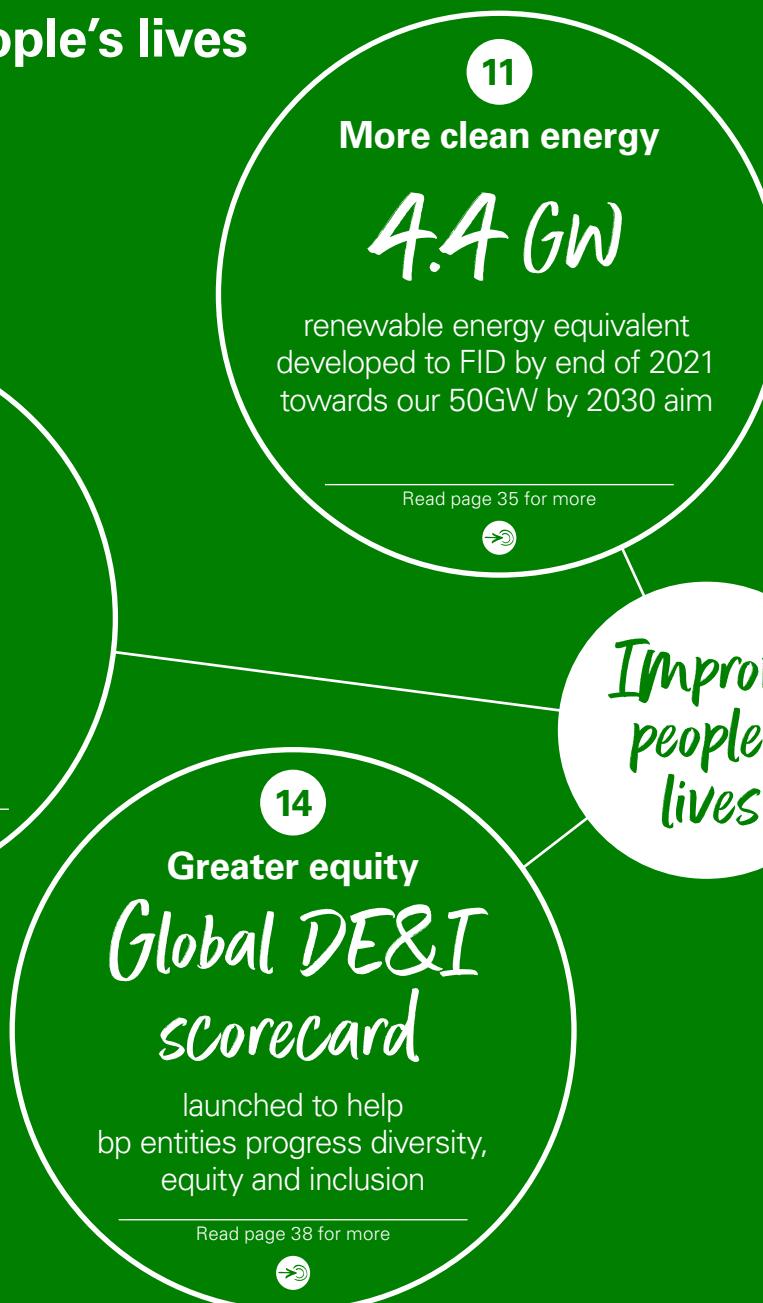


Throughout 2021, we reviewed ways in which we can support access to affordable energy.

# Five aims to improve people's lives

## Progress summary

We have made progress against our aims, including benchmarking and agreeing focus areas. This is a key part of the systematic, considered and collaborative approach we are taking to deliver our aims.



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# More clean energy

Our aim 11 is to develop enough clean energy to benefit more than 36 million people.

By 2030 we aim to have developed 50GW of renewable generating capacity<sup>a</sup> – broadly enough to meet the power needs of 36 million people<sup>b</sup>, including exploring ways to make clean energy accessible to those who need it most<sup>c</sup>.

## Our progress in 2021

We have set two objectives for this aim: 50GW renewable energy equivalent developed to final investment decision (FID) by 2030; and programmes to support access and affordability. We have made progress against both in 2021.

Read more: [Aims and objectives summary](#)

## Developing more renewable energy

We set a target of 20GW of renewable energy generating capacity to be developed to FID by 2025 with an aim of 50GW by 2030.

<sup>a</sup> The aggregate quantity, net to bp, of renewable generating capacity that has been developed to the point of final investment decision.

<sup>b</sup> We estimate that the level of renewable generating capacity we will add is capable of providing enough renewable power to meet the needs of around 36 million people based on a 2019 global average electricity consumption per capita value.

<sup>c</sup> Over the course of 2021-22 we will explore how we can do more to enable greater access to clean energy for those who need it most.

We are on track with 4.4GW brought to FID by end of 2021 and 23GW in the pipeline.

Our development pipeline includes new solar development projects agreed by Lightsource bp in the US across 12 states and in New South Wales, Australia, as well as offshore wind projects in the US and UK.

In the UK in January 2022, we were successful in the ScotWind licensing round with our partner EnBW, adding 1.5GW net to our pipeline. This brought our offshore wind pipeline to over 5GW net of offshore wind projects in the core UK and US markets.

bp and EnBW have agreed to develop an 860km<sup>2</sup> lease located 60km off the coast from Aberdeen as a fixed-bottom offshore wind project with a total generating capacity of around 2.9GW, sufficient to power more than three million homes. We intend to make Aberdeen our offshore wind centre of excellence for operations and maintenance, supporting Scotland's energy transition.

Read more about our investments in low carbon, on [page 26](#)

## Access and affordability programmes

Throughout 2021, we reviewed ways in which we can support access to affordable energy and in 2022, we are set to develop and outline an approach to meeting this objective. We already have initiatives underway to widen access to affordable and sustainable energy.

# Just transition

Our aim 12 is to support a just energy transition that advances human rights and education.

We support the Paris Agreement, which recognizes the importance of a just transition – one that delivers decent work, quality jobs and supports the livelihoods of local communities.

To support a just energy transition, we aim to collaborate with key stakeholders and other industries to support the advancement of human rights through the transition. We will do this by developing just transition plans in priority areas and helping the workforce to develop skills for the future energy system, taking a socially inclusive approach. We aim to build stronger relationships with local communities, based on mutual trust and respect, and will support civic dialogue, greater transparency and capacity building, where we work.

In 2021, we focused on defining and building the systems, processes and metrics that we will need in order to progress towards our 2025 targets and 2030 aims.

Read more: [Aims and objectives summary](#)

## Enabling a just transition

In 2021, we advanced initiatives that support a just transition for the bp workforce and for people living in communities where we operate.

Together with the Council for Inclusive Capitalism and Boston Consulting Group and in consultation with the Vatican Dicastery for Promoting Integral Human Development, we co-led an initiative called the Just Transition Workstream, which involved CEOs from energy-intensive companies, investing firms, academic institutions and civil organizations to assist businesses in playing a role in helping workers, communities and customers share the benefits of the energy transition. This resulted in the Just Energy Transition Framework for company action and a learning hub to share emerging good practices. This work is helping to inform bp's activities in support of a just transition.

Throughout 2021, we supported the development of the Energy for a Just Transition collaboration led by Business for Social Responsibility (BSR) and The B Team and are now active participants. The collaboration brings together energy and utilities companies and other stakeholders to develop practical guidance on how companies can integrate just transition principles into their sustainability strategies and practices.

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And in 2021 we became a member of the Global Business Initiative for Human Rights (GBI), a cross-sector organization shaping practice and building capability to implement respect for human rights. GBI has begun developing a workstream on how companies can support a just transition.

In the UK, we co-funded research with Business in the Community (BITC) and other partners to gain shared understanding of the challenges and opportunities associated with a just transition. BITC's Climate Action Leadership Team is chaired by our SVP Europe and head of country UK, while our SVP talent also participates in BITC's Employment and Skills Leadership team.

#### Just transition for the workforce

We aim to provide our people with the skills they need for their current roles and for the energy transition. We use skills forecasting and capability plans to help us make decisions about recruitment and development to help ensure we have access to the skills we require.

Read more about developing our people, on [page 14](#)

We support education and employability activities that help people develop transferable skills needed for careers in energy and other sectors, often with a focus on disadvantaged and under-represented communities. We do this through many partnerships and social investments. In 2021, these included:

- Funding scholarships internationally for more than 100 students, of which 60% were women, through the bp Global STEM academy, delivered by our partner AFS Intercultural Programs.

- Helping Omani graduates to build technical skills around desalination through the TAHLYA programme, including internships and a pathway to onward employment opportunities.
- Helping to build a pipeline of STEM talent, through the bp Educational Service (bpES), which offers teachers free digital resources that bring real world science to life with curriculum-based content.
- Representing our industry on the UK government Green Jobs Taskforce.
- Providing mentors for The Royal Academy of Engineering's UK Graduate Engineering Engagement Programme.

We are committed to advancing social mobility and in 2021 our EVP for people & culture, joined the Levelling Up Goals initiative in the UK as a commissioner. Many of our education initiatives support social mobility, as do our apprenticeship programmes. In 2022, we intend to share our approach to advancing social mobility across bp, building on our Social Mobility Pledge.

#### Just transition for local communities

In 2021, we worked to develop collaborations to support the just transition in local communities where we work. In the UK we are scoping an initiative that supports research and engagement with local communities in Aberdeen to understand their views on a just transition. It will inform future initiatives and action plans.

We also engaged extensively with the local community in Teesside to help us develop our plans for H2Teesside and Net Zero Teesside Power projects. Based on this engagement, we propose to help local people build skills and capabilities, to foster community regeneration and to advance social mobility. We committed to continue co-creating these initiatives with the local community if our bids are successful in 2022.

## Supporting civic dialogue and transparency

We are a member of several organizations that support this objective and have continued to participate in them, aiming to publish targets/aims in 2023. They include the Extractive Industries Transparency Initiative, the Voluntary Principles on Security and Human Rights Initiative and IPIECA. We will continue to work with third parties, including NGOs, to explore what can be done to support civic dialogue and build capacity for transparency, good governance and the rule of law wherever we work, as the energy transition evolves.

#### Decent work

We are progressing our efforts to improve working conditions at our sites and in our supply chains. In 2021, we focused on establishing a more systematic approach to labour rights and modern slavery (LRMS) risk management across our operated businesses by supporting them to implement the LRMS requirements as outlined in our operating management system (OMS). This has enabled a better understanding of our risk profile across our operated businesses.

Read more: [bp.com/modernslavery](#)

During 2021, we continued to improve our systematic approach to pre-contract due diligence by making greater use of evidence-based desktop reviews and other actions to address and remedy issues. This approach helps us identify whether or not potential suppliers will be able to meet our LRMS expectations, if additional controls are needed, and how to introduce them if this is the case.

## Respect and remedy

In 2021, we confirmed accountabilities for social matters across bp, so that we can respond more systematically to current and emerging risks and opportunities for communities. We also worked to assess how different operated activities across bp conform with our internal worker and community standards.

We are working to improve engagement between local teams and to update how we measure, mitigate or improve the effectiveness of our outcomes and outcomes for communities.

With our partner, Shift, centre of expertise on the UN Guiding Principles on Business and Human Rights, we are developing a methodology to support our objective to assess the quality of community relationships. We aim to progress this in 2022 by running pilots at two bp sites.

Read more: [bp.com/humanrights](#)

#### Indigenous peoples

A number of bp operated businesses are located in countries where indigenous peoples (IPs) live, including Indonesia, Australia and the US. Our human rights policy makes it clear that whenever practicable, we apply the principles of free, prior and informed consent when consulting and engaging with IPs on new projects, recognizing their human rights and respecting their sensitivities around livelihoods, land, environment and culture. Our internal standards for projects and operations reflect the policy.

Read more: [bp.com/humanrightspolicy](#)



## Community trust and engagement

We work to build good relationships with local communities, enhancing their resilience and seeking to avoid actions that might exacerbate social inequity or tensions, by operating to our applicable standards. Understanding and engaging with local communities, including vulnerable groups, is key to this.

We provide operational-level mechanisms for local communities and our workforce to share concerns or provide feedback relating to bp or our contractors. These include the bp speak up line OpenTalk and our network of community liaison officers (CLOs). If we confirm that we have caused or contributed to adverse impacts on the human rights of others, we provide or co-operate in remediation, while not preventing access to alternative remedies if justified.

## Community feedback in 2021

In 2021, there was an 8% decrease in the total number of community complaints. Opportunities to engage directly with communities and receive their feedback, including any complaints were limited in some regions due to COVID-19 restrictions. Most of the community feedback received was attributable to European refineries.

We have enhanced our internal standards and ability to receive and respond to community feedback across regions and refineries.

## Responsible security

In 2021, we continued to reinforce the importance of security and human rights. We made it a requirement to include contractor performance reviews on security and human rights in our security risk management process, contributing to our responsible security objectives. We plan to implement this requirement in 2022.

We also updated our contract clauses on the Voluntary Principles on Security and Human Rights to include conformance with our human rights policy, and we plan to make them mandatory in all new contracts agreed with in-scope security services. This will provide a key performance indicator. Within the framework of the Voluntary Principles Initiative, we are also developing a conflict analysis tool for inclusion into our security risk management process.

## Human rights policy

Our human rights policy aligns with the UN Guiding Principles of Business and Human Rights. The policy states that we will obtain independent third-party assessments of selected sites' and business activities' conformance with it, on a risk prioritized basis.

[Read more about human rights, on page 16](#)

[Read more: \[bp.com/humanrightspolicy\]\(http://bp.com/humanrightspolicy\)](#)

# Sustainable livelihoods

Our aim 13 is helping more than one million people build sustainable livelihoods and resilience.

We will support the communities where we work to build greater resilience and more sustainable livelihoods. We will focus our social investment in support of our sustainability aims. Through these actions we aim to reach more than one million people. We will also support our workforce through quality jobs with fair conditions.

## Our progress in 2021

We have set three objectives for this aim:

- Support livelihoods
- Fair wage and remuneration
- Strategic social investment in support of sustainability

Throughout 2021, we worked to build the foundations needed to deliver these aims.

[Read more: \[Aims and objectives summary\]\(#\)](#)

## Support livelihoods

We are in the process of defining a more systematic approach to how we help people and communities develop sustainable livelihoods and become more resilient. We already collaborate in this respect with local communities in several locations around the world, including the USA, Trinidad and Tobago, Mauritania and Senegal, Indonesia and Angola.

In the Benguela and Huambo provinces of Angola, bp and the National Agency for Petroleum, Gas and Biofuels funded demining and agribusiness programmes. By the end of 2021, 23 out of 40 known minefields were cleared by around 130 specially trained local people. The agribusiness project has helped around 4,000 farmers and 10,000 locals acquire job skills and create local co-operatives to sell products from their farms or small entrepreneurial businesses. Women make up more than half of those trained to run businesses.

The shared achievements at our Tangguh LNG facility over the past 10 years also demonstrate this approach in action. In 2021, the operation updated its Sustainability Development Programme to help strengthen the resilience of local communities, with a timeline from 2021 to 2025. The programme includes prioritizing indigenous people in social programmes and supporting broader partnerships and networking in Bintuni Bay. It sets targets for improving community health, supporting the government in providing access to education, and promoting local entrepreneurship.

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Over the past three years we have worked hard to increase community and local government involvement at Tangguh. Due to government investment being diverted to help address the COVID-19 pandemic, our focus in 2021 changed to response activities designed to support community livelihoods during a time of restrictions. We are set to resume our wider support for community and local government empowerment from 2022 onwards.

## Fair wage and remuneration

bp was the first major energy, mobility and convenience employer to be accredited as a Living Wage Employer by the Living Wage Foundation in the UK. We aspire to provide all our employees worldwide with fair wages and in 2021 we partnered with the Fair Wage Network to increase our understanding of the different definitions of fair wages and to benchmark against its extensive fair and living wage database.

During 2022, we will continue working with the Fair Wage Network to develop our fair wage objective. We are currently undertaking country-level assessments and aim to publish our 2025 and 2030 targets later in 2022.

## Strategic social investment

We will continue to focus our social investment activities on improving people's lives and building community resilience at a local level where possible. We are working to standardize how we evaluate which social investment opportunities would have the greatest impact for communities and we are working to support delivery of our aims through 70% of our social investment by 2025.

### bp Foundation

The bp Foundation supports two main programmes: matching employee contributions and supporting disaster relief efforts. Eligible employees can request matching funds to grow the impact of their personal contributions and volunteer time donated to eligible charities of their choice.

The bp Foundation provides support for disaster and humanitarian relief efforts to areas severely impacted by natural disasters, and where bp has a local employee and business presence.

In response to the humanitarian crisis in Ukraine and neighbouring countries, the bp Foundation plans to double match funding for any amount employees donate to our nominated charities.

## Greater equity

Our aim 14 is greater diversity, equity and inclusion for our workforce and customers, and to increase supplier diversity spend to \$1 billion.

We want our workforce and customers to experience greater equity – fair treatment according to everyone's different needs and situations – while also helping our partners in the bp 'ecosystem' do the same. We'll aim to do this by improving workforce diversity and workplace inclusion, making customer experiences more inclusive and increasing our annual expenditure with diverse suppliers, including female, and under-represented or minority groups (supplier diversity) to \$1 billion by 2025.

## Our progress in 2021

We have set three objectives for this aim:

- Diverse workforce, inclusive workplace culture and employee experience
- Inclusive customer experience
- Multiply diversity, equity and inclusion (DE&I) impact through ecosystem partners and suppliers



Read more: [Aims and objectives summary](#)

Throughout 2021, we made progress towards meeting these objectives, establishing governance and measurement processes to enable ongoing performance improvements.

In June 2021, we published our first DE&I report, which we plan to update annually.

Read our DE&I report: [bp.com/DEI](#)

## Workforce DE&I

In 2021, we made progress in setting the foundations for meeting our objectives. These include confirming accountabilities, defining the governance process and acquiring the data insights that we need going forward.

We put in place a global framework for action to advance and integrate DE&I in our regions and businesses. It comprises three pillars: transparency of internal and external data; accountability collectively across bp; attracting talent through processes and programmes that create equal opportunity.

As part of this framework for action, we rolled out a global DE&I scorecard across our 11 bp entities – giving our leaders better insights, which they can use to increase diversity and foster inclusive, equitable employee experiences. We added a new metric that covers minority representation in the workforce to help link our performance to progress. The launch of self ID means that employees can now voluntarily share their gender identity, pronoun preference and military status with us. This information will help us identify and support our diverse populations more effectively.

All 11 entities are working to finalize their own data-informed, global action plans, which will follow our framework for action template.

In 2021, we launched our Leadership Inclusion for Talent (LIFT) programme, to support the progression of Black and African American colleagues into senior leadership roles. LIFT includes self-discovery workshops, assessment tools to target opportunities to advance, one-to-one coaching and reciprocal mentoring with senior leaders.

In the US and UK, we developed and rolled out Race for Equity, a mandatory racial equity and inclusion programme for bp leaders, and we intend to extend it to all employees over the next two years. Race for Equity aims to achieve greater inclusion by building empathy, sharing perspectives and employee stories, and exploring the impact of biases and stereotypes. It supports our people to speak up, advocate and take action.

## Inclusive customer experiences

We have mobilized around 170 people from across bp to champion more accessible and inclusive customer experiences. We aim to evolve a more systematic, measurable approach to this objective using the many initiatives currently underway to guide us. These include:

- Outreach work with our business resource groups (BRGs) to make use of their knowledge and insights, for example a mystery shopping exercise in bp retail sites to test LGBT+ inclusion through the bp Pride network.
- Working with Fuel Service, an external partner, so that UK customers with physical disabilities can call or message ahead on journeys to arrange assistance at bp retail sites.
- Building a communications library with examples of good practice for inclusive communications and revising our briefing templates to support communication campaigns that take DE&I into account more explicitly.
- Exploring ways to benchmark our performance so that we can use reliable measurements to guide us and make our reporting more credible – for example our retail customer market research surveys now include a question on inclusivity of customer experience.

## Multiplying DE&I impact with partners and suppliers

Our UK, US and global DE&I frameworks for action reinforce our commitment to supplier diversity and to establishing inclusive supply chain objectives in our procurement processes.

### Our US supplier diversity programme

Our target is to double our spend with certified diverse suppliers in the US by 2023 and to reach \$1 billion annual spend by 2025. Through our US supplier diversity programme, we have spent \$1.3 billion with certified diverse suppliers since 2018. In 2021, we spent around \$200 million with more than 100 minority, woman, and veteran-owned companies.

### What we mean by a 'diverse supplier'

In the US we define a diverse supplier as a for-profit business that is at least 51% owned, operated, managed and controlled by people with one of the following designations: women business enterprise, minority business enterprise, LGBT+, veteran-owned business, disabled or service disabled. These designations can differ across regions.

## Expanding supplier diversity worldwide

In 2021, we grew our preferred diverse suppliers from around 280 to around 370, and our Supplier Diversity Advocacy Council promotes relevant initiatives, including the use of supplier diversity metrics in operating plans. Our diverse supplier registration platform has been refreshed and is integrated with our procurement systems.

We are assessing diverse spend outside the US and in 2021, we contacted suppliers to promote certification and request their current status. We also introduced a global definition of supplier diversity and set out plans for regional leaders to become supplier diversity advocates. Following engagement with the Billion Dollar Roundtable, which promotes best practice in this field, we are developing supplier diversity strategies for the UK, Canada, China, Brazil, South Africa and Australia.

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# Enhance Wellbeing

Our aim 15 is to enhance the health and wellbeing of our employees, contractors and local communities.

We will support them to proactively improve their physical and mental health – through innovative programmes, partnerships and offers.

## Our progress in 2021

We have set three objectives for this aim:

- Promote proactive measures to improve the health and wellbeing of our workforce and their families
- Improve awareness and understanding of mental health challenges in the workplace and community
- Create access to and build awareness of physical and mental health resources in the communities where we work

 Read more: [Aims and objectives summary](#)

### Workforce health and wellbeing

In October 2021, we launched 'Thrive' – our new wellbeing portal – to support our workforce and their friends and families, in building and maintaining healthy habits across all aspects of wellbeing.

We also started implementing our global health hubs strategy, which aims to improve access to health resources in general for employees and their families. The first hub is being implemented in the UK and the second, which will serve Azerbaijan, Georgia, Turkey and the Caspian region, is set to be in place by the second half of 2022.

#### The COVID-19 pandemic

We are continuing to monitor the pandemic, and provide guidance to bp sites. The pandemic response activities reinforce the need to be prepared for infectious disease outbreaks and provide insights that we can incorporate in an updated Emerging Infectious Disease Outbreak Plan.

Through our intranet we provide ongoing guidance about relevant health topics, including issues specific to the pandemic, such as vaccination, other protective measures, and up-to-date travel advice. We encourage our workforce to get vaccinated, take advantage of any national testing resources and maintain other pandemic mitigation barriers.

We have an online pandemic frequently asked questions resource in place to support our people whatever their working location. We also share information updates through our COVID-19 response teams and health and communication networks.

### Mental health and wellbeing

As the pandemic continues, and following our reinvention process to introduce a new structure, leadership team and new ways of working, it has become more important than ever that our people can talk openly about mental health and get help if they need it. We have codified what we have learned both internally and externally over the past two years into our company pandemic plans.

In 2021, we maintained our focus on mental health and wellbeing. We enhanced our in-house training programmes, with 14,000 employees attending some form of mental health training across more than 250 sessions – an increase in attendance of 8% compared with 2020. This training covered a range of topics, including resilience, burnout, managing change and leadership mental health skills. We continued our partnership with Headspace and increased the number of family and friends eligible to enrol. By the end of 2021 more than 10,900 employees and family members had signed up to the app.

In October 2021, we ran a comprehensive activity programme to support World Mental Health Day, including awareness, discussion and learning sessions and, for the third year running, a video in which employees shared their own mental health struggles. More than 5,000 people watched the video and more than 5,500 visited the event website.

bp is a founding partner of The Global Business Collaboration for Better Workplace Mental Health and in December 2021, members of our mental health network contributed to the collaboration's video and guide on empowering employees to share their mental health experiences. We have extended the provision of training for our leaders on mental health, although this work is in its early stages.

### Community health and wellbeing

We have made progress on identifying ways of supporting our community health and wellbeing objectives, including research, benchmarking and engagement with stakeholders. We will continue developing our priorities for action and will set specific objectives for our work on community health and wellbeing.

Our partnership with the mental health charity Mind continued in 2021. We are working together to support workplace mental health.

# Caring for our planet

## In this section

### Five aims to help care for our planet

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### Improving water quality

At our Gelsenkirchen refinery we are taking action to mitigate water pollution risks and help reintroduce local biodiversity. This involves re-routing the local Lanferbach stream, which is currently an open wastewater channel, to join the local river and installing a new pump station.

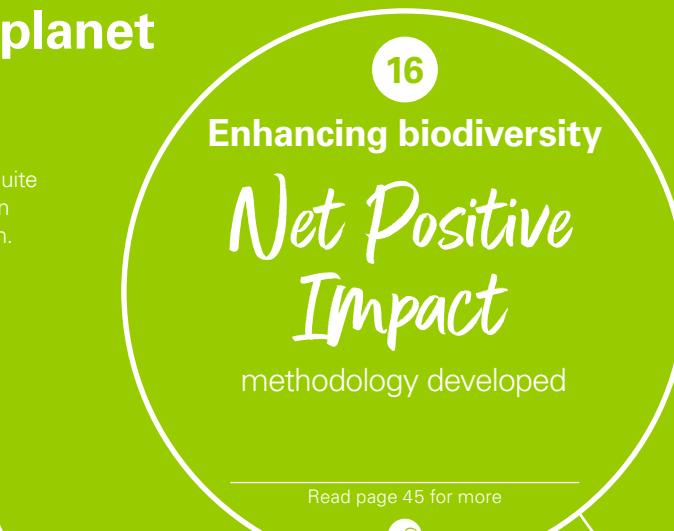
Read more: aim  16

We are currently defining how we can best support biodiversity restoration and the sustainable use of natural resources, including water.

## Five aims to care for our planet

### Progress summary

We have made progress in building the foundations and methodologies needed to deliver our planet aims, with some quite advanced and others at earlier stages of development. This is in line with our systematic, considered and collaborative approach.



# Enhancing biodiversity

Our aim 16 is making a positive impact through our actions to restore, maintain and enhance biodiversity where we work.

We will do this by putting our biodiversity position into action. In doing so, we expect that from 2022 all new bp projects in scope will have plans in place aiming to achieve net positive impact (NPI), with a target to deliver 90% of actions within five years of project approval. We also aim to enhance biodiversity at our major operating sites and support biodiversity restoration and sustainable use of natural resource projects in the countries where we have current or growing investments. We will also continue to work with others, including our joint ventures, to influence and promote collective action on biodiversity.

## Our progress in 2021

We have set three objectives for this aim:

- bp projects – aim to achieve NPI
- bp operations – aim to enhance biodiversity
- bp countries – support biodiversity restoration and the sustainable use of natural resources

[Read more: Aims and objectives summary](#)

Our biodiversity position, published in 2020, builds on the robust practices we already had in place to manage biodiversity across bp projects.

[Read our biodiversity position:  
\[bp.com/biodiversity\]\(http://bp.com/biodiversity\)](#)

The 2021 UN Biodiversity Conference (COP15) Part 1 emphasized the need for action to put biodiversity on a path to recovery by 2030. The Taskforce on Nature-related Financial Disclosures (TNFD) was launched to develop a framework against which businesses can disclose their nature-related risks and impacts, and the Science-Based Targets for Nature (SBTN) initiative is developing nature-related targets and metrics for consideration by businesses. We joined both the TNFD Forum and the SBTN corporate engagement programme.

We also supported the need for action on biodiversity in a number of other ways, including:

- Participation in the UN Convention on Biological Diversity (UN CBD) Business and Biodiversity Forum to discuss how businesses can support biodiversity as part of the build-up to COP15.

- Promoting the need for action on biodiversity as a member of Business for Nature and the World Business Council for Sustainable Development.
- Consultation with the UK Department for Environment, Food & Rural Affairs about the importance of making biodiversity a mainstream consideration for businesses, and the draft UN CBD post-2020 global biodiversity framework.
- Playing a leading role in partnership with the International Chamber of Commerce UK and IEMA, in establishing the UK Business & Biodiversity Forum, which supports businesses to integrate biodiversity into their activities and decision-making.

## Net positive impact in bp projects

Our focus in 2021 was on developing our methodology for NPI on biodiversity in new projects. We worked with Fauna & Flora International (FFI) to do this. To inform how the methodology might work in practice we evaluated it on three major projects and eight smaller ones – including the Tangguh LNG expansion in Indonesia, Net Zero Teesside in the UK, and Greater Tortue Ahmeyim Phase 1 in Mauritania and Senegal. We are also working with Equinor to help develop the practical application and implementation of an NPI approach at our joint offshore wind developments off the US East Coast.

We have shared our approach with partners and industry associations, consulted with a team of external technical experts, and presented it at the IUCN World Conservation Congress. We have issued an NPI interim guide to assist our projects organization.

## Biodiversity enhancement

We are currently defining how we can best support biodiversity restoration and the sustainable use of natural resources, by identifying relevant projects that we can take forward with partners. Some of our operations are already taking action.

Working with water management association Emschergenossenschaft, we are reviving the dormant Lanferbach stream bed outside the Gelsenkirchen refinery site to re-route the local Lanferbach channel to the Emscher River. By deepening the old stream bed and constructing a new pump station that will detour the stream away from the refinery, we aim to remove the risk of water pollution and restore local biodiversity. An environmental assessment conducted by an independent expert highlighted the benefits of this approach.

In 2022, we intend to shift our focus to working with existing bp operations to enhance biodiversity. We also aim to support biodiversity restoration in countries where we have current or growing investments.

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# Water positive

Our aim 17 is becoming water positive by 2035.

We aim to replenish more freshwater than we consume in our operations. We will do this by being more efficient in operational freshwater use and effluent management, and by collaborating with others to replenish freshwater in stressed and scarce catchment areas where we operate.

## Our progress in 2021

We have set two objectives for this aim: improved efficiency of operational freshwater use and effluent management; and collaboration on the most impactful opportunities to replenish water in stressed and scarce catchments where we operate.

 Read more: [Aims and objectives summary](#)

We are building on requirements introduced in 2019, for operations located in water scarce areas to develop water management plans to mitigate availability risks. In 2022, we will start reviewing our internal standards and practices in the context of our sustainability frame.

We review our water impacts, risks and opportunities, taking into account the availability, quantity and quality of water and any regulatory requirements. This is done every year at major operating sites and periodically at others.

### Our water consumption in 2021

In 2021, we saw a 2.2% fall in freshwater withdrawals and a 4.1% fall in freshwater consumption, compared with our 2020 baseline<sup>a</sup>. This was largely due to an improvement in the calculation of freshwater consumption across our retail sites and some operational efficiency measures. For example, at our Castellon refinery, water consumption was reduced by approximately 176,000 m<sup>3</sup>, by feeding osmosis water to the cooling towers. There was an increase in freshwater use at our bpx energy operations during 2021.

We actively manage our freshwater demands in areas of stress and scarcity. Based on analysis using the World Resources Institute (WRI) Aqueduct Global Water Risk Atlas, four of our 17 major operating sites were located in regions with medium to extremely high water stress in 2021. Based on anticipated changes in the areas WRI marks as water stressed, this number may increase to 12 by 2040, assuming a business-as-usual scenario with no portfolio changes.

At major operating sites, 0.1% of our total freshwater withdrawals and 0.6% of freshwater consumption were from regions with high or extremely high water stress in 2021 (compared with 4% and 8% respectively in 2020). This is mainly due to the divestment of Geel Chemicals and the WRI's downgrading of the location of the Kwinana refinery to being a location with low baseline water stress, both of which took place in 2021.

Our wastewater treatment performance was flat in 2021. The average chemical oxygen demand concentration of the treated water discharged from bp operated treatment facilities to the freshwater environment remained at 38mg/l in 2021.

 Read more: [bp.com/ESGdata](#)

## Improving water efficiency

A key focus for 2021 was evolving our water management by developing a methodology and approach to improve water efficiency. We are working to align our actions with international water stewardship good practices and to follow a water management framework.

Building on our work to date, we are launching detailed site-based assessments at selected sites to help us identify further operational efficiencies. Our onshore business in Oman, which completed a detailed Water Value Improvement process in 2017/18, is already undertaking water assessments and others are due to start soon, including our Castellon refinery in Spain.

## Water replenishment collaboration

Our second objective for this aim is collaborating to target opportunities for replenishing freshwater in stressed and scarce catchments where we operate. We intend to measure the impact of any collaborations through the application of volumetric water benefits (VWBs) as defined by WRI<sup>b</sup>.

In 2021, we defined different kinds of replenishment activities, worked to identify operating sites in stressed and scarce water catchments at which interventions are needed, and consulted potential partners. We are looking to launch our first programme in 2022.

In some instances, we are already taking action to help replenish water in local communities. For example, in Mauritania and Senegal, where fresh water is a scarce resource, access to clean water was identified as a priority during the project consultation with the communities in N'diago, where thousands of people often experience long-term water shortages.

Following feedback from the communities and through collaboration with our business and implementing partners, we launched a project in April 2020 to bring clean water to the area, which continued into 2021.

The project has involved extending and renovating the N'diago water supply network, including construction of a 200 m<sup>3</sup> water tower and a distribution network. Water pumped from the Senegal River, using solar energy, is filtered and then supplied to more than 3,000 people in the N'diago area.

In Turkey, we worked with Atatürk University between 2016 and 2021 on the provision of drinking and irrigation water supply as part of our social investment programme.

<sup>a</sup> The baseline freshwater consumption is defined as 55.8 million m<sup>3</sup> in our 2020 sustainability report.

<sup>b</sup> These are defined by WRI (2019) as the volume of water resulting from water stewardship activities, relative to a unit of time, that modify the hydrology in a beneficial way and/or help reduce shared water challenges, improve water stewardship outcomes, and meet the targets of Sustainable Development Goal 6.

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# Championing nature-based solutions

Our aim 18 is championing nature-based solutions and enabling certified natural climate solutions.

We aim to use nature-based solutions (NbS) to deliver value and contribute to our people and planet aims in our operations and through our business activities. We will also support the development of scalable markets for certified natural climate solutions that help the world reduce deforestation, get to net zero and deliver environmental and social benefits.

## Our progress in 2021

We have set two objectives for this aim: to use NbS to deliver value and contribute to our people and planet aims; and to enable emissions reductions through investments in certified Natural Climate Solutions (NCS).

 Read more: [Aims and objectives summary](#)

We are working towards delivery of a NbS action plan by the end of 2022 and some of our projects are already beginning to implement NbS related actions as the plan is being developed.

### What are nature-based solutions and natural climate solutions?

Nature-based solutions (NbS) are actions to protect, sustainably manage and restore natural or modified ecosystems that address societal challenges effectively and adaptively, simultaneously providing human wellbeing and biodiversity benefits.

Natural climate solutions (NCS) are a subset of nature-based solutions that focus on actions to reduce or remove greenhouse gas emissions through nature conservation, restoration and improved land management.

### Natural climate solutions

We aim to support efforts to scale up high quality NCS, which can deliver both environmental and social benefits. We recognize that focused collaboration is required by market participants to enable NCS to achieve their potential to contribute to the Paris goals.

We only originate and trade NCS credits certified to third-party standards, such as Verra and the American Carbon Registry. We conduct due diligence on NCS projects and programmes that we originate, and we plan to test potential updates during 2022 following review of our due diligence process in 2021. We expect our processes to evolve over time to reflect external developments in the voluntary carbon market.

In 2021, we worked to strengthen our low carbon trading team's capability while also continuing to grow our NCS portfolio. Our NCS programme in Mexico with the US Agency for International Development and partner Pronatura México A.C has delivered its first credits from 15 initial Improved Forest Management projects. Further projects are expected to deliver credits in 2022.

Finite Carbon, in which we hold a majority stake, co-authored a new methodology to provide uniform carbon offset standards designed specifically for small landowners. The methodology has been approved by the American Carbon Registry, and Finite Carbon plans to use it to offer small forest landowners across the US access to the voluntary carbon market through its CORE Carbon™ online platform. In November 2021, Finite Carbon launched a forest carbon offset programme in Canada that offers forestland owners and First Nations an opportunity to manage their lands to remove and store carbon dioxide, using a methodology approved by the American Carbon Registry.

We have continued our external engagement to support the scaling up of high quality NCS in carbon markets. We contributed to and supported the Taskforce for Scaling Voluntary Carbon Market's (TSVCM) phase 1 and 2 reports and plan to participate in the Integrity Council for Voluntary Carbon Markets' (IC-VCM) consultation group. We also contributed to the NCS Alliance Guiding principles for investing in Natural Climate Solutions and continue to participate in the Alliance.

We also participate in the following additional NCS related trade associations:

- Oil and Gas Climate Initiative NCS group
- World Business Council for Sustainable Development NCS working group
- International Emissions Trading Association (IETA) Working Group for NCS and the IETA Markets for NCS initiative

 Read more about our approach to offsets, on [page 20](#)

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20

# Unlock circularity

Our aim 19 is to unlock new sources of value through circularity.

We want to keep materials in use for longer and value them throughout their lifecycle. We will do this by using resources responsibly and embracing circular principles in design, operations and decommissioning and aim to work with partners and our joint ventures to create opportunities.

## Our progress in 2021

Our objective for this aim is to increase the circularity of our existing operations and products and identify circular opportunities in new projects and businesses.

Read more: [Aims and objectives summary](#)

## Increasing circularity across bp

During 2021, we continued building the foundations needed to embrace circularity in bp, by evaluating the suitability of various third-party definitions and frameworks to be adopted within our internal methodology.

*Castrol* is already in action on circularity through its PATH360 strategy, which has set out aims for 2030 to save waste, reduce carbon and improve lives. The strategy embraces circular economy thinking – looking at the lifecycle of products to see how they can be improved, extended, reused or recycled. By 2030, *Castrol* aims to reduce its plastic footprint by half, halve the net carbon intensity per litre of its products, and help its commercial customers towards their sustainability goals by saving energy, waste and water.

*Castrol* is also supporting newer, growing sectors such as renewable energy and e-mobility.

### Waste streams

During 2021, we piloted more granular metrics in our operations for waste stream reporting. These are designed to create a common global language for bp waste categories. They are more closely aligned with reports required by regional authorities and waste market practices, helping to highlight opportunities for improvement and pointing out where we can deliver the greatest impact through circularity. bp operations plan to report using these metrics for their 2022 data.

We are focusing on reducing generated waste across our activities, from construction to operating and decommissioning. The waste that we generate is being treated in ways that reflect priorities set out in the EU waste framework directive Waste Hierarchy and the basic principles of the circular economy; in several instances, providing useful resources for other industries. Some waste streams are non-hazardous and others potentially harmful, so we use various technologies to treat and manage them effectively.

Read more about waste, on [page 16](#)

# Sustainable purchasing

Our aim 20 is developing a more sustainable supply chain.

We will work with our key suppliers to embed sustainable practices, focusing on reducing greenhouse gas emissions and increasing the circularity of what we buy.

Our objective for this aim is to define our sustainable procurement policy and set long-term aims by 2023.

Read more: [Aims and objectives summary](#)

## Our supply chain in 2021

We currently operate in more than 65 countries and have over 40,000 suppliers. These include contractors, vendors, service providers and contingent labour. Our annual third-party spend in 2021 was approximately \$51 billion (2020 \$49 billion).

## Our progress in 2021

We continued to progress our efforts on human rights, labour rights and modern slavery in relation to our 'decent work' objective under aim 12, and on supplier diversity in relation to our 'multiply DE&I impact through suppliers' objective under aim 14.

Read more about decent work, on [page 36](#)

Read more about our aim 14 greater equity, on [page 39](#)

We have created a roadmap of high priority areas for goods and services with a focus on improving greenhouse gas emissions performance and continuing to act on opportunities as we identify them.

We have trialled the inclusion of sustainability factors in our major purchasing decisions and focused on supplier sustainability strategies, greenhouse gas emissions, use of renewable energy and circular approaches to product design and content. We applied these factors to differentiate supplier responses and create a shortlist of potential suppliers. This approach was used in our EV charging programme and the decommissioning and recycling of Don and Miller subsea infrastructure in the North Sea.

In 2021, we set up a sustainable supply chain ambassador network aiming to raise awareness and mobilize our purchasing teams to help embed sustainability into our supply chain strategies and activities.

## Collaborating with suppliers

We aim to reduce the impact of our activities with our partners, by collaborating on the research and design of our products.

For example, in collaboration with Baker Hughes we have developed a new bespoke corrosion inhibitor for our operations in Trinidad and Tobago. This product has a reduced potential for impact on water quality and lower product toxicity, it produces zero bioaccumulate and provides effective corrosion prevention. It has also lowered cost by 18% in comparison with the previous product.

# Embedding sustainability

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 We are adopting a targeted, systematic and collaborative approach to implementing our sustainability frame across bp.

# Embedding sustainability

Sustainability is not new to bp, but we want to embed it more widely and deeply in our culture and mindset, business decisions, working methods and governance – building on the strong foundations put in place over many decades.

## Sustainability in our culture

In 2021, we ran awareness sessions to explain our purpose, strategy and sustainability frame to employees to help increase understanding of how these elements deliver value for bp, our stakeholders, society and the planet. And we updated the training we provide on our values and code of conduct, to emphasize the importance of sustainability.

[Read more about our culture and values, on page 11](#)

We ran a series of stakeholder engagement sessions across our operating businesses, culminating in a carbon management framework workshop involving more than 120 leaders from across bp. The workshop aimed to help integrate carbon into business processes and management systems across our operations, and included a focus on net zero carbon culture.

Through our new Global Sustainability Network, launched by employees, we have already engaged close to 2,000 of our people across 40 countries. And in 2021, more than 1,500 sustainability awards were made through our energize recognition platform, celebrating progress in our three focus areas: net zero, people and planet.

We have linked our annual cash bonus for eligible employees to sustainable emissions reductions since 2019. In 2021, these measures were aligned with our updated strategy and net zero

ambition, and tied to a balanced scorecard that comprises safety and sustainability, operations, and financial measures. In 2022, we will follow this scorecard approach for the annual bonus, using the same measures.

We are evolving our performance management model to allow for continuous planning and real-time feedback. All bp employees set priorities for their contribution to safety and creating value. In 2021, we provided guidance to help them set objectives that incorporate sustainability elements.

[Read more about our aim 7 incentivizing employees, on page 30](#)

## Sustainability in the way we do business

Embedding sustainability will take time and we are adopting a targeted, systematic and collaborative approach to implementing our sustainability frame across bp. We are also reviewing and when necessary, updating relevant aspects of our systems and practices, including our operating management system (OMS), so that they reflect our aims.

We are working with all our business entities to make sure we prioritize our actions and focus our efforts accordingly. All bp entities are currently reviewing where they need to focus effort and developing plans to support the delivery of our sustainability frame. This will include developing teams' capabilities when necessary.

## Climate-related risk

As part of our annual process the bp leadership team and board review the group's principal risks and uncertainties. Climate change and the transition to a lower carbon economy has been identified as a principal risk, covering various aspects of how risks associated with the energy transition could manifest. Physical climate-related risks such as extreme weather are covered in our principal risks related to safety and operations.

## Climate-related transition risks and opportunities

At a group level, we have identified three broad, material climate-related transition risks and opportunities:

- The value of our hydrocarbon business could be impacted by climate change and the energy transition.
- Our ability to grow or deliver expected returns from our transition growth businesses could be impacted by the energy transition.
- Our ability to implement our strategy could be impacted by evolving attitudes towards the energy sector and climate change and the energy transition.

## Climate-related physical risks

The physical risks identified across bp primarily relate to severe weather. In relation to our offshore facilities, climate-change could potentially increase the uncertainty around severe weather events, such as extreme waves, which in turn could affect the future risk profile of assets over their lifetime. We also recognize that we could face other forms of physical climate-related risk over the longer term, including those associated with sea level rise, extreme temperatures and flooding, which could impact our operations.

[Read more: \[bp.com/TCFD\]\(#\)](#)

[Read more in our \[bp Annual Report 2021\]\(#\) on pages 55-81](#)

# Embedding sustainability

We are also embedding sustainability by developing:

- Carbon management plans covering 99% of our operational emissions – supporting our net zero aims.

 [Read more about our aim 1 net zero operations, on page 22](#)

- Water management plans for projects and operations in areas of water scarcity – supporting our water positive aim.

 [Read more about our aim 17 water positive, on page 44](#)

- Guidance to help new projects starting from January 2022 to develop plans for achieving net positive impact on biodiversity – supporting our enhancing biodiversity aim.

 [Read more about our aim 16 enhancing biodiversity, on page 43](#)

Our projects and operations are also focused on conforming with risk mitigation requirements for labour rights and modern slavery and have developed and implemented procedures to improve engagement with local communities and stakeholders, including the provision of community grievance mechanisms, when required. These activities support our just transition aim.

 [Read more about our aim 12 just transition, on page 35](#)

## Making investment decisions

Since 2019, we have evaluated the consistency of new material capex investments greater than \$250 million with the Paris goals and disclosed the outcome in our annual report.

These investment decisions are subject to approval by our executive-level resource commitment meeting, which is chaired by our chief executive officer.

In 2021, our standardized approach to investment decision-making was revised to place a greater focus on our strategy and sustainability. For all investment cases, we consider whether the investment supports delivery of our strategy and aims.

 [Read more in our \*\*bp Annual Report 2021\*\* on pages 30-36](#)

We are exploring new ways to build other sustainability considerations into our business development and investment decision-making. We are also integrating net zero considerations into decision-making across area development plans, business improvement plans and projects.

## Sustainability in our governance

We are strengthening the ways in which we build sustainability into our wider governance structure and practices, reinforcing work done over many years. In January 2021, we introduced a new sustainability structure that helps us do this.

### The board

The board is responsible for oversight of the overall conduct of the group's business, setting our strategy, setting our sustainability frame, and our approach to the energy transition. It reviews and monitors performance against our strategy and net zero ambition and aims. It also confirms that the process required to assess our principal risks is in place.



## Foundations

The board-level safety and sustainability committee (S&SC) oversees effective implementation of the sustainability frame and how process safety and operational integrity, security, personal safety and operational health, environmental and social risks are managed. The S&SC met six times in 2021.

 [Read the Terms of Reference at: \[bp.com/governance\]\(#\)](#)

 [Read more in our \*\*bp Annual Report 2021\*\* on pages 116-117](#)

## Human rights governance

The S&SC has oversight of human rights, including modern slavery. Our group operations risk committee reviews progress on managing the potential operational and associated supply chain risks of modern slavery. Our human rights working group was consolidated from 1 January 2021 into the sustainability forum.

 [Read more: \[bp.com/humanrights\]\(#\)](#)

## bp leadership

Oversight of sustainability matters is embedded through our executive level group sustainability committee. The committee, chaired by our EVP, strategy, sustainability & ventures, is attended by members of the bp leadership team. It met three times in 2021 and discussed our plans and progress in embedding sustainability in our businesses.

The group sustainability committee's remit is to provide oversight, challenge and support in the implementation of bp's sustainability frame and effective management of potentially significant non-operational sustainability (including climate-related) risks and opportunities.

At senior vice president (SVP) level, the sustainability forum combines several previously separate working groups to deliver better alignment and visibility of key sustainability issues.

The forum comprises representatives from every bp entity and is chaired by our SVP for sustainability. It provides feedback to the group sustainability committee. It met eight times in 2021 and discussed a range of topics, including policy, advocacy, external developments and progress in embedding the sustainability frame.

# Engaging with our stakeholders

## In this section

### Engaging with our stakeholders

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 We need to work with our stakeholders to address complex sustainability challenges including climate change, biodiversity and a just transition.

# Engaging with our stakeholders

Our stakeholders are critical in helping us deliver our sustainability aims. We engage with them to understand what they expect and to help us address complex challenges together.

We engage with a range of stakeholders to help us progress our aims, deliver safe operations and improve safety for our workforce, local communities and our industry. Our engagement takes many different forms, reflecting the complex, global nature of our business. Engagement also helps us create value, by delivering solutions for customers and supply chain partners, investing in our employees and paying taxes.

We work with our stakeholders to address complex sustainability challenges including climate change, biodiversity and a just transition. Our engagement includes partnering with others to help decarbonize hard to abate sectors such as transport, shipping, and cement manufacture.

Read more about our aim 10 clean cities and corporates, on [page 32](#)

Read more about our aim 11 more clean energy, on [page 35](#)

We identify our main stakeholder groups as employees, investors and shareholders, customers, society, government and regulators, and supply chain partners.

## Stakeholders and our sustainability frame

Before we launched our new people and planet aims in March 2021, we undertook an extensive engagement process with different stakeholder groups to test the aims as they were being developed. We continued this engagement after sharing our sustainability frame.

We collated the post-launch feedback for review and discussion with our sustainability forum (SVP level), group sustainability committee (EVP level) and board safety and sustainability committee. We have used the feedback gathered as well as the guidance the forum and committees provided to help us with the next stage of our work as we implement and embed our aims.

## Getting to net zero

**Carbon Mitigation Initiative** – Based at Princeton University, the Carbon Mitigation Initiative (CMI) is an independent academic research programme sponsored by bp and administered by the High Meadows Environmental Institute. CMI is Princeton's largest and most long-term industry-university relationship. Established in 2000, CMI's mission is to lead the way to a compelling and sustainable solution to the carbon and climate change problem.

In 2021, CMI published its final Net-Zero America report, which outlines five distinct technological pathways for the US to decarbonize its energy system. The study's five scenarios describe in detail at state and local level, the scale and pace of technology, infrastructure and capital mobilization needed across the country. It also highlights the implications for land use, incumbent energy industries, employment, policies and health. In 2021, Princeton kicked off a new project to investigate how land-based climate solutions can be deployed to maximize carbon storage on land while simultaneously maintaining global biodiversity, clean energy and food security.

**Climate Action 100+** – We are in regular dialogue with Climate Action 100+ (CA100+) via our investor co-leads. We appreciate the engagement, constructive challenge and support, including those issues raised at our AGM in 2021. The outcome of the first CA100+ Net Zero Corporate Benchmark exercise was released in March 2021. bp was one of only three companies that achieved ratings of at least 'partial' across the nine assessed indicators. We continue to report in accordance with the 2019 resolution requisitioned by CA100+ on climate change disclosure.

**Environmental Defense Fund** – Our work with the Environmental Defense Fund (EDF) focuses on developing technologies and management practices to accelerate methane emission reductions across the global oil and gas industry.

**Institutional Investors Group for Climate Change** – We contributed to the development of the Institutional Investors Group for Climate Change (IIGCC) net zero standard for the oil and gas sector. We are currently participating in a pilot that is expected in time to inform the CA100+ Net Zero Corporate Benchmark. We expect this to provide a helpful framework for promoting comparability in disclosures by companies in the oil and gas sector.

**Mission Possible Partnership** – The Mission Possible Partnership (MPP) is focused on driving decarbonization across the value chain of the world's highest-emitting industries, supported by an expanding network of nearly 300 partners. As part of the partnership, we are participating in initiatives that could drive the decarbonization of four carbon-intensive sectors in industry and transport over the next decade: aviation, marine, steel and concrete and cement. The MPP is also taking action in the aluminium, chemicals and trucking industries. MPP comprises four core partners: the Energy Transitions Commission, RMI, We Mean Business coalition and the World Economic Forum.

**Oil and Gas Climate Initiative** – The CEO-led Oil and Gas Climate Initiative (OGCI) brings together 12 of the largest oil and gas companies aiming to accelerate the industry response to climate change. This is achieved by setting collective goals and targets, investing in new technologies and projects, and identifying and closing carbon knowledge gaps through targeted activities, studies or engagement plans.

## Engaging with our stakeholders

### **Oil and Gas Methane Partnership version 2 –**

Through our involvement with UN-led Oil and Gas Methane Partnership 2.0 (OGMP2.0), we are supporting the development of methane measurement guidance, sharing learning experiences between signatories and improving the overall quality of reporting on methane emissions for both operated and non-operated assets.

### **Science-Based Targets initiative –**

We engaged with the Science-Based Targets initiative (SBTi) as they developed their Net Zero Standard.

**Sustainable Markets Initiative** – bp is a founding partner of HRH the Prince of Wales's Sustainable Markets Initiative (SMI), and we are working with others in the private sector to accelerate the global transition to a sustainable future. Our CEO Bernard Looney leads the SMI Energy Transition Taskforce, which brings together companies across the energy industry to support the energy transition by mobilizing capital toward decarbonization and green activities.

One of our employees is seconded to work within the SMI, and in January 2021 we also supported the Terra Carta, a decade-long roadmap to guide collective effort on sustainability.

In November 2021, along with 27 other companies, bp pledged to drive growth in the supply of hydrogen as part of the H2Zero initiative with SMI and the World Business Council for Sustainable Development. This initiative aims to accelerate the use and production of hydrogen for the future net zero energy system.

**Third Derivative** – We are a founding partner of Third Derivative, an accelerator programme to scale advanced energy technologies. Our strategy, sustainability and ventures team are looking at ways in which we can support their current and future cohort of start-ups. This is one of a number of other accelerator programmes that bp is working with globally.

**Transition Pathway Initiative** – We engage with the Transition Pathway Initiative to help provide comparability and transparency around the quality of companies' management of GHG emissions, low carbon transition risks and opportunities.

### **Improving people's lives**

**Global Business Collaboration for Better Workplace Mental Health** – In 2021, we became a founding partner of this collaboration, in line with our objective under aim 15 to improve awareness and understanding of mental health challenges. In December 2021, we contributed to the creation of a video and guide that help employees to share their mental health experiences.

**Shift** – We are developing the methodology for our aim 12 objective on the quality of community relationships assessed by priority bp sites and businesses, in partnership with Shift, a centre of expertise on the UN Guiding Principles on Business and Human Rights. We plan to pilot this methodology in 2022.

**Voluntary Principles Initiative** – We are actively engaged in the Voluntary Principles Initiative, working across the Government, Corporate and NGO pillars to promote the implementation of a set of principles that guide companies on providing security for their operations while respecting human rights.

**Global Business Initiative** – We have joined the Global Business Initiative and look forward to engaging with our peers throughout 2022 to continue the discussion on how best to advance corporate respect for human rights.

**Council for Inclusive Capitalism with the Vatican** – We are a founding member of the Council's Just Energy Transition workstream. Our CEO has been a member of the Council's Steering Committee since December 2020.

### **Business for Social Responsibility**

We participate in the Energy for a Just Transition collaboration led by Business for Social Responsibility and the B Team, and have supported the initiation and development of the collaboration throughout 2021. The collaboration brings together energy, utilities and related companies to develop practical guidance on how companies can plan for, operationalize, and integrate just transition principles into their sustainability strategies and practices.

### **Caring for our planet**

**Fauna & Flora International** – We have a five-year collaboration with the conservation organization Fauna & Flora International to help us implement our net positive impact aim outlined in our biodiversity position. In 2021 this involved helping us develop our NPI methodology and guidance.

### **Natural Climate Solutions Alliance**

As a participant in the Natural Climate Solutions Alliance (NCSA), we are working to help scale up high quality markets for sustainable, verified natural climate solutions. Co-convened by the World Economic Forum and the World Business Council for Sustainable Development, the NCSA brings together a cross-section of stakeholders from business and civil society. Its focus is on overcoming barriers and unlocking investment by calling for high standards for the supply and use of NCS.

Read more about our approach to NCS, on page 45

### **World Business Council for Sustainable Development**

We are a founding member of the World Business Council for Sustainable Development (WBCSD) and our EVP for strategy, sustainability & ventures has been appointed to the WBCSD's Executive Committee. We participated in a number of WBCSD initiatives focused on net zero, circular economy, solar energy and NbS and NCS. We helped shape their 'Accelerating Business Solutions for Climate and Nature Report', which aims to help remove the hurdles to the consistent and effective implementation of NbS and NCS at scale.

## Our engagement activities

Employees <b>65,900</b> bp employees	Investors and shareholders <b>\$4.3bn</b> total dividends	Customers <b>&gt;12m</b> touchpoints	Society <b>\$51m</b> social investment	Government and regulators <b>\$5.4bn</b> paid in income and production taxes	Supply chain partners <b>\$51bn</b> third-party spend
We engage regularly with employees through internal communications and 'Pulse' surveys.	We engage with investors through meetings, events and roadshows.	We use our digital platforms and loyalty programmes to engage with our customers.	We engage with local communities through our speak up line OpenTalk, community liaison officers and direct contact.	We engage in national and international dialogue with governments, business groups and civil society.	We engage with supply chain partners, making full use of virtual environments.

### Engagement in 2021

Weekly 'Pulse Live' surveys were sent to a representative sample of employees to gather continuous feedback. Our annual 'Pulse' survey was sent to all employees.

Our businesses and leadership regularly communicated with employees through webcasts and virtual events.

### How we responded to issues raised

Employees told us that they believe we are progressing with our transformation, but some of them told us they do not fully understand our strategy.

We launched a strategy education campaign and also identified focus areas to build on, strengths that influence engagement, key emerging concerns to address and ways to build greater inclusion.

### Engagement in 2021

Engagement with shareholders and investors to explain progress on our strategy included our annual general meeting, quarterly results presentations, and bilateral meetings between bp executives and government representatives in countries where we operate.

### How we responded to issues raised

At the 2021 AGM, shareholders supported the board's recommendation to reject resolution 13. However, we recognize that some shareholders (around 20% of votes cast) chose to support the resolution. We engaged extensively in autumn 2021, reflected on feedback received and will continue to engage with shareholders and other stakeholders.

### Engagement in 2021

We included questions about the inclusivity of customer experience in our retail customer market research surveys.

### How we responded to issues raised

We intend to use the responses to our surveys to benchmark our performance against others to help us provide more inclusive customer experiences.

### Engagement in 2021

At our Castellon refinery we have a mechanism to receive, manage and address any complaints. We participated in multi-stakeholder groups in Iraq, Trinidad and Tobago, Mauritania and Senegal to support local involvement in EITI activities.

### How we responded to issues raised

We have dedicated resources at our Castellon refinery to manage complaints and to resolve each one of them separately, even out of office hours.

Through EITI we helped to maintain transparency around our oil and gas operations and the revenues from these operations.

### Engagement in 2021

We joined The B Team's responsible taxes working group and engaged directly with HMRC in the UK.

### How we responded to issues raised

To help us improve on our previous tax report, we listened to feedback from our stakeholders and worked with different expert individuals to help ensure the information we provide about our tax matters is useful and improves understanding.

Our tax team collaborated with HMRC to improve our understanding of new UK tax requirements and the situations in which these may apply.

### Engagement in 2021

We held two annual contractor safety forums in 2021.

We launched region-specific and project-dedicated supplier portals.

### How we responded to issues raised

We recognize that contractors make up a large proportion of our workforce at our sites and we are continuing to roll out the IOGP life-saving rules across our upstream operations to achieve a consistent industry standard for our facilities.

With our contractors, we identified joint opportunities to reduce greenhouse gas emissions at our north African operations and in our European retail network.

# Our reporting

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 In 2021 we have taken steps to increase the transparency of our reporting on climate-related matters and sustainability.

# Materiality

To make sure we report about the sustainability issues that matter most to our stakeholders, we carry out regular materiality assessments. We use what we learn to inform our sustainability reporting.

## Our materiality process

In 2021, we worked with an external agency to refresh and update specific elements of our materiality assessment process for our sustainability reporting so that it reflects external developments relating to sustainability and environmental, social and governance (ESG) reporting, as well as the first year of our new strategy and sustainability frame. The refresh and update process involved in-depth research to identify new and emerging ESG topics.

The research included reviewing ESG frameworks, ESG legislation and industry trends. Existing material issues were also considered to confirm their continued strategic significance. We discussed and validated the findings of this research with internal stakeholders, including environmental and social subject matter experts. We updated the board-level safety and sustainability committee on the outcome of the process.

We identified 21 key issues that are important to bp and mapped them to the key areas of our sustainability frame. Our updated research in 2021, highlighted the increasing significance of two issues: water management and health and wellbeing. These two issues were previously considered sub-topics of other material issues but have been added as individual material issues in 2021 to reflect their increasing significance. Both of these are aims in our sustainability frame.

Read more about our materiality process:  
[bp.com/ourreporting](https://bp.com/ourreporting)

## Material issues

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# About our reporting

We aim to report on many different aspects of our business, including joint ventures where we are the operator. Our aim is to provide useful and transparent reporting.

## ESG

To help stakeholders analyse our progress on sustainability we publish a detailed ESG datasheet along with a charting tool.

The introduction of our new sustainability data management system OneCSR in 2020 has improved the way we collect, analyse and share data about our carbon, environmental and social performance from our projects and operations..

Read more: [bp.com/ESGdata](https://bp.com/ESGdata)

## Verification and assurance

Our verification methods include data reviews by reporting businesses and subject matter experts, second line functional and group reviews as well as third line reviews by internal audit.

We ask Deloitte to provide limited external assurance for several key sustainability metrics to the internationally recognized ISAE 3000 standard.

Read the Deloitte assurance statement, on [page 57](#)

Read about the metrics we assure at [bp.com/basisofreporting](https://bp.com/basisofreporting)

## Our reporting centre

You can access all of our current reports online.

[bp.com/reportingcentre](https://bp.com/reportingcentre)

## Standards and frameworks

### Task Force on Climate-related Financial Disclosures (TCFD)

We describe how we have made disclosures against the TCFD's recommendations and recommended disclosures in our annual report and online at [bp.com/TCFD](https://bp.com/TCFD)



### Global Reporting Initiative (GRI) standards

We report in line with the core option of the GRI standards, including the GRI tax standard.

### CDP

We resumed submission to the CDP climate questionnaire in 2021 and received an A- score.



### SASB standards

We take the SASB oil and gas exploration and production standard into account when making disclosures as part of our response to growing demand for non-financial information to help benchmark corporate performance.



### World Economic Forum/International Business Council: Measuring Stakeholder Capitalism Initiative

We support the principles of this initiative and have committed to reflect those core metrics that are most relevant and meaningful to our business.

### UN Global Compact

We are a signatory to the UN Global Compact and have reinforced our support for the 10 principles on human rights, labour, environment and anti-corruption through our purpose and sustainability frame. Read more at [bp.com/UNGC](https://bp.com/UNGC)

### IPIECA – the global oil and gas industry association for advancing environmental and social performance

IPIECA's sustainability reporting guidance informs the way we report on environmental and social issues.

For more about our latest reporting and performance [bp.com/ourreporting](https://bp.com/ourreporting)

# Independent assurance statement by Deloitte LLP to bp on selected sustainability information

## Scope of work

We have provided independent limited assurance, in accordance with the International Standard for Assurance Engagements ("ISAE") 3000 (Revised)<sup>a</sup>, on selected sustainability information ("subject matter"), for the financial year ended 31 December 2021. The subject matter is reported in the 2021 Sustainability Report ("SR"), the 2021 Annual Report and Accounts ("ARA") and in the 'ESG data' document, published by bp p.l.c. (bp) on the bp website (bp.com) (together, the "Reports").

## Selected subject matter for assurance<sup>b</sup>

Safety indicators:<sup>c</sup>

- Recordable injury frequency,
- Day away from work case frequency,
- Number of fatalities,
- Number of oil spills equal to or greater than 1 barrel,
- Process safety events (Tier 1 and Tier 2)

Environmental indicators:

- Scope 1 (direct) GHG emissions (operational boundary) (MtCO<sub>2</sub>e) (Aim 1)
- Scope 1 (direct) GHG emissions from UK locations and offshore (operational boundary) (MtCO<sub>2</sub>e) (Aim 1)
- Scope 1 (direct) GHG emissions from global locations (excluding UK and offshore) (operational boundary) (MtCO<sub>2</sub>e) (Aim 1)
- Scope 2 (indirect) GHG emissions (operational boundary) (MtCO<sub>2</sub>e) (Aim 1)
- Scope 2 (indirect) GHG emissions from UK and offshore locations (operational boundary) (MtCO<sub>2</sub>e) (Aim 1)
- Scope 2 (indirect) GHG emissions from global locations (excluding UK and offshore) (operational boundary) (MtCO<sub>2</sub>e) (Aim 1)
- Scope 1 (direct) GHG emissions (equity boundary) (MtCO<sub>2</sub>e) (Aim 1)
- Scope 2 (indirect) GHG emissions (equity boundary) (MtCO<sub>2</sub>e) (Aim 1)
- Cumulative total Sustainable Emissions Reductions (SERs) since 2016 (inclusive) (MtCO<sub>2</sub>e) (Aim 1)

- Scope 1 (direct) carbon dioxide emissions (operational boundary) (MtCO<sub>2</sub>) (Aim 1)
- Scope 1 (direct) methane emissions (operational boundary) (Mte) (Aim 1)
- Carbon emissions upstream oil and gas production (MtCO<sub>2</sub>e) (Aim 2)
- Carbon intensity of total marketed energy products (gCO<sub>2</sub>e/MJ) (Aim 3)
- Methane intensity (%) (Aim 4)
- Energy consumption for UK and offshore locations (operational boundary) (GWh, base units of kWh)
- Energy consumption for global locations (excluding UK and offshore) (operational boundary) (GWh, base units of kWh)

The above subject matter has been assessed against bp's Reporting Requirements and Definitions<sup>d</sup>.

## Key assurance procedures

To form our conclusions, we undertook the following procedures:

- Examined the documents relating to bp's sustainability performance, including safety and operational risk documentation, internal audit outputs, and board committee minutes, to understand the level of management awareness and oversight of sustainability performance;
- Interviewed staff responsible for managing data processes and data management systems at group level;
- Examined a sample of control documentation for non-financial management information;
- Examined disaggregated data reported by a sample of businesses to assess whether the data have been collected, consolidated and reported in accordance with the Reporting Requirements and Definitions; and
- Performed procedures over the completeness of the data and whether the subject matter data has been collected, consolidated and reported accurately at group level.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

## Our conclusion

Based on our procedures described in this report, nothing has come to our attention that causes us to believe that the selected subject matter stated above presented in the Reports, for the financial year ended 31 December 2021, has not been prepared, in all material respects, in accordance with bp's Reporting Requirements and Definitions.

## The basis of our work and level of assurance

We carried out limited assurance on selected bp's safety and environmental KPIs (KPIs 1-21) in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised). Under ISAE 3000 an assurance engagement may be performed as a reasonable assurance or limited assurance engagement. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement; and consequently, the level of assurance obtained in a limited assurance engagement is designed to enhance the intended users' confidence about the subject matter information but is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. To achieve limited assurance ISAE 3000 requires that we review the processes, systems and competencies used to compile the areas on which we provide assurance.

## Inherent limitations

Inherent limitations exist in all assurance engagements due to the selective enquiry of the information being examined. Therefore fraud, error or non-compliance may occur and not be detected. Additionally, non-financial information, such as that included in the Reports, is subject to more inherent limitations than financial information, given the nature and methods used for determining, calculating, and sampling or estimating such information.

Our work has been undertaken so that we might state to bp those matters we are required to in this report and for no other purpose. Our work did not include physical inspections of any of bp's operating assets.

While we acknowledge that this report will be published on the bp website, the maintenance and integrity of that website is the responsibility of bp. The work that we carried out does not involve consideration of the maintenance and integrity of that website and, accordingly, we accept no responsibility for any changes that may have occurred to this report and the Reports, since they were initially presented on the website.

## Our independence and competence

We complied with Deloitte's independence policies, which address and, in certain cases, exceed the requirements of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants in their role as independent auditors, and in particular preclude us from taking financial, commercial, governance and ownership positions which might affect, or be perceived to affect, our independence and impartiality, and from any involvement in the preparation of the report.

We have confirmed to bp that we have maintained our independence and objectivity throughout the year and that there were no events or prohibited services provided which could impair our independence and objectivity.

We have applied the International Standard on Quality Control 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## Roles and responsibilities

bp is responsible for the preparation of the sustainability information and statements contained within the Reports. It is responsible for selecting appropriate KPIs with which to describe the entity's performance, and establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived.

Our responsibility is to independently express conclusions on the subject matter as defined within the scope of work above to bp in accordance with our letter of engagement. Our work has been undertaken so that we may notify bp of those matters we are required to inform them of in this statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than bp for our work, for this report, or for the conclusions we have formed.

**Deloitte LLP, London**  
31 March 2022

## Cautionary statement

In order to utilize the ‘safe harbor’ provisions of the United States Private Securities Litigation Reform Act of 1995 (the ‘PSLRA’) and the general doctrine of cautionary statements, bp is providing the following cautionary statement.

bp Sustainability Report 2021 contains certain forecasts, projections and forward looking statements – that is, statements related to future, not past events and circumstances with respect to the financial condition, results of operations and businesses of bp and certain of the plans and objectives of bp with respect to these items. These statements may generally, but not always, be identified by the use of words such as ‘will’, ‘expects’, ‘is expected to’, ‘aims’, ‘should’, ‘may’, ‘objective’, ‘is likely to’, ‘intends’, ‘believes’, ‘anticipates’, ‘plans’, ‘we see’ or similar expressions. In particular, such statements, among other statements, may include but are not limited to:

statements relating to the purpose, ambition, aims, targets, plans and objectives of bp – as well as statements regarding expectations for bp’s strategy including for bp to transform from being an international oil company focused on producing resources, to an integrated energy company focused on delivering energy solutions for customers; plans and expectations regarding bp’s ambition to be a net zero company by 2050 or sooner and help the world get to net zero, including its five aims to get bp to net zero across its production, operations and sales, as well as its aims in respect of, methane measurement at major oil and gas processing sites by 2023 and subsequent reduction of methane intensity of operations, and aims to increase the proportion of investment into non-oil and gas businesses over time; plans and expectations regarding bp’s five aims to help get the world to net zero, including the aim to more actively advocate for policies that support net zero, including

carbon pricing, the aim to incentivize bp’s global workforce to deliver on these aims and mobilize them to become advocates for net zero, the aim to set new expectations for relationships with trade associations around the globe, the aim to be recognized as an industry leader for the transparency of its reporting and the aim to launch a new team to create integrated clean energy and mobility solutions; plans and expectations for bp’s Sustainability Frame that underpins the strategy including ten aims (our people and planet aims) regarding more clean energy and the plan to have developed 50GW renewable energy generating capacity to FID by 2030, supporting a just transition that advances human rights and education and includes developing just transition plans in priority areas, helping over 1m people build sustainable livelihoods, greater diversity, equity & inclusion for our workforce and customers and increasing supplier diversity spend to \$1 billion, enhancing the health and wellbeing of our employees, contractors and local communities, putting our biodiversity position into action including the expectation that from 2022 all new bp projects in scope will have plans in place aiming to achieve net positive impact, replenishing more freshwater than we consume in our operation, using nature-based solutions (NbS) to deliver value and contribute to our people and planet aims in our operations and through our business activities and using circular resources and embracing circular principles in design, operations and decommissioning, working with our key suppliers to embed sustainable practices, focusing on reducing greenhouse gas emissions and increasing the circularity of what we buy and planning to create a circularity methodology and set circularity aims by the end of 2023; expectations that by 2030 bp’s net production of oil, natural gas and natural gas liquids will be around 40% lower relative to 2019; plans and expectations about growing our renewables and

bioenergy businesses and seeking early positions in hydrogen and carbon capture, use and storage and strengthen our gas position; our role in the Net Zero Teesside (NZT) and Northern Endurance (NEP) projects;

plans and expectations in relation to divestments including non-core assets; expectations regarding bp’s partnership with Equinor for offshore wind in the US; plans to continue to focus on the customer and scale up our differentiated offers in growth markets and for next-gen mobility solutions, including electrification, sustainable fuels and hydrogen; plans to do more to integrate sustainability into our governance structures and business processes, so that it informs our strategic and operational decisions; statements regarding the uncertainties in the energy transition; Forward looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will or may occur in the future and are outside the control of bp. Actual results or outcomes may differ from those expressed in such statements, depending on a variety of factors including those set out in the ‘Risk factors’ in our Annual Report and Form 20-F 2021 and any other matters referred to at [bp.com/sustainability](https://bp.com/sustainability).

In addition to factors set forth elsewhere in this report, those set out above are important factors, although not exhaustive, that may cause actual results and developments to differ materially from those expressed or implied by these forward looking statements.

The term ‘material’ is used within this document to describe issues for voluntary sustainability reporting that we consider to be of high or medium importance in terms of stakeholder interest and potential business impact.

Material for the purposes of this document should not, therefore, be read as equating to any use

of the word in other bp p.l.c. reporting or filings. bp’s Annual Report and Form 20-F 2021 may be downloaded from [bp.com/annualreport](https://bp.com/annualreport).

No material in the Sustainability Report forms any part of that document. No part of this Sustainability Report or bp.com/sustainability constitutes, or shall be taken to constitute, an invitation or inducement to invest in bp p.l.c. or any other entity and must not be relied upon in any way in connection with any investment decisions. bp p.l.c. is the parent company of the bp group of companies. Where we refer to the company, we mean bp p.l.c.. The company and each of its subsidiaries are separate legal entities. Unless otherwise stated or the context otherwise requires, the term “bp” and terms such as “we”, “us” and “our” are used in the Sustainability Report for convenience to refer to one or more of the members of the bp group instead of identifying a particular entity or entities.

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