



# Reimagining energy

for people and our planet

bp sustainability report 2020

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## About our 2020 reporting suite

The bp sustainability report 2020 is part of our comprehensive reporting suite. It's complemented by the following online sources of information:

[bp.com/quickread](#) – a summary of the sustainability report, including key highlights and performance in 2020

[bp.com/sustainability](#) – an overview of sustainability at bp

[reporting frameworks and standards](#) – our performance indexed using selected standards

[ESG data sheet](#) – our key performance data (available in PDF and Excel formats)

[bp.com/reportingcentre](#) – all our key reports and policies in one place

We asked Deloitte to assure selected sustainability key performance indicators (KPIs). Their statement is on [page 93](#) and should be read alongside the bp basis of reporting [bp.com/basisofreporting](#) which defines the KPIs.

2020 was a pivotal year for bp. To reflect this, our sustainability report contains a considerable amount of forward-looking content; setting out our new strategy and sustainability aims and explaining the function and nature of our sustainability frame, which we first announced in August 2020. When possible, we have explained our retrospective performance for 2020 in the context of these new aims and the frame. We will provide more information on our performance against this new frame in future reports.



# We have to take action ...



One thing that the pandemic has taught us is the vital role business can have in helping to solve some of the world's most urgent problems. Profits or purpose need not be a choice – and instead can work together in service of all stakeholders.

Over the past year we worked extra hard to support the mental and physical health and wellbeing of our own employees, as well as some of the most vulnerable in the communities where we live and work. At the same time, we forged ahead with the plans we announced just before the pandemic to fundamentally transform bp, introducing a new strategy that will see us pivoting from an International Oil Company to an Integrated Energy Company.

## Connecting strategy and purpose

In February 2020, we introduced our new purpose to "reimagine energy for people and our planet". With climate change foremost in our minds, we set out 10 aims to get bp to net zero by 2050 or sooner, and to help the world get there too. We are now introducing a further 10 aims, which are broader than climate. Five are to help us care for the planet and five to improve people's lives. Together, the full set of 20 aims shape how we turn our sustainability frame in action.

Just as we have benchmarks to track our financial performance – such as cash flow, costs and shareholder returns – we now have benchmarks to track our sustainability performance – greenhouse gas reductions, replenishing more freshwater than we consume, advancing human rights in the places where we operate. This allows us to show how profits and purpose can work together in service of delivering long-term sustainable value for all our stakeholders – investors, employees and society.

You will find the details in this report. Thank you to everyone who helped us develop them.

“Profits or purpose need not be a choice – and instead can work together in service of all stakeholders.”

**Bernard Looney,**  
chief executive officer

## Progress through the pandemic

Despite our financial performance being hit hard by the brutal disruption caused by COVID-19, we have made strong progress reimagining energy and reinventing bp. We have moved into offshore wind, we are growing fast in solar through Lightsource bp and we are learning more and more about hydrogen and carbon capture and how to commercialise these technologies. We reduced our operational greenhouse gas emissions by 16%. And we updated our human rights policy and announced our new position on biodiversity – which now includes the aim for new projects to make a net positive impact on biodiversity.

The pain and disruption of the pandemic has only strengthened the global movement for a just transition, more equitable society and a cleaner environment. The world will build back better, and bp, with your continued support, will play our part.

We look forward to your feedback on our progress and how we can improve.

# ... and put sustainability at the heart of bp

Sustainability is a foundation of our new strategy. We believe creating value for our stakeholders more widely – including society, our employees and our shareholders – is key to the long-term resilience and value of our business.

That is why, when developing our strategy last year, we underpinned it with a sustainability frame to translate our purpose – to reimagine energy for people and our planet – into action. The sustainability frame does this by connecting the business opportunity of the energy transition with societal needs and the environment.

It builds on bp's values and commitment to sustainability over many years and focuses on three areas where we believe we can make the most difference: get to net zero, improve people's lives and care for our planet, each underpinned by concrete aims.

## Building for the future

In his letter, Bernard talks about our progress so far, and I would like to share some details of our path forward.

In addition to the 10 aims we set out a year ago to support our net zero ambition, we now have 10 more to link our actions to a broader set of societal issues – five for people and five for the planet. These are leading aims, for example: becoming a water positive company by 2035; advancing a just transition that supports workers and communities; and putting our biodiversity position into action with targets for delivery.

Some of these aims are more mature than others, but together they form part of a living frame, focused not just on today's needs, but preparing for tomorrow's. And one through which we plan to embed sustainability in our DNA with our revised governance structure and core decision making processes, including those for investment. In this way, our new frame and aims will guide our work, focus our activities and propel us forward.

Our new sustainability frame and aims will guide our work, focus our activities and propel us forward.

**Giulia Chierchia,**  
EVP, strategy & sustainability

## Building together

I am incredibly proud of what we as a team have achieved over the last 12 months, in what has been one of the hardest years in living memory. We have much more to do but having seen the talent and determination within our company, I believe more than ever that the path we are on is absolutely right for us and for society.

I would like to thank our many stakeholders for their invaluable input so far. We have been listening intently and will continue to do so. This engagement will be key as we work purposefully to deliver our strategy and all 20 of our sustainability aims.





# Sustainability at bp summary

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bp wind energy operates nine onshore wind assets across the US, with a gross generating capacity of 1.7GW.

## Our purpose

*Reimagining  
energy*

for people and our planet.

We want to help the world reach net zero and improve people's lives.

We will aim to dramatically reduce carbon in our operations and in our production, and grow new low carbon businesses, products and services.

We will advocate for fundamental and rapid progress towards Paris and strive to be a leader in transparency.

We know we don't have all the answers and will listen and work with others.

We want to be an energy company with purpose; one that is trusted by society, valued by shareholders and motivating for everyone who works at bp.

We believe we have the experience and expertise, the relationships and the reach, the skill and the will, to do this.



## Our strategy

In 2020 we set out a new strategy that will see us transform from being an International Oil Company focused on producing resources, to an Integrated Energy Company focused on delivering solutions for customers.

We have established six beliefs about the energy transition. These underpin our new strategy.

Three features are common across the bp Energy Outlook scenarios and they form a set of three core beliefs about how energy demand is likely to change over the next three decades.

1

The world will electrify, with **renewables** a clear winner.

2

**Customers** will redefine convenience and mobility, driven by electrification, digital and fleets.

3

**Oil and gas challenged** but will remain part of the energy mix for decades.

And those core beliefs lead to three more about how the energy system will have to change in response to evolving demand, out to 2050.

4

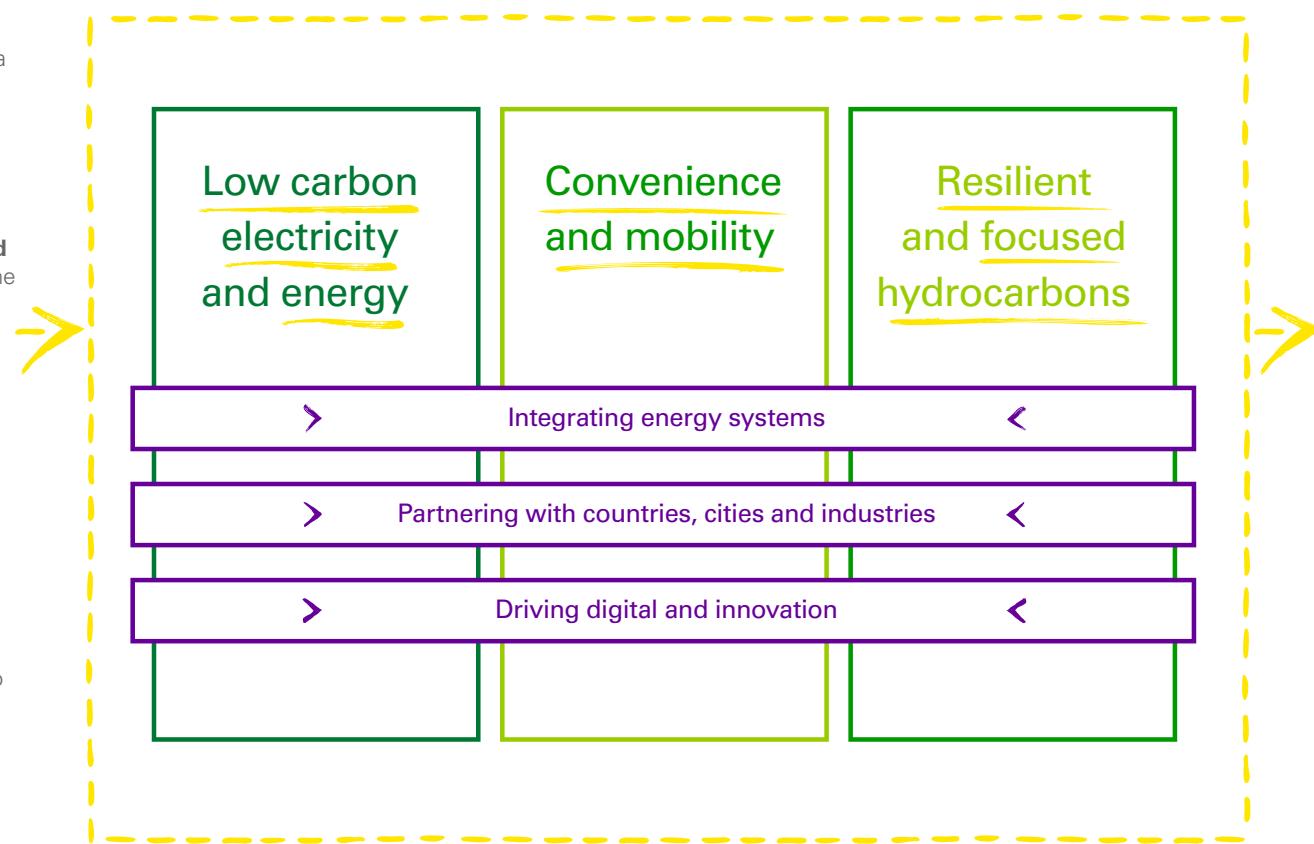
**Energy systems** will become increasingly multi-technology, integrated and local.

5

**Customers** – countries, cities, industries and corporates – will demand bespoke energy solutions.

6

**Digital** will continue to transform our lives – creating opportunities to drive innovation, unlock value and engage new customers and markets.



 Read more about the bp Energy Outlook on **page 12**

# Our strategy continued

## Three focus areas

### Low carbon electricity and energy

Building scale in renewables and bioenergy, seeking early positions in hydrogen and carbon capture, use and storage (CCUS), and building out a customer gas portfolio to complement these low carbon energies.

### Convenience and mobility

Putting customers at the heart of what bp does, helping accelerate the global revolution in mobility, redefining the experience of convenience retail, and scaling our presence and fuel sales in growth markets.

### Resilient and focused hydrocarbons

Maintaining an absolute focus on safety and operational reliability, we intend to continue to high-grade the portfolio, gradually resulting in significantly lower and more competitive producing and refining throughput. We will not attempt to explore in countries where we don't already have upstream activities.

#### In 2020:

- bp and Equinor formed a strategic US offshore wind partnership.
- Lightsource bp growing solar pipeline in US & Europe.
- Renewable hydrogen partnership with Ørsted at Lingen refinery, Germany.

#### In 2020:

- 1,400 EV charging points rolled out with DiDi JV in China.
- Jio-bp our new mobility joint venture (JV) in India with Reliance operational.
- Added ~300 convenience sites – now total >1,900.

#### In 2020:

- 4 major Upstream project start-ups: Atlantis (the US Gulf of Mexico), Ghazeer (Oman), Vorlich (UK), KG D6 R-cluster (India).
- Completed the Southern Gas Corridor pipeline and the Trans Adriatic pipeline began gas deliveries.
- Completed Alaska and petrochemicals divestments.
- Ceased fuel production at our Kwinana refinery (Australia).

## Three sources of differentiation

### Integrated energy systems

Along and across value chains, pulling together all our capabilities to optimize energy systems and create comprehensive offers for customers. Our global presence in oil, gas and power value chains, including retail, EV charging, carbon sequestration and renewables, means we have the capability to provide multi-energy solutions.

### Partnering with countries, cities and industries

In 2020 these included strategic partnerships with Aberdeen, Houston and Microsoft, and an agreement to provide additional renewable energy to Amazon.

### Digital and innovation

To enable new ways to engage with customers, create efficiencies and support new businesses. We plan to double capital investment in digital to around \$1.5 billion per year up to 2025, and we see this translating into value for bp and our customers. We also plan to create 10 new digital businesses in Launchpad by the end of 2022.

**214TWh**  
traded electricity in 2020



**3**

target industries by 2030



**38**

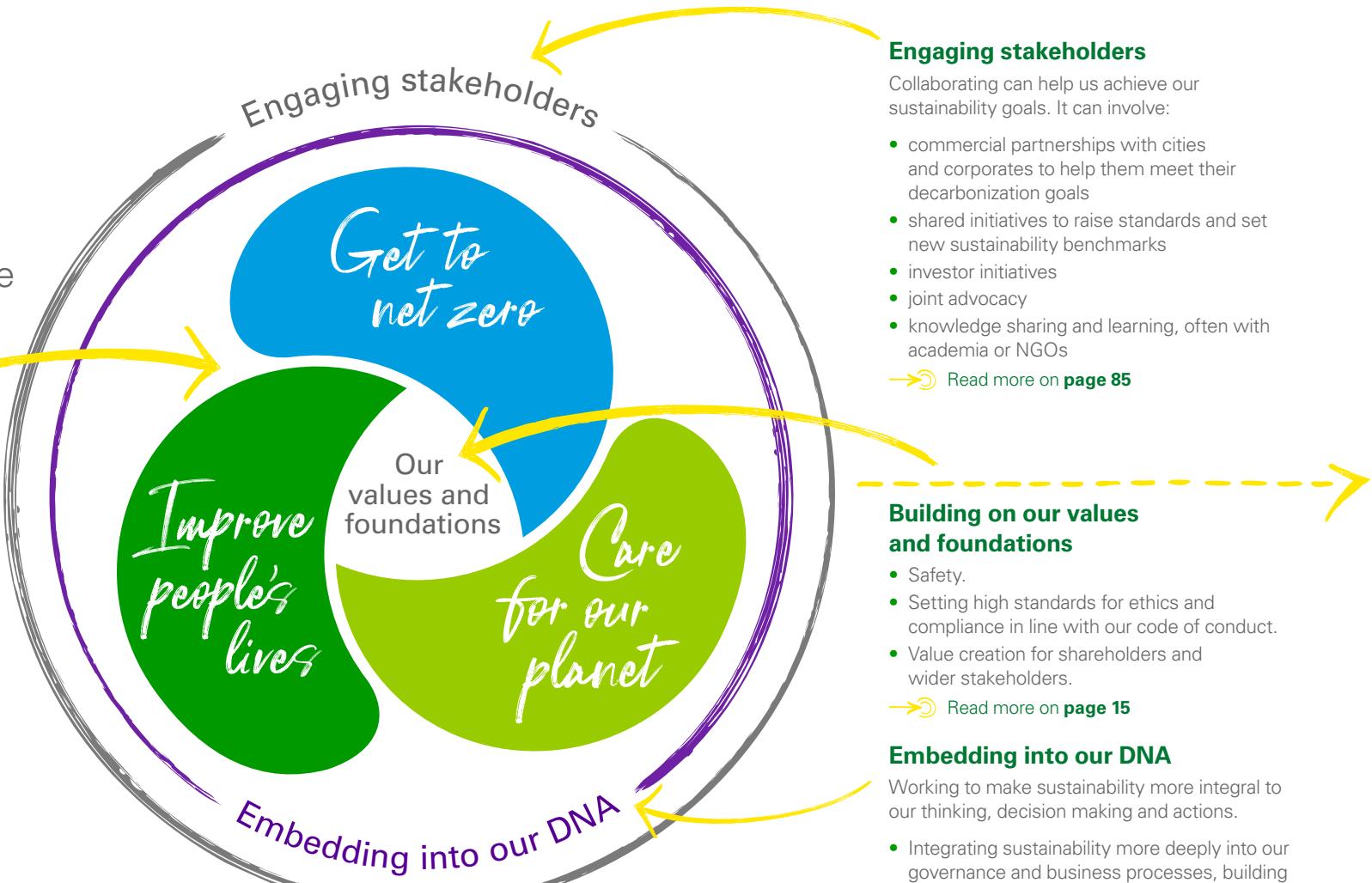
ventures and Launchpad businesses in total



Read more about our business model on [page 16](#) of the **bp annual report 2020**

# Our sustainability frame

Our new sustainability frame, which underpins our strategy, puts our purpose into action. It takes an integrated approach while focusing on the areas where we believe we can make the most difference.

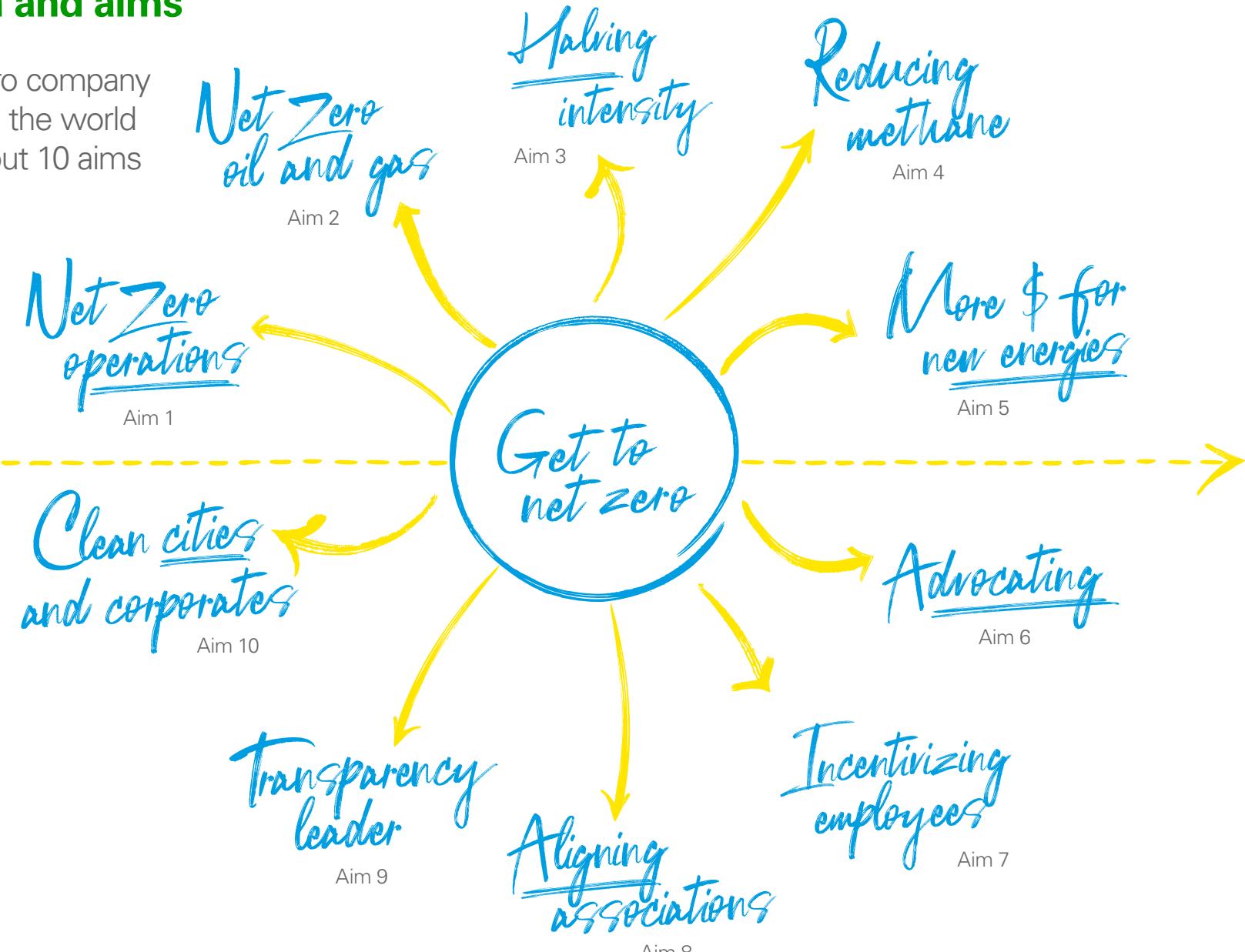


## Our net zero ambition and aims

Our ambition is to be a net zero company by 2050 or sooner and to help the world get to net zero. We have set out 10 aims to support this ambition.

Five aims to get  
bp to net zero

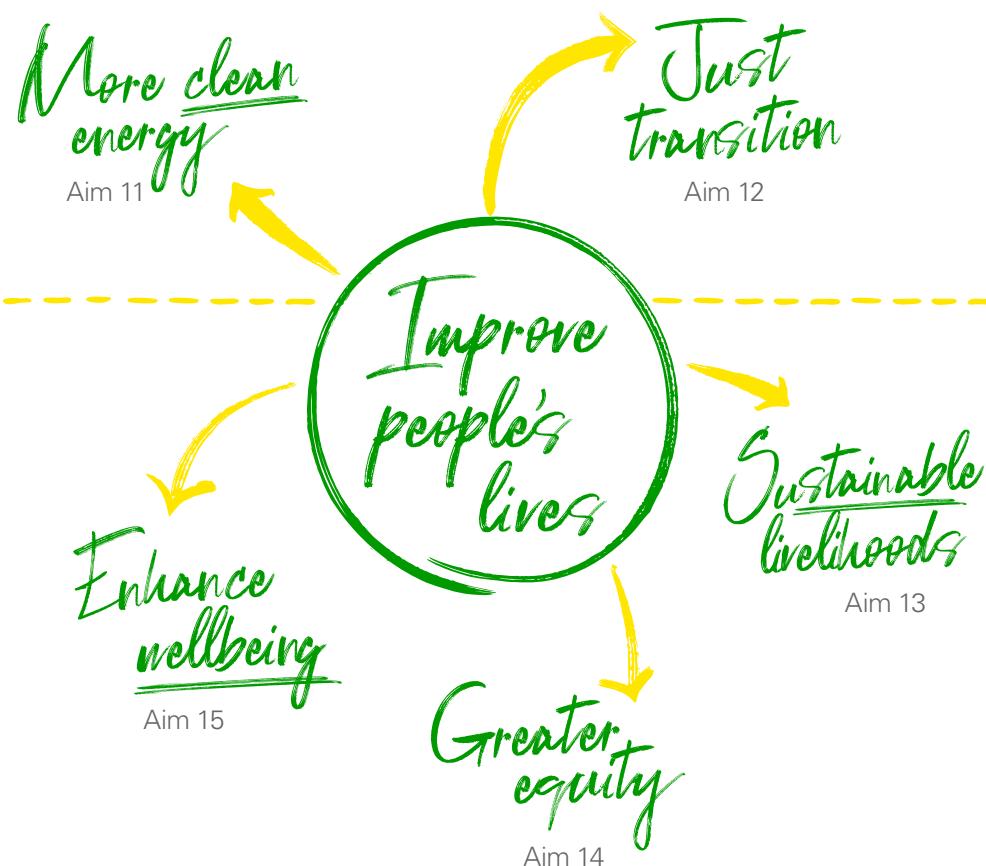
Five aims to help get  
the world to net zero



Read more about our net zero aims on [page 29](#)

## Our people and planet aims

Alongside our net zero ambition and aims, we have also set out five aims to help improve people's lives and five aims to care for our planet.



Read more about our people aims on [page 50](#)

Read more about our planet aims on [page 66](#)

# 2020 at a glance

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Drillers working at the Khazzan field in Oman.

## 2020 at a glance

Through our scale, reach and range of activities, we deliver heat, light and mobility products and services to customers around the world, and we plan to do so increasingly 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.

 Read more about our business model on [page 16](#) of the **bp annual report 2020**

## Key milestones



- Launched our [new purpose, net zero ambition and aims](#)
- Published our first [trade association climate review](#)

- Held our closed virtual [annual general meeting](#) in line with UK Govt COVID-19 guidelines
- Published our updated [business and human rights policy](#)
- Launched our new [biodiversity position](#) on World Environment Day
- Announced [sale of bp petrochemicals](#) to Ineos to help focus our portfolio



- Launched a [new structure, a new leadership team, and new ways of working](#)
- Launched a partnership [with the City of Houston](#) to advance their Climate Action Plan goals and [with Aberdeen](#) to help deliver the city's Net Zero Vision
- Announced our strategic [partnership with Microsoft](#) to further digital transformation in energy systems
- Moved into the offshore wind market through a new [partnership with Equinor](#)
- Held three days of virtual presentations on our new strategy during [bp week](#)
- Completed divestment of bp's Alaska business to Hilcorp
- The [Trans Adriatic Pipeline](#) started commercial operation
- Produced first gas from our [Ghazeer field](#) in Oman
- Acquired a controlling interest in [Finite Carbon](#) – a leading carbon forest offset provider in the US
- Published our first [tax transparency report](#)

a Reflecting lower oil and gas prices, exploration write-offs, lower refining margins, depressed demand, other items – including impairments.

b 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.

c 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.

### Scale

**63,600**  
employees  
2019 70,100

**72**

countries  
2019 79

**10,100**

electric vehicle charge points<sup>a</sup>  
2019 >7,500

**38**

businesses supported through  
bp ventures and Launchpad

**20,300**  
retail sites  
2019 18,900

**11.5m**

customer touchpoints<sup>\*</sup>  
2019 >10 million

**14**

countries where Lightsource bp  
is active  
2019 13

**2.4m**

million barrels of oil equivalent  
per day – Upstream production<sup>\*</sup>  
2019 2.6mmboe/d<sup>b</sup>

### Performance in 2020

**70**  
tier 1 and 2 process  
safety events<sup>c</sup>  
2019 98

**96%**  
refining availability<sup>\*</sup>  
2019 94.9%

**\$750m**

invested in low carbon activities  
2019 >\$500m

**94%**  
Upstream plant reliability<sup>\*</sup>  
2019 94.4%

**3.3GW**

developed renewables to final  
investment decision<sup>\*</sup>  
2019 2.6GW

For terms with <sup>\*</sup> refer to the glossary on [page 341](#) of the **bp annual report 2020**

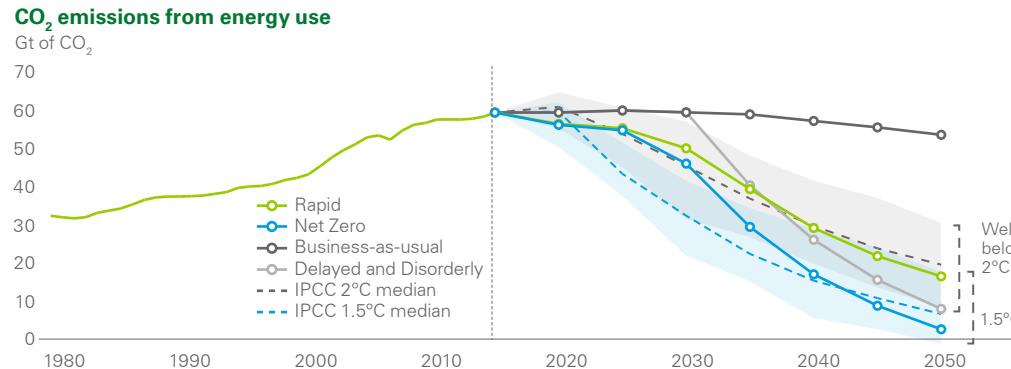
## bp Energy Outlook 2020

The bp Energy Outlook explores the forces shaping the global energy transition out to 2050 and the key uncertainties surrounding that transition.

The bp Energy Outlook considers a number of scenarios and energy transition pathways the world may take over the next 30 years. Four scenarios include: Rapid, Net Zero, Delayed and Disorderly, and Business-as-usual. The uncertainty is substantial and these scenarios are not predictions of what is likely to happen or what bp would like to happen.

Rather they explore the possible implications of different judgements and assumptions concerning the nature of the energy transition.

In the chart below, we compare the 2020 Energy Outlook's scenarios with the range of scenarios included in the Intergovernmental Panel on Climate Change (IPCC)<sup>b</sup>, which were judged to be consistent with meeting the goals of the Paris Agreement<sup>a</sup>.



### Using scenarios to inform our strategy

The scenarios described in the bp Energy Outlook help inform bp's strategy process alongside a wide range of other analyses and information. The aim of the scenarios is to aid our understanding of how the pace and nature of the energy transition may affect the global energy system and so help test whether our

strategy is robust and resilient to the range of uncertainty we face. Given that, we believe that it is neither useful nor sensible to try to identify one scenario as being more or less likely than another.

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

a Paris Agreement (1) Article 2.1(a) of the Paris Agreement states the goal of "Holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels, recognizing that this would significantly reduce the risks and impacts of climate change." (2) Article 4.1 of the Paris Agreement: In order to achieve the long-term temperature goal set out in Article 2, parties aim to reach global peaking of greenhouse gas emissions as soon as possible, recognizing that peaking will take longer for developing country parties, and to undertake rapid reductions thereafter in accordance with best available science, so as to achieve a balance between anthropogenic emissions by sources and removals by sinks of greenhouse gases in the second half of this century, on the basis of equity, and in the context of sustainable development and efforts to eradicate poverty.

b The Intergovernmental Panel on Climate Change (IPCC) is the United Nations' body for assessing the science related to climate change. It is the leading source of data that summarizes the potential pathways to achieve the Paris goals. The IPCC compiles a database of the published results on mitigation pathways from modelling teams around the world.

### Four scenarios to explore the energy transition

#### The Rapid Transition Scenario (Rapid)

poses a series of policy measures, led by a significant increase in carbon prices and supported by more targeted sector-specific measures, which cause carbon emissions from energy use to fall by around 70% by 2050. This fall in emissions is in line with scenarios which are consistent with limiting the rise in global temperatures by 2100 to well below 2-degrees Celsius above pre-industrial levels.

#### The Business-as-usual Scenario (BAU)

assumes that government policies, technologies and social preferences continue to evolve in a manner and at a speed seen over the recent past. A continuation of that progress, albeit relatively slow, means carbon emissions peak in the mid-2020s. Despite this peak, little headway is made in terms of reducing carbon emissions from energy use, with emissions in 2050 less than 10% below 2018 levels.

#### The Net Zero Scenario (Net Zero)

assumes that the policy measures embodied in Rapid are both added to and reinforced by significant shifts in societal behaviour and preferences, which further accelerate the reduction in carbon emissions. Global carbon emissions from energy use fall by over 95% by 2050, broadly in line with a range of scenarios which are consistent with limiting temperature rises to 1.5-degrees Celsius.

#### The Delayed and Disorderly Scenario

a stylized scenario which explores the possibility the global energy system moves in line with BAU until 2030, after which actions are taken to ensure cumulative carbon emissions to 2050 are the same as in Rapid. Delaying the start of the decisive shift to a low carbon energy system significantly increases the scale of the challenge – carbon emissions start from a higher level and there is less time to make the adjustments required. This delay leads to significant economic cost and disorder including energy rationing policies that restrict various energy-using outputs or activities.

## Global trends and events

2020 will be remembered for the pain and global disruption caused by COVID-19 but other notable events also had an impact on bp.

### COVID-19 pandemic

The human, economic and social impacts of the COVID-19 pandemic continue to have a profound impact on countries and individuals. They've also affected bp in many different ways. Throughout 2020 we took action in response and are still doing so. These examples highlight just some of the ways we've addressed and are continuing to address three priorities:

- protecting our people
- supporting communities where we live and work
- strengthening our finances



### Protecting our people

We have taken many actions to make our workforce safer. For employees and other personnel who can work from home, we have enabled them to do so on a global basis since March 2020, and established detailed guidance for our businesses around the world when re-opening offices as it became possible and appropriate to do so in different locations.

Employees and other personnel working in or supporting our critical operations and retail sites have remained at their normal workplaces, but we've introduced robust processes to help protect them. These include protocols for health, pre-mobilization checks, and social distancing and isolation. For example, in the North Sea, we've arranged a special rescue helicopter to safely bring home bp employees and contractors suspected of having COVID-19. There is a medic on each flight and the helicopter has special features to help keep passengers safe from potential cross-contamination, including a specific cabin layout.

At bp-owned retail sites, staff have been equipped with personal protective equipment (PPE) and they regularly disinfect pumps, door handles and PIN terminals. Customers are provided with disposable gloves and hand sanitizer, and asked to pay by card or via the bpme app if possible.

We have modified shift rotations in our refineries to allow for social distancing. In Gelsenkirchen, Germany, we use a new 'red' and 'blue' pattern



for our teams, with each alternating between shifts at the refinery and working at home. At our Castellón refinery in Spain, our team worked in two 12-hour shifts for seven days followed by a long period off work.

### Supporting communities where we work

There are many different examples of bp taking action to help communities local to our operations respond to the uncertainty brought on by the crisis and maintain their resilience.

In India, we provided emergency food supplies and survival kits to stranded truck drivers, migrant workers and to other affected communities close to our operations.

And our Castrol business supported the purchase of COVID-19 medical supplies and testing equipment, as well as extending financial help to mechanics severely impacted by the crisis.

In Mauritania, we provided clean, tanked water to a community after they were left without access to clean water when the government closed borders to Senegal as part of COVID-19 protective measures.

We also provided relief through distribution of PPE in many locations where we work around the world. In the US, we donated 3 million gallons of jet fuel to FedEx Express and Alaska Airlines to help speed the delivery of PPE and other essential goods.



▲ We've taken steps to protect our workforce and customers throughout the COVID-19 pandemic.

## Global trends and events continued

In Australia, we donated PPE to the Royal Flying Doctor Service of Australia to help it continue its 24-hour emergency medical healthcare services in rural and remote areas. And in Brazil, bp Bunge Bioenergia created hand sanitizer from bioethanol to support local communities.

In the UK, we provided free fuel to all emergency services from March to June 2020, supplying more than 10 million litres to emergency service vehicles, as well as supporting frontline NHS workers by providing them with loyalty offers for fuel and shop purchases.

We resumed our free fuel service in January 2021, offering emergency service vehicles with either a bp Plus or Allstar fuel card to fill up for free at any of our 1,200 UK retail sites. We've also provided parents and teachers with materials from the bp educational service to support home-schooling, with more than 20,000 downloads.

We have supported relief efforts during the COVID-19 pandemic, including a \$2 million donation by the bp Foundation to the WHO's COVID-19 Solidarity Response Fund. In June, bp Singapore employees raised and donated S\$39,500 to help migrant workers (who accounted for 90% of COVID-19 cases in Singapore), through the NGO Migrant Workers' Centre, which champions fair employment practices and wellbeing. We also donated \$50,000 to an Angolan government safety campaign to help produce and distribute cotton face masks and donated \$50,000 worth of medical supplies in Algeria to frontline workers at main public hospitals.

### Strengthening our finances

We faced unprecedented market conditions in 2020 – the COVID-19 pandemic created a volatile and challenging environment that called for adaptation and transformation.

Demand for our products fell dramatically and rapidly as societies locked down around the world, suffering an excess of supply in the market as Brent crude prices dropped by more than a third in the first half of the year. However, the impact of the COVID-19 pandemic also demonstrated the need to reinvent bp and we proceeded with the biggest restructuring of the organization in our history. We responded to these extraordinary market conditions by setting near-term objectives to strengthen our finances. We set out to reduce 2020 capital expenditure by about 25% and to make \$2.5 billion of cost savings by 2021 compared with 2019. And we delivered our plans for \$15 billion of announced divestments in June 2020 – a year earlier than expected.

### Focus on racial justice

bp does not tolerate racial intolerance of any kind and we have taken action to support racial equality. In June 2020, following the killing of George Floyd in the US, our chief executive officer publicly condemned racial injustice. In a LinkedIn post he commented on the deeply upsetting nature of the brutality and violence and made it clear that he and bp condemn racial injustice in all forms.

This paved the way for open and honest conversations across bp and as a result of the Black Lives Matter movement we created a new framework for action on racial injustice and diversity and inclusion in the US and UK. Both are focused on transparency, accountability and increasing minority representation in our group, while also promoting societal change.

We have built them into our sustainability aim 14 on greater equity.

 [Read more about diversity and inclusion in bp on page 60](#)

Our industry has been hit by supply and demand shocks on a scale never seen before, but that is no excuse to turn inward. bp, like many other companies, is stepping up and extending a helping hand to those in need. We do it not because it is expected of us – but because we want to. //

**Bernard Looney, 28 April 2020**



### Looking ahead

#### The 2021 UN Climate Change Conference (COP-26)

COP-26, which is scheduled to be held in Glasgow, Scotland, in November 2021 is set to focus on setting a global net zero ambition. We believe the world needs to get to net zero and that we can play our part in helping to achieve this. We also know we need the right policies to make this happen, which is why we're advocating for progressive policies that support net zero, such as carbon pricing.

#### UN biodiversity conference

Later this year the UN Biodiversity Conference is due to be held in Kunming, China. World leaders are expected to agree five goals and 20 targets with the mission to halt the decline in biodiversity by 2030 and work towards a net gain by 2050. While these international conventions and frameworks are for member states, more than ever the private sector is seen as playing a key role. Our biodiversity position sets out how we will be contributing towards these targets and we plan to contribute to the discussions and negotiations through our membership of IPIECA and IOGP.

 [Read more about our biodiversity aim on page 67](#)

# Our foundations



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Safety is a foundation of our sustainability frame. It is our core value and at the heart of performance across bp.

## Our sustainability foundations

Our commitment to sustainability is longstanding, so our sustainability frame is built on strong foundations: our values, a focus on safety in all we do, a non-negotiable commitment to ethics and compliance in line with our code of conduct, and creating value for stakeholders through the business we do.

### Our values

Our values of safety, respect, excellence, courage and one team represent the qualities and actions we expect to see in bp. They inform the way we do business and the decisions we make, including those related to sustainability.

We use these values as part of our recruitment, promotion and individual performance management processes.

Our code of conduct is based on our values and sets clear expectations about how we work at bp. It applies to all bp employees, including members of the board. We provide employees with training so they can understand and work in line with our values and code of conduct.

 Read more about our values and code of conduct at [bp.com/codeofconduct](http://bp.com/codeofconduct)



^ Our values inform the way our employees make decisions, including those related to sustainability.

### Safety

Safety is our core value and at the heart of performance across bp. It is underpinned by our Operating Management System (OMS). OMS is how we work; the systematic framework designed to sustainably deliver safe, reliable and compliant operations.

Tragically, we saw one fatality related to illness in our operations in 2020. This occurred in December in our Indonesian operations when an employee died following COVID-19 infection contracted on site. We deeply regret this loss and offer our deepest condolences to the employee's family. We have taken steps to help our employees operate safely during the COVID-19 pandemic.

Despite the COVID-19 pandemic and our reinvention process, we maintained our commitment to safety throughout 2020 and our overall performance reflects this. In 2020, compared to 2019, fewer people were injured at work and there were reductions in tier 1 and tier 2 process safety events (PSE)<sup>a</sup> and serious vehicle accidents. Despite this improvement, we know there is more to be done and our safety plans reflect this. 2020 also reminded us that keeping our people safe is not only about having fewer incidents but also supporting their wellbeing.

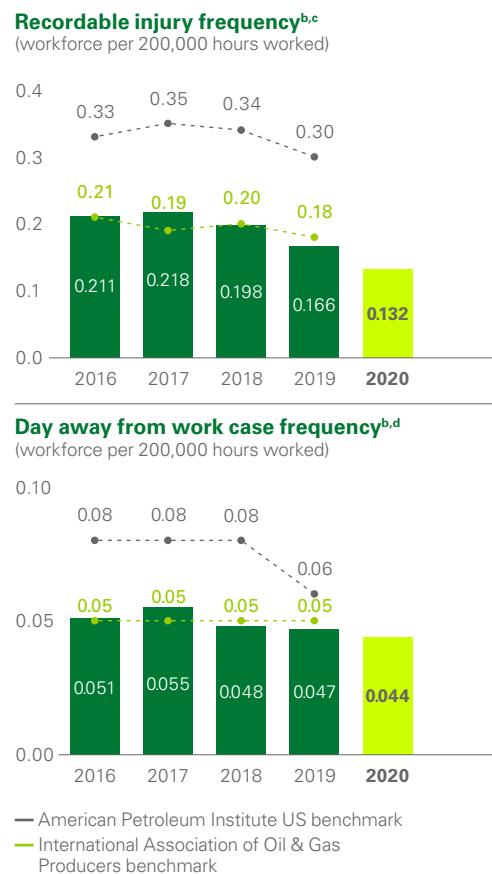
### Safety during the COVID-19 pandemic

It was always apparent that bp would have to keep operating to help provide the energy the world needs, taking into account public health restrictions; and that this would involve employees continuing to work at our retail sites and other operations. For these employees, we rapidly assessed the changing circumstances and responded to support them. For example, we introduced quarantining procedures before and after our teams started their rotations when working in remote or offshore locations, to reduce the risk of COVID-19 outbreaks. We also brought in additional protective measures for those in frontline retail roles.

Health and safety leaders across bp used their training to good effect, responding to potential challenges. For example, at our West Nile Delta site in Egypt, leaders brought their teams together to discuss possible mental health consequences and to develop coping strategies. Their approach was quickly replicated by other projects and operations. We saw the same level of engagement and determination in our key suppliers. They engaged with us and each other, to spot potential issues and discuss how best to address them, often using our supplier forums as a focal point for collaboration.

<sup>a</sup> 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.

## Our sustainability foundations continued



a 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.

b API and IOGP 2020 data reports are not available until May 2021.

c The number of reported work-related incidents that result in a fatality or injury.

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

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).

### Personal safety

We have seen improvements in our personal safety metrics. This may in part be a consequence of decreased activity during the COVID-19 pandemic, but we believe that other, more intentional factors, are also involved – namely our deepening focus on safety leadership, human performance, and the effectiveness of core safety processes, such as permit-to-work.

This year we rolled out the International Association of Oil & Gas Producers (IOGP) Life Saving Rules, helping to create greater consistency for employees and contractors working on our sites.

Broader personal safety performance showed material improvement with recordable injury frequency (RIF) rates dropping from 0.166 in 2019 to 0.132 in 2020. Since 2015, RIF rates have decreased by 46%.

### Human performance

We continued to embed understanding and use of human performance techniques in bp during 2020. Human performance is now incorporated into our updated operating management system. In 2019 we reported that 9,000 employees completed the introductory human performance elearning.

In 2020 we built on this by deepening learning and skills development through our human performance learning pathway. This more advanced capability programme was developed in collaboration with the Chartered Institute of Ergonomics and Human Factors. At the end of 2020, we had 67 bp human performance champions enrolled on the pathway and using their new skills in our operations.

We're also sharing our expertise outside bp – making our human performance elearning and capability building pathway available to the Energy Institute, to inform training materials that it shares

with others in our industry. We have continued to work with our contractor businesses on this topic, extending the contractor forum events started in previous years, into 2020. For example, in November 2020, we ran a COVID-19-specific session devoted to fatigue management and mental health. We also led the work involved in setting up and developing the online Human Performance Oil & Gas (HPOG) resource.

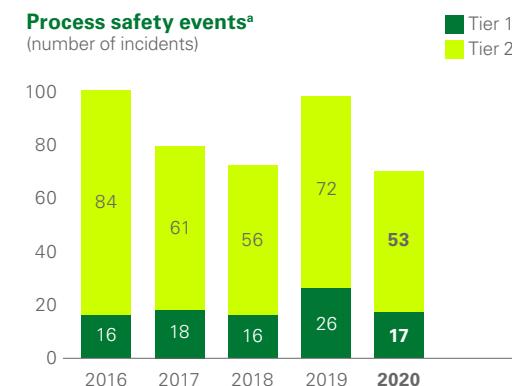
### Driving safety

In 2020, kilometres driven for bp fell by 26% compared to 2019, largely due to the impact of the COVID-19 pandemic. As the bp biofuels business is now part of the bp Bunge Bioenergia non-operated joint venture (NOJV), its driving data is also no longer in scope for our operated statistics.

We had no driving-related fatalities in 2020 and no third-party fatalities as the result of a vehicle accident. Five severe vehicle accidents (SVAs) occurred, which is a reduction of 79% compared to 2019 – the decrease in incident numbers exceeding the impact of the reduced kilometres. We continue to focus on driving safety and have taken specific actions in response to the COVID-19 pandemic, such as online engagement with our transport providers and the publication of driving safety documents. These include tips about how to drive defensively during the COVID-19 pandemic and avoid distraction or fatigue on the road.

### Process safety

Our process safety performance was better than in 2019 and roughly comparable to 2018 and 2017. There were 35% fewer tier 1 PSE in 2020 compared to 2019, but our performance was broadly in line with the previous three years. We also recorded 26% fewer tier 2 PSE compared to 2019, lower than the previous 10 years. The combined PSE tier 1 and tier 2 PSE were down 29% in 2020 compared to 2019.



Looking ahead, we have defined a number of additional process safety focus areas including more risk management initiatives and increased use of data analytics. These are intended to further strengthen our OMS, our process safety barriers and consequently our safety performance.

### Spills and spill prevention

We have made progress in preventing and reducing spills over the past 10 years. In 2020 we saw a decrease in the total number of oil spills<sup>e</sup>, from 152 in 2019 to 121.

This reflects the targeted actions to improve performance that we've taken in areas such as corrosion management, operating procedures and human factors.

Underpinning these improvements is several years' work in OMS areas, including risk management, investigation and competency. The risk management processes in place across the group are continuously updated to improve their effectiveness. The regions and various operating sites collaborate with each other to share examples of good and proven practice, while a central team works to make sure that any systemic gaps are closed rapidly.

## Our sustainability foundations continued

When incidents or near misses do occur, we choose the most appropriate investigation methodology, depending on an incident's severity and complexity. The most robust methodology we use, for investigating the most serious and complex incidents, is the bp Root Cause Analysis (RCA) 'logic tree'. The approach to how we investigate in bp, and its training and certification process has been externally recognised and accredited by the UK's National Examination Board in Occupational Safety and Health (NEBOSH) as an industry leading model.

### Safety through technology

We believe that technology can play an increasingly effective role in reducing safety risks and throughout 2020 we continued to extend its use in this context. Some of our key actions included:

- the use of a robotic crawler by bpx energy at the Blackhawk central gas-treating facility in Texas, US to scan for defects and metal loss on pressure vessels – cutting inspection time from four weeks to four days
- the continuing use of drones for inspections, removing the need for people to face the risks involved in carrying out inspections
- the use of digital technology in direct response to the COVID-19 pandemic – from digital oversight of work to the use of digital interfaces to share advice on safety and occupational health

We are increasingly exploring big data and advanced analytics in safety. This is still in its early stages but in hydrocarbon production we're already using big data tools that can provide us with an incredible breadth and depth of real-time information – helping us to analyze risks and identify emerging challenges or trends.

Our AI specialists are undertaking research into the potential benefits of advanced analytics. This would take bp big data to a new level in which technology increasingly assists in safety decision making.

### Cyber security

Cyber security continues to be an area of risk to industry and remains a key priority for bp. As with previous years we have experienced threats, including new phishing campaigns arising from the COVID-19 pandemic, but none of these had a significant impact on our business in 2020.

We continue to focus on maintaining security across the organization and encouraging vigilance amongst our employees through cyber security training and awareness campaigns. We also collaborate closely with governments, law enforcement and industry peers to understand and respond to new and emerging threats.



^ We conduct exercises to test our response to and recovery from cyber attacks.

### Ethics and compliance

Despite the disruption of the COVID-19 pandemic and reorganization of bp, we have remained focused on our values and behaviours, our code of conduct and our commitment to ethical, compliant operations.

We are committed to doing business ethically and transparently. We expect our employees to work in line with this commitment, to do what's right and to treat others with respect, fairness and dignity.

Our code of conduct sets clear expectations for how we work at bp. It applies to all our employees and members of the board and as we implement our new strategy, the code underscores the belief that how we deliver is as important as what we deliver. We provide regular training and communications to employees about how to apply the code in their daily work. Our expectations of suppliers are documented to help them develop and strengthen their relationships with us by acting in accordance with the code.

The COVID-19 pandemic also required us to consider both our short-term crisis management plans and our business continuity plans for the longer term. Throughout 2020, our ethics and compliance teams have worked with bp businesses to think proactively about maintaining their relevant programmes in order to manage risks and preserve our ethics and compliance culture during the COVID-19 pandemic.

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

### Anti-bribery and corruption

In addition to anticipating the risks associated with the immediate and secondary effects of the COVID-19 pandemic, 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, particularly amid the global uncertainty of COVID-19, so it's important that we make clear to our employees, contractors, suppliers and others in any way connected to our business that our commitment to ethical and compliant operations is unwavering.

Our code of conduct 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 risks, understand relevant laws and report concerns. They apply to all bp-operated businesses. Appropriate training is focused on the needs of employees in locations or roles assessed to be at a higher risk of bribery and corruption. In 2020, around 7,700 (2019 11,000) employees completed anti-bribery and corruption training.

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. For example, our production & operations business conducts numerous supplier audits in regions where we operate, to assess their conformance with our anti-bribery and corruption contractual requirements.

## Our sustainability foundations continued

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

While our audit process was disrupted in 2020 due to the COVID-19 pandemic, we continued to engage suppliers and communicate our expectations for managing bribery and corruption risk on behalf of bp. For example, our customers & products business delivered a regional annual contractor forum digitally to provide awareness of bribery and corruption risks and to ensure ethics and compliance reach into these supplier organizations.

We also support anti-corruption efforts through our active participation in the Extractive Industries Transparency Initiative (EITI). Through the disclosure of government revenues and other relevant information (such as the beneficial owners of extractive companies and the contracts that govern upstream activity), EITI can help to mitigate corruption risks in the extractive sector and support local anti-corruption efforts.

In 2020 we expanded our compliance guidance and processes to cover the charitable donations and social investments that bp made in response to the COVID-19 pandemic. Because the scope of these donations was different to bp's customary aid, our ethics and compliance team quickly pivoted to deliver the additional guidance and implement the processes needed.

### Revenue transparency and payments to government

We support transparency in the flow of revenue from our oil and gas activities to governments. This helps citizens hold public authorities to account for the way they use funds received through taxes and other agreements.

bp is a founding member of the EITI, which supports the disclosure of payments made to and received by governments in relation to oil, gas and mining. Through the EITI we work with governments, NGOs and international agencies to improve transparency. For example, in 2020, we enacted our global commitment through membership of the EITI Board and membership of the EITI Working Group on Transparency in Commodity Trading, supporting the development of voluntary reporting guidelines on the buying of oil, gas and minerals from governments.

In 2020 we participated in multi-stakeholder groups in Iraq, Trinidad and Tobago, Mauritania and Senegal. bp launched a series of workshops in Senegal with the National Institute for Oil and Gas, aimed at a range of stakeholders including media and civil society. These aimed to promote transparency and local participation in EITI activities. bp also continues to support engagement and dialogue with Senegalese civil society and parliamentarians on good governance and transparency.

In other countries we support national EITI processes and are actively engaged through the relevant industry associations in Australia, Indonesia, Mexico and the UK.

We disclose information on our payments to governments for our upstream projects and operations on a country-by-country and project basis under national reporting regulations.

 [Read more in the bp payments to government report](#)

### Tax transparency

We comply with tax laws in a responsible manner, pay and report our taxes on time and have open and constructive conversations with stakeholders, including governments and tax authorities. And we contribute to initiatives that simplify and improve tax regimes to encourage investment and sustainable growth and support the energy transition. We are committed to being transparent about our tax principles and the taxes we pay, and in 2020 we endorsed the B Team Responsible Tax Principles.

Our tax principles are aligned with the bp code of conduct. We do not tolerate the facilitation of tax evasion by people who act for or on behalf of bp.

In 2020 we published our first tax transparency report for 2019. It builds on the information we already provide about tax, including our report on payments to governments. Our tax report provides more detailed information about how we approach tax matters and the tax payments we make.

 [Read more about our tax report at \[bp.com/tax\]\(http://bp.com/tax\)](#)

We have made this information available to help build trust, facilitate more informed conversations with our stakeholders about our contribution to economic development and the part we play in society, as well as the rigour of our tax practices.

Being more transparent about tax payments supports engagement about the energy transition with stakeholders. It can help them assess the financial resources available and the potential tax implications of governments' strategic and energy policy decisions in support of the energy transition.

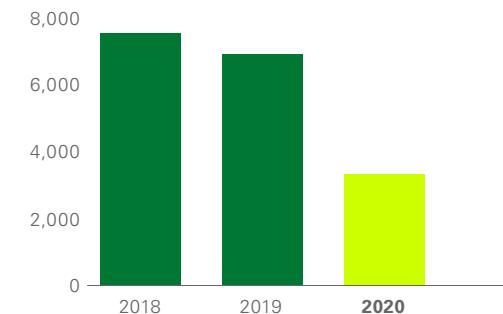
New disclosures in our tax report include the total tax contribution for our global operations. This covers: all our business activities and details the taxes we pay directly to governments on our

own behalf, along with taxes we collect and pay to governments on behalf of others; financial and tax data from our OECD country by country report, summary activities of bp subsidiaries by country and details of bp companies located in countries considered to be low tax jurisdictions.

The report refers to different frameworks, guidance and standards including:

- the B Team's seven Responsible Tax Principles
- the GRI (Global Reporting Initiative) standard for comprehensive tax disclosure at a country by country level, which bp has adopted ahead of it becoming effective for all reports published on or after January 2021
- the International Business Council (IBC) of the World Economic Forum – Stakeholder Capitalism Metrics
- our commitment to the Extractive Industries Transparency Initiative (EITI)

### Taxes paid to governments<sup>a</sup> (\$ million)



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

## Our sustainability foundations continued

In 2020 bp paid \$2,438 million in corporate income taxes and \$899 million in production taxes. Our tax report 2020, which we expect to publish later in 2021, will additionally show the property taxes, customs duties and employer taxes we paid for 2020, together with taxes we collected and paid to governments on behalf of others. Our total tax contribution for 2019, as disclosed in our tax report, was \$42.9 million. We paid \$9.187 million in taxes and collected and paid to governments \$33.701 million in taxes on behalf of others.

### Political donations and activity

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 defined in our code of conduct.

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 for six months beginning in January 2021. During this time the PAC will re-evaluate its criteria for candidate support.

### Monitoring employee sentiment

We monitor employee sentiment through our annual Pulse survey. This is sent to all employees, to gather their perceptions of work demands, sense of autonomy and leadership support.

Since 2017, businesses have used Pulse Live – a weekly survey that contains 30 core questions, as well as additional in-focus questions, which can be rapidly added and altered as circumstances

change. In 2020, these in-focus questions covered areas such as the new bp strategy and ambition, managing in times of change, D&I, COVID-19 and mental health and wellbeing.

In 2020, Pulse Live was adopted for use across bp, with weekly surveys sent to a sample of bp employees each week. The results were reported live through interactive dashboards and monthly summary reports were sent to the bp leadership team. In response to data from our Pulse Live and Employee Assistance Programme (EAP) platforms indicating raised levels of anxiety, bp leadership has encouraged and facilitated conversations around mental health. We now run two discussion sessions every month with capacity for 50 people to attend each session. We plan to expand this in future in line with the objectives underpinning our sustainability aim 15 to enhance wellbeing.

We also launched bp&me in February 2021, a set of virtual, interactive broadcasts for all employees that we will use to bring teams together, monitor employee sentiment and bring our strategy and net zero ambition to life.

[Read more about health and wellbeing on page 63](#)

### Employee grievances

We want to create a workplace where our employees, contractors, vendors, third parties and other stakeholders feel valued and respected, which is why we encourage use of multiple Speak Up channels to raise questions or concerns about our code, or to report unethical or unsafe behaviours. Concerns and enquiries can be raised to line managers or other senior leaders, people & culture, legal, ethics & compliance, and through work councils, or anonymously via OpenTalk, the bp global confidential helpline. Administered by an independent company, OpenTalk is available 24 hours a day, seven days a week and can accommodate calls in more than 75 languages

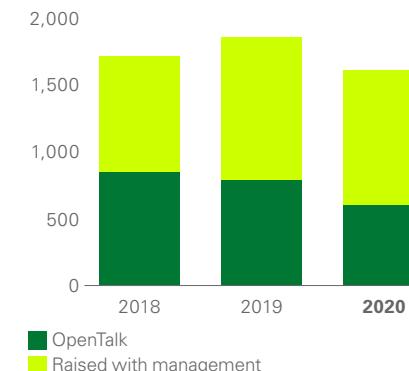
by phone or web. It can also be used by anyone we work with and concerns can be raised by employees, the wider workforce, communities, business partners and other stakeholders who wish to report a grievance.

More than 1,600 concerns<sup>a</sup> and enquiries were reported in 2020, a reduction of 13% from 2019 (over 1,800). This change was related to a reduction in employee numbers during the reinvent process. Looking separately at concerns, the number reported per 100 employees in 2020 remained consistent at 2.6. This compares favourably to the NAVEX Global 2019 benchmark of 2.0 and near the 2.8 that we reported for 2019.

The most frequently raised concerns remained related to the 'our people' section of our code. This section of the code addresses issues such as harassment, equal opportunity, and diversity and inclusion. This also reflects a limited number of concerns raised around the reinvent bp process in 2020. COVID-19-related concerns peaked in March 2020 and steadily declined throughout the year, making up just 5% of all concerns by the end of the year. COVID-19 concerns were focused on quarantine and guidance on returning to work.

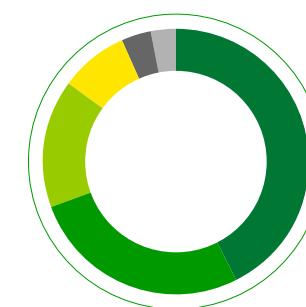
bp has zero tolerance for retaliation against anyone who seeks advice, raises a concern, reports misconduct or participates in an investigation. The consequences for misconduct, code breaches and violations of our values and behaviours range from coaching to dismissal. In 2020 around 80 separations<sup>b</sup> resulted from non-conformance with our code of conduct or unethical behaviour, compared with over 100 in 2019. This total excludes dismissals of staff employed at our retail service stations.

### Total number of concerns and enquiries raised



### Concerns and enquiries raised through all reporting channels in 2020

(by code of conduct chapter)



Our people	684
Our assets and financial integrity	436
Operating safely, responsibly and reliably	251
Our business partners	132
Governments and communities	60
Other matters	45

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

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

## Our sustainability foundations continued

### Value creation

We create value for society in many different ways: through our products and services, as an employer and taxpayer, and as a supply chain participant or investor in local communities. In 2020 we generated around \$188 billion in economic value (2019 \$283.3 billion) and made social investments worth \$86 million.

### Social investment

#### bp Foundation

The bp Foundation provides money for two main programmes: matching personal contributions from bp employees that are made to eligible charities of their choice, and providing money for humanitarian relief efforts globally.

**\$6.4m**

in employee contributions that the bp Foundation supplemented with matching grants of \$6.1 million

**\$2.3m**

contributed to local communities affected by extreme events, including:

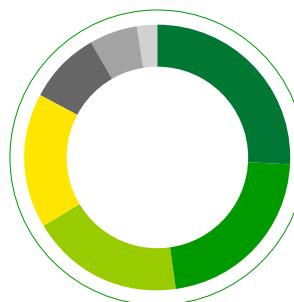
**\$2.0m**

to WHO's COVID-19 solidarity response fund

**\$100,000**

to support the American Red Cross relief efforts in support of the US West Coast wildfires

Community spend by region 2020 (\$ million)<sup>a</sup>



US and Canada	22.4
Middle East and North Africa	18.9
Europe	16.1
Sub-Saharan Africa	14.1
Asia Pacific	7.7
South and Central America	5.0
Global <sup>b</sup>	2.0

a Includes bp Foundation spend.

b Comprises contributions to WHO COVID-19 solidarity response fund.

### Total economic value generated by bp

**\$188.0bn**

2019 \$283.3bn

### Suppliers

Sourcing goods and services from around 46,000 suppliers  
2019 \$233.6bn

**\$165.3bn**

\$9.9bn

Employees  
Providing jobs for 63,600 people worldwide  
2019 \$9.8bn

\$3.3bn

Governments  
Contributing to economies through the taxes we pay  
2019 \$6.9bn

\$0.1bn

Communities  
Supporting additional initiatives to benefit the communities where we operate  
2019 \$0.1bn

# Our focus areas



Get to net zero

Aims 1 – 10

→ 29



Improve people's lives

Aims 11 – 15

→ 50



Care for our planet

Aims 16 – 20

→ 66

# Our aims & objectives

Our sustainability frame has three focus areas: net zero, improving people's lives and caring for our planet. These are the areas where we think we can make the biggest difference and they are linked to the UN Sustainable Development Goals.

We've set aims for each focus area: 10 for net zero, 5 for people and 5 for planet. There are linkages across our focus areas and aims.

## Five aims to 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 Scope 1 and 2 GHG emissions (around 55MteCO<sub>2</sub>e in 2019).

 [Read more on page 34](#)

### Net Zero oil and gas



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 on a bp equity share basis excluding Rosneft (361MteCO<sub>2</sub> in 2019).

 [Read more on page 36](#)

### Halving intensity



Our aim 3 is to cut the carbon intensity of the products we sell by 50% by 2050 or sooner.

This is a life cycle carbon intensity approach, per unit of energy. It covers marketing sales of energy products and potentially, in future, certain other products, for example, associated with land carbon projects (79.3gCO<sub>2</sub>e/MJ in 2019).

 [Read more on page 37](#)

### Reducing methane



Our aim 4 is to 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.

And we will work to influence our joint ventures to set their own methane intensity targets of 0.2%.

 [Read more on page 38](#)

### 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.

 [Read more on page 40](#)

#### Contribution to our aims

 Get bp to net zero

 Help the world get to net zero

 More clean energy

 Just transition

 Sustainable livelihoods

 Greater equity

 Enhance wellbeing

 Nature

 Unlock circularity

 Sustainable purchasing



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

### 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 push 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.

[Read more on page 44](#)

### 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 28,000<sup>a</sup> employees.

[Read more on page 45](#)

a This figure was around 37,000 in February 2020. It is approximate and has been revised in line with restructuring as part of reinvent bp and reflects lower headcount overall.

### 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 will be prepared to leave.

[Read more on page 46](#)

### 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 – to develop good practices and standards for transparency.

[Read more on page 47](#)

### 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. It will help countries, cities and corporations around the world decarbonize.

[Read more on page 48](#)

### Contribution to our aims

Get bp to net zero

Help the world get to net zero

More clean energy

Just transition

Sustainable livelihoods

Greater equity

Enhance wellbeing

Nature

Unlock circularity

Sustainable purchasing

## Improve people's lives

### 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 renewable generating capacity – broadly enough to meet the power needs of 36 million people – including exploring ways to make clean energy accessible to those who need it most.

 Read more on [page 51](#)

### Just transition



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

We support the Paris Agreement, which recognises 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'll 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.

 Read more on [page 52](#)

### Sustainable livelihoods



Our aim 13 is helping more than 1 million people build sustainable livelihoods and resilience.

We'll support the communities where we work to build greater resilience and more sustainable livelihoods. We'll focus our social investment in support of our sustainability aims. Through these actions we aim to reach more than 1 million people. We will also support our workforce through quality jobs with fair conditions.

 Read more on [page 58](#)

### Greater equity



Our aim 14 is greater diversity, equity & 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 underrepresented or minority groups (supplier diversity) to \$1 billion by 2025.

 Read more on [page 60](#)

### 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.

 Read more on [page 63](#)

#### Contribution to our aims

 Get bp to net zero

 Help the world get to net zero

 More clean energy

 Just transition

 Sustainable livelihoods

 Greater equity

 Enhance wellbeing

 Nature

 Unlock circularity

 Sustainable purchasing



## Enhancing biodiversity

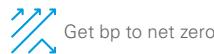


Our aim 16 is making a positive impact through our actions to restore, maintain and enhance biodiversity where we work.

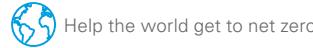
We will do this by putting our biodiversity position into action. In doing so, we expect that from 2022 all new bp projects in scope will have plans in place aiming to achieve net positive impact (NPI), with a target to deliver 90% of actions within five years of project approval. We also aim to enhance 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.

Read more on [page 67](#)

### Contribution to our aims



Get bp to net zero



Help the world get to net zero

## 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.

Read more on [page 69](#)

## 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.

Read more on [page 71](#)

## 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 life cycle. We'll 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.

Read more on [page 73](#)

## Sustainable purchasing



Our aim 20 is developing a more sustainable supply chain.

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

Read more on [page 75](#)

## UN Sustainable Development Goals

The UN Sustainable Development Goals (SDGs) set a global framework for countries, businesses and other stakeholders to address society's most important challenges, working together in accordance with their different roles.

In developing the people and planet aspects of our sustainability frame, we started with the sustainable development goals to inform our thinking.

We considered where we make a direct or indirect contribution, the findings from our materiality assessment and the extent to which we're already in action to contribute positively to a Goal or minimize or mitigate potential adverse impacts.

In doing this work we engaged extensively both internally and externally with investors, sustainability experts, civil society, and our own businesses. This laid the foundations for development of our new sustainability aims,

which are underpinned by specific objectives and – in most cases – targets. Although our business activity touches the majority of the SDGs, we're focusing our efforts on those that align with our aims in order to make the most impactful contribution to sustainable development and to people over the next 10 years.



### Aim

#### Get to net zero

### SDGs

**Aim 1:** Net zero operations



**Aim 2:** Net zero oil and gas



**Aim 3:** Halving intensity



**Aim 4:** Reducing methane



**Aim 5:** More investment for new energies



#### Help the world to get to net zero

**Aim 6:** Advocating



**Aim 7:** Incentivizing employees



**Aim 8:** Aligning associations



**Aim 9:** Transparency leader



**Aim 10:** Clean cities and corporates



### Aim

#### Improve people's lives

### SDGs

**Aim 11:** More clean energy



**Aim 12:** Just transition



**Aim 13:** Sustainable livelihoods



**Aim 14:** Greater equity



**Aim 15:** Enhance wellbeing



#### Care for our planet



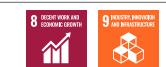
**Aim 16:** Enhancing biodiversity



**Aim 17:** Water positive



**Aim 18:** Championing nature-based solutions



**Aim 19:** Unlock circularity



**Aim 20:** Sustainable purchasing

## Working with others

Through our membership of IPIECA, we've continued to work with the World Business Council for Sustainable Development on the development of an SDG Sector Roadmap, which is due to be published in 2021.

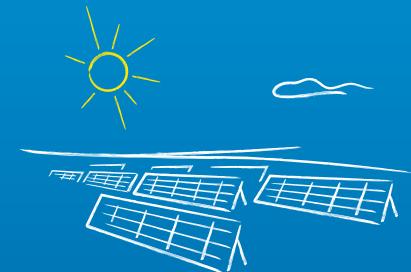


# Get to net zero

We've set 5 aims to get bp to net zero by 2050 or sooner and 5 aims to help the world get there too.

## In this section

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Aim 1: Net zero operations	→ 34
Aim 2: Net zero oil and gas	→ 36
Aim 3: Halving intensity	→ 37
Aim 4: Reducing methane	→ 38
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## Introduction

In February 2020 we set out our ambition to be a net zero company by 2050 or sooner and to help the world get to net zero. This ambition is supported by 10 aims: five to help us become a net zero company, and five to help the world get to net zero. Taken collectively, these set out a path that we believe is consistent with the Paris goals.

This will mean tackling around 415 million tonnes of emissions (from our 2019 baseline) – around 55 million from our operations and 360 million tonnes from the carbon content of our upstream oil and gas production. Importantly, these are absolute reductions to net zero, which we believe is what the world needs most of all. We are also aiming to cut the carbon intensity of the products we sell by 50% by 2050 or sooner.

### Our strategy

In August 2020 we set out a new strategy to transform from an International Oil Company to an Integrated Energy Company focused on delivering solutions for customers. It's early days, but we're already making progress in our strategic focus areas.

In developing our strategy we've tried to balance several factors, including:

- our ambition to decarbonize, recognising that different regions around the world where we operate will move at a different pace, in line with the Paris goals
- our belief in the role of hydrocarbons – which will remain a core part of how we generate shareholder value
- the need to operate within a resilient financial frame

### Strategic focus areas

#### Low carbon electricity and energy

We aim to grow our renewables and bioenergy businesses, seek early positions in hydrogen and carbon capture, use and storage and strengthen our gas position. These activities form an integrated low carbon portfolio that will help transform bp as we transition from an International Oil Company to an Integrated Energy Company.

To deliver on our net zero aims we're using a portfolio of available levers, which are aligned with our strategy.

Over the next 10 years we plan to focus our hydrocarbons portfolio to make the most significant contribution to delivery of our aims 1 and 2, by driving a gradual reduction in exploration and production volumes. We expect our hydrocarbons business to be 40% lower in terms of production by 2030, compared to 2019.

Operational improvements, such as efficiency measures to reduce energy use, will support the delivery of aim 1. They will also help to reduce the life cycle emissions for the marketed products we produce or refine. Since the beginning of 2016 we have delivered 4.9 million tonnes of sustainable emissions reductions (SERs), including 1.0 million tonnes in 2020 through operational improvements in areas such as energy efficiency and flare optimization.

#### Resilient and focused hydrocarbons

Our hydrocarbons business is essential to our transformation to an Integrated Energy Company. The cash flows from our oil, gas and refining activities enable our strategy, allowing us to invest in the energy transition and support our two growth areas – low carbon electricity and energy, and convenience and mobility.

#### Convenience and mobility

We will continue to focus on the customer and respond to their changing needs. We aim to redefine convenience and scale up our differentiated offers in growth markets and for next-gen mobility solutions, including electrification, sustainable fuels and hydrogen.

### Greening companies

We believe companies that, like bp, have begun a process of transformation to net zero, will be critical in helping the world achieve the Paris goals as they take the opportunities presented by the energy transition. The world needs as many greening companies as possible.

Industry, transport and energy are responsible for 70% of global emissions. To meet the Paris goals the world cannot just rely on 'green' (low carbon) companies to transform these sectors. It requires greening companies too – companies that are not low carbon today, but have the ambition to get lower carbon and a plan for how to do it, companies, like bp, with scale and know-how and the capabilities to help make the system greener.

Like countries, companies all have different starting points and they can't all move at the same speed, but they can all make contributions to global net zero. We should use policies such as carbon pricing to reward greening companies and disadvantage those who don't work towards lower carbon.

And investors should consider both the positive climate benefits and sustainable long-term value that greening companies can offer as part of a balanced portfolio. In return we should expect greening companies to be transparent, and demonstrate progress towards delivery of our aims and targets.

## Introduction continued

In 2020 we approved 28 projects as part of our established \$100 million low carbon fund, which will deliver future SERs. This includes recent approval of a project at our Lingen refinery developing an option for green hydrogen supply.

We expect our rapidly growing low carbon energy portfolio and next generation mobility solutions to be material contributors to aim 3 in the next 10 years.

We anticipate that the absolute level of emissions associated with our marketed products will grow up to 2030, even as the carbon intensity covered by aim 3 falls. This is mainly driven by our growth plans in fast-growing markets – as we deliver solutions for countries whose people, cities and industries have expanding energy needs. We want to use our presence in these markets to advocate for net zero policies and work in partnership with cities to help them achieve their net zero goals. However, over time, as we transition our product portfolio, we expect the absolute emissions to then fall.

### Pursuing a strategy we believe is consistent with the Paris goals

We know that investors and other stakeholders are seeking to understand whether companies and their strategies, targets and aims are consistent with the world meeting the goals of the Paris Agreement on Climate Change<sup>a</sup>. This is what we refer to as 'Paris consistency'.

We believe the world is on an unsustainable path – the carbon budget is running out – and needs to reach net zero greenhouse gas emissions. And we believe that there are a range of global pathways to achieve the Paris goals, with differing implications for regions, industries and sectors, so business strategies need to be flexible.

Our approach to determining Paris consistency is based on three key principles. We believe that our strategy satisfies all three principles and as a result the board considers it to be consistent with the Paris goals.

### Informed by Paris-consistent energy transition scenarios

– we see the

Intergovernmental Panel on Climate Change (IPCC) as the most authoritative source of information on the evolving science of climate change and we use it and other sources to inform our strategy. On page 12 we compare the 2020 bp Energy Outlook scenarios, including 'Rapid' and 'Net Zero', with a range of scenarios included in the IPCC, which were judged to be consistent with Paris.

**Contributing to net zero** – whether a company's strategy enables it to make a positive contribution to the world meeting the Paris goals. We believe that bp's strategy enables us to make just such a contribution. It is designed to deliver

### What we mean by 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>a</sup>. When talking about bp becoming a net zero company by 2050, or sooner, in the context of our new ambition and aims 1 and 2, this means achieving a balance between (a) the relevant Scope 1 and 2 emissions associated with our operations (aim 1), or Scope 3 emissions associated with carbon in bp's equity share of production of oil and gas excluding Rosneft (aim 2), and (b) the total of applicable deductions from activities such as sinks, for example carbon capture, use and storage (CCUS) and land carbon projects, which we allow for in our methodology.

value, while advancing bp towards meeting our net zero ambition and helping the world get to net zero too. Together, we believe this sets out a path that is consistent with the Paris goals.

**Strategic resilience** – a Paris consistent strategy should position the company for success and resilience in a Paris consistent world – a world which is progressing on one of the many global trajectories considered to be Paris consistent, and ultimately meets the Paris goals. We believe this means having a strategy that's flexible enough to manage the inherent uncertainty in the range of potential global pathways, including those that can achieve the Paris goals.

### Moving from 'reduce improve create' to net zero

In 2018, we set ourselves three targets under our 'reduce improve create' (RIC) framework. We targeted 3.5 million tonnes of sustainable emissions reductions for the period 2016 to 2025 and met this target six years early, having delivered around 4.9MTe by the end of 2020. In 2018, we also targeted 0.2% methane intensity and by 2019 delivered a methane intensity of 0.12%, under the existing reporting methodology. The 10 aims we introduced in February 2020 have now replaced our previous framework and targets, including the Zero Net Growth RIC target which has been replaced by our much more ambitious aim 1. They represent another step-change in our ambition.

We still have internal sustainable emissions reductions (SERs) targets in place and these continue to be linked to remuneration for employees who are eligible for an annual cash bonus.

[Read more on page 45](#)

Our new strategy is designed to provide this flexibility. In setting the strategy, the board and management referred to the range of scenarios set out in the bp Energy Outlook 2020.

[Read more about this on page 26 of our bp annual report 2020](#)

<sup>a</sup> Paris Agreement.

(1) Article 2.1(a) of the Paris Agreement states the goal of "Holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels, recognizing that this would significantly reduce the risks and impacts of climate change."

(2) Article 4.1 of the Paris Agreement: "In order to achieve the long-term temperature goal set out in Article 2, Parties aim to reach global peaking of greenhouse gas emissions as soon as possible, recognizing that peaking will take longer for developing country parties, and to undertake rapid reductions thereafter in accordance with best available science, so as to achieve a balance between anthropogenic emissions by sources and removals by sinks of greenhouse gases in the second half of this century, on the basis of equity, and in the context of sustainable development and efforts to eradicate poverty."

## Key questions about our net zero ambition

### Q. Will bp rely on offsets to meet its aims and targets?

**A.** We see natural climate solutions as critical to reaching the Paris goals. We believe that effective markets for high-quality offsets are important. However we will not be relying on offsets to meet our net zero aims or targets out to 2030.

But we do see offsets helping us go beyond those aims, when our businesses use them to meet compliance needs or when we offer them to customers to help them meet their own goals. We expect that global demand for offsets is likely to grow as more companies use them to achieve their climate-related goals, and we intend to offer offsets to our customers to help them meet their goals. Our approach is that all offsets offered by bp should:

- address the issues of additionality, leakage, measurement accuracy and permanence
- aim to safeguard and improve other social and environmental elements
- meet the standards for independent third-party verification

We are actively participating in the following initiatives and trade associations to develop and strengthen the quality of the offset market:

- Taskforce on Scaling Voluntary Carbon Markets (TSVCM)
- International Carbon Reduction & Offset Alliance (ICROA)<sup>a</sup>
- International Emissions Trading Association (IETA)
- Natural Climate Solutions Alliance convened by the World Economic Forum and World Business Council for Sustainable Development
- Oil and Gas Climate Initiative (OGCI)

We also support the full implementation of Article 6 of the Paris Agreement, a framework for international carbon markets.

### Q. What role will divestments play?

**A.** 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. Going forward, divestments will help bp to create a resilient, lower cost and lower carbon oil, gas and refining portfolio that is smaller but high quality. Alongside cash flow from our businesses, they will help to fund our investment into transition activities – including low carbon businesses and convenience and mobility. We're aiming to increase our low carbon investment to around \$5 billion a year by 2030.

While these divestments may not directly lead to a reduction in absolute global emissions, they accelerate the pace bp can grow low carbon businesses and underpin our aim to reduce our oil and gas production by around 40% by 2030. This puts us well on the way towards becoming a net zero company by 2050 or sooner.

[Read more on page 34](#)

### Q. Is bp's carbon intensity aim consistent with Paris?

**A.** We believe there is no single metric that can measure Paris consistency. While carbon intensity reflects the need for an increasing proportion of low and zero carbon in the energy mix, by itself it doesn't address the world's finite carbon budget, so we believe that targets need to consider both absolute and intensity reductions. If all companies in the O&G sector choose to set only intensity reduction targets, then the associated absolute emissions could grow even if all targets were met.

We think companies should set reduction targets for both production and sales. We believe the upstream oil and gas sector is well suited to an absolute measure for production; it's founded on hydrocarbon production and plays primarily into global markets, so the scope for intensity reductions is marginal. This is why we have set our aim 2 to be net zero on an absolute basis across the carbon in our upstream oil and gas production by 2050 or sooner, and we plan to reduce our upstream oil and gas production by around 40% by 2030.

We believe that sales are well-suited to an intensity measure, which is why we set our aim 3, to cut the carbon intensity of the products we sell by 50% by 2050 or sooner. A company's decarbonization options at this point in the value chain are dependent on regional and national energy markets and demand profiles. These include developing countries that need to meet rising energy demand and are on different emissions trajectories to developed countries – as recognised by the Paris Agreement.

### Q. How is bp working with Rosneft?

**A.** Rosneft is an important strategic partner. We recognize and support their significant efforts and achievements in managing their emissions. They are targeting top quartile operational emissions performance, which supports their resilience.

We have worked closely with Rosneft, combining our shared expertise in environmental management, energy efficiency, and methane management. We also have a long-established record of co-operation on environment and safety. In February 2021 we signed a strategic collaboration agreement to identify and develop new low carbon solutions and programmes that support our shared sustainability goals, including sustainable development, social investment and biodiversity.

<sup>a</sup> bp Target Neutral is a member of ICROA.



## Five aims to get bp to net zero

### Aims

*Net Zero operations*

➡ See page 34

Aim 1

*Net Zero oil and gas*

➡ See page 36

Aim 2

*Halving intensity*

➡ See page 37

Aim 3

*Reducing methane*

➡ See page 38

Aim 4

*More \$ for new energies*

➡ See page 40

Aim 5

### 2020 performance

16%<sup>a</sup>

### 2025 target

20%

### 2030 Aims

30-35%

### 2050 or sooner Aims

100%

9%<sup>a, b</sup>

20%

35-40%

100%

0.6%<sup>a, b</sup>

5%

>15%

50%

0.12%<sup>c</sup>

0.20%  
(based on our new  
measurement  
approach<sup>d</sup>)

Timeline to achieve  
**50%**  
reduction to follow

\$750m<sup>e</sup>

\$3-4bn

~\$5bn

a Reductions against the 2019 baseline.

b The baseline year for our aims 1, 2 and 3 is 2019. Following publication of the bp annual report 20-F 2019, some data improvements related to the reported 2019 figures for aims 2 and 3 were identified. Although these are not considered to be material, for each of aims 2 and 3 the 2019 figure has been adjusted.

c 2020 methane intensity is calculated using existing methodology and, whilst it reflects progress in reducing methane emissions, will not directly correlate with progress towards delivering the 2025 target under aim 4.

d We aim to have this in place by the end of 2023.

e Aim 5 non-oil and gas activities included a partial acquisition payment for the US offshore wind partnership with Equinor, our investments in electrification and advanced mobility, and investment into activities through bp ventures and Launchpad.

# 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 on an operational control boundary. These emissions were around 55MteCO<sub>2</sub>e in 2019. We're targeting a 20% reduction in our aim 1 operational emissions by 2025 and will aim for 30-35% reduction by 2030 against our 2019 baseline.



### How we will meet our aim

We're continuing to focus on reducing emissions from our operations – this is a core priority for our production & operations business. We continue to make progress on reducing operational emissions through implementing energy efficiency measures, reducing flaring and managing methane. Portfolio changes – including acquisitions, divestments and new projects – will also have an impact on our aim 1 emissions. We do not intend to rely on offsets to meet our net zero targets or aims out to 2030.

### Our performance in 2020

We made progress against our operational emissions reduction targets in 2020. Our combined Scope 1 and Scope 2 emissions, covered by aim 1, decreased by 16% from 54.4MteCO<sub>2</sub>e in 2019 to 45.5MteCO<sub>2</sub>e in 2020.

Scope 1 (direct) emissions, covered by aim 1, decreased by 15% to 41.7MteCO<sub>2</sub>e in 2020, from 49.2MteCO<sub>2</sub>e in 2019. Of those Scope 1 emissions 39.8MteCO<sub>2</sub>e were from CO<sub>2</sub> and 1.9MteCO<sub>2</sub>e from methane.

Methane emissions also decreased due to the divestment of Alaska, delivery of sustainable emissions reductions (SERs)<sup>a</sup> and reductions in flaring.

Scope 2 (indirect) emissions decreased by 1.4MteCO<sub>2</sub>e, to 3.8MteCO<sub>2</sub>e in 2020, a 27% reduction compared to 2019. This decrease resulted from SERs, reduced energy requirements following COVID-19 demand reductions and a 1MteCO<sub>2</sub>e reduction in reported emissions from our Whiting refinery, which, in 2020, put an agreement in place to purchase electricity from our Whiting Clean Energy facility.

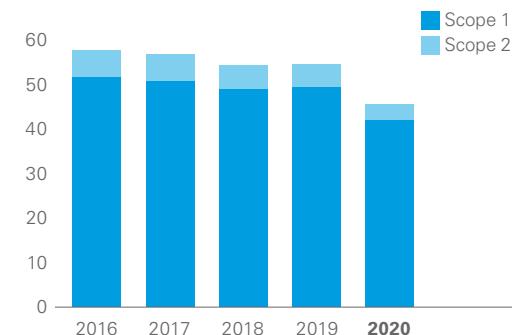
In 2020 compared to 2019:

- divestments accounted for 5.4Mte of the Scope 1 emissions decrease including the divestment of our operations in Alaska in 3Q 2020
- the delivery of SERs reduced Scope 1 and 2 emissions by 1MteCO<sub>2</sub>e
- temporary production related changes accounted for 1.5MteCO<sub>2</sub>e of reductions including reductions associated with turnarounds and reduced demand due to the COVID-19 pandemic
- total hydrocarbons flared decreased from 1,395kt to 831kt in 2020

In 2020 we continued to deliver SERs across our businesses and activities:

- One of our offshore facilities in the AGT region delivered 55kteCO<sub>2</sub>e of reductions in 2020 through optimizing the efficiency of their water injection pump operation leading to savings in fuel consumption.
- The Angola and Oman regions delivered further reduction in flaring during 2020 of 240kteCO<sub>2</sub>e and 120kteCO<sub>2</sub>e respectively.
- Our Rotterdam refinery installed an off-gas treatment unit which recovers LPG from fuel and reduces the carbon intensity of gas burned for fuel in the furnaces, providing 8kteCO<sub>2</sub>e of emissions reduction in 2020.

**Scope 1 (direct) and Scope 2 (indirect) GHG emissions (operational control boundary)<sup>a</sup>**  
(MteCO<sub>2</sub>e)



### bp equity share emissions

We report our operational (Scope 1 and 2) GHG emissions on two boundaries, operational control and bp equity share. The data for both boundaries are included in the ESG datasheet and annual report. Operational control boundary broadly covers bp-operated assets<sup>a</sup>. bp equity share covers 100% of emissions from subsidiaries including the percentage of emissions equivalent to our share of joint arrangements and associates, excluding bp's share of Rosneft<sup>c</sup>.

Our Scope 1 and Scope 2 emissions reduced on both an operated and equity share basis in 2020 compared to 2019. The divestment of our Alaska operations has reduced our total emissions on both an operational control and equity share basis but has a much larger impact on our operated emissions as noted above.

Read more about equity share emissions on page 50 of our **bp annual report 2020**

<sup>a</sup> 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.

<sup>b</sup> 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.

<sup>c</sup> 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.

## Reducing emissions at bpx energy

Our US onshore operations, bpx energy, delivered sustainable emissions reductions totalling over 245kteCO<sub>2</sub>e in 2020 – driving operational efficiencies and substantively reducing our methane emissions profile. Projects delivered included construction and electrification of centralized facilities, electrification of certain existing facilities and switching to solar power for heat trace pumping.

Our assets in the Permian region delivered 94kteCO<sub>2</sub>e of SERs in 2020. The largest of these projects was construction and delivery of a centralized facility and electrification of certain operations combined with use of renewable electricity.



# Net Zero oil and gas

**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 on a bp equity share basis excluding Rosneft (around 361MteCO<sub>2</sub> in 2019)<sup>a</sup>.

It is associated with the CO<sub>2</sub> emissions from the 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.



## How we will meet our aim

Our aim 2 is directly linked with reduction in oil and gas production. We're taking action to achieve this aim through portfolio management, including divestments and decarbonization.

Blue hydrogen and CCUS are also strategically important areas for bp. See more on what we are doing in those areas under aim 5.

→ [Read more about blue hydrogen and CCUS under aim 5 on page 42](#)

## Our performance in 2020

The estimated emissions from the carbon in our upstream oil and gas production were equivalent to 328Mte in 2020, a reduction of approximately 9% compared to 361Mte in 2019.

## Scope 3 emissions

Our aim 2 refers to estimated CO<sub>2</sub> emissions from the assumed combustion of bp's net share upstream production of crude oil, natural gas and natural gas liquids (NGLs), excluding bp's share of Rosneft production and assuming that all produced volumes undergo full stoichiometric combustion to CO<sub>2</sub>. Emissions are broadly equivalent to the GHG Protocol<sup>b</sup>, Scope 3, category 11, with the specific scope of upstream production volumes. This metric aligns with our aim to be net zero across the carbon in our upstream oil and gas production.

<sup>a</sup> The baseline year for our aims 2 and 3 is 2019. Following publication of the bp annual report and form 20-F 2019, some data improvements related to the reported 2019 figures for aims 2 and 3 were identified. Although these are not considered to be material, for each of aims 2 and 3 the 2019 figure has been adjusted.

<sup>b</sup> See [ghgprotocol.org](http://ghgprotocol.org) for the full list of categories.



↑ bp's Thunder Horse platform, located in the Gulf of Mexico, USA.

# Halving intensity

**Our aim 3 is to cut the carbon intensity of the products we sell by 50% by 2050 or sooner.**

This is a life cycle carbon intensity approach, per unit of energy. It covers marketing sales of energy products<sup>a</sup> and potentially, in future, certain other products, for example, associated with land carbon projects (79.3gCO<sub>2</sub>e/MJ in 2019)<sup>b</sup>.

We're targeting a 2025 reduction of 5% and aim to reduce it by 15% by 2030, against our 2019 baseline. This aim relates to the rate of GHG emissions estimated on a life cycle basis from the use, production and distribution of marketed energy products per unit of energy (MJ) delivered.



## How we will meet our aim

We aim to improve the carbon intensity of our marketed products<sup>a</sup> by providing products with lower life cycle emissions, including biogas, for power generation; increasing supply of low carbon electricity, bioenergy; introducing carbon capture use and storage technology; developing more efficient and lower carbon fuels, including green hydrogen; and growing low carbon offers to help customers reduce their carbon emissions.

Our investment in low carbon energies, including low carbon electricity and energy under aim 5 is integral to our aim 3 and the 15% reduction in the life cycle carbon intensity of our marketed products that we're aiming for by 2030.

## Our performance in 2020

### Average emissions intensity of marketed energy products<sup>c</sup>

(gCO<sub>2</sub>e/MJ)

	2019 <sup>b</sup>	2020
Average emissions intensity of marketed energy products	79.3	78.8
Refined energy products	92.8	92.6
Gas products	71.6	71.6
Bio-products	28.8	28.2
Power products	43.8	43.0



In 2020, while we made progress in increasing the marketed sales of low carbon products, the reduction in the bp carbon intensity was largely a result of the reduction in sales of refined products, due to the COVID-19 pandemic.

## Scaling low carbon

Our aims 3 and 5 are intimately connected. Our low carbon investments drive the decarbonization of our energy products and over the last 12 months we've made moves into offshore wind energy and continued to grow our EV charging network globally. Lightsource bp also maintained its growth throughout 2020.

→ **Read more about these and our other low carbon projects on page 40**

a Please see the basis of reporting for the list of energy products covered at [bp.com/basisofreporting](http://bp.com/basisofreporting).

b The baseline year for our aims 2 and 3 is 2019. Following publication of the bp annual report and form 20-F 2019, some data improvements related to the reported 2019 figures for aims 2 and 3 were identified. Although these are not considered to be material, for each of aims 2 and 3 the 2019 figure has been adjusted.

c The weighted average GHG emissions per unit of energy delivered (in grams CO<sub>2</sub>e/MJ), estimated in respect of marketing sales of energy products. GHG emissions are estimated on a life cycle basis covering production, distribution and use of the relevant products (assuming full stoichiometric combustion of the product to CO<sub>2</sub>).

# Reducing methane

**Our aim 4 is to 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<sup>a</sup> of our operations.**

And we will work to influence our joint ventures to set their own methane intensity targets of 0.2%.



## Why methane measurement matters

There are two challenges in tackling methane – the first is the identification and quantification of emissions – where some important technology is in its infancy. The second is finding ways to reduce emissions – where there is a lot of work happening across industry. We're playing an active part in both and took some important steps in 2020.

## How we will meet our aim

By the end of 2023 we will roll out a new measurement approach to relevant sites. This new approach, developed in 2020, comprises a prioritized hierarchy of options for making more use of methane measurement.

Based on this new measurement approach we have set a 2025 target of 0.20% and have now moved away from a target based on general industry methodologies, such as calculating or estimating emissions using emission factors.

We are focusing on achieving reductions across our key methane sources, including fugitives, combustion and flaring; and on producing a greater proportion of our gas from lower intensity operations. We are also investing in technology to reduce methane and improve our ability to measure it.

We want to promote the increased use of methane measurement more widely across industry, but this will take time.

The deployment of new measurement technology represents a major step-change in our industry's approach to detecting, quantifying and reducing methane emissions.

Rolling out our new approach between now and 2023 will involve continued testing and initial deployment of measurement technologies and equipment for in-scope sites and businesses.

To guide us, we have developed a methane measurement hierarchy. With technology to detect and measure methane evolving fast and different technologies possibly being better suited to different types of assets and geographies, a flexible approach allows us to move towards increased continuous site and source level measurement systems as more advanced technology becomes available.

We will use the data gathered as we progress to set the baseline for further reductions. To fully establish this baseline globally we will need data from the global application of our measurement approach (expected late 2023/2024). We will provide further details in the future.

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

Flaring is one of the main sources of methane for our sector, so we continue to focus on flare reduction activity and to support the World Bank's Zero Routine Flaring by 2030 initiative, which brings together stakeholders to work together to eliminate routine flaring from operated oil assets by 2030. In 2020 bp with Shell submitted comments to the Texas Railroad Commission supporting an ambition of zero routine flaring in Texas.

## Our performance in 2020

Throughout 2020, we continued working to reduce our operational methane emissions – from upgrades in mature production fields to the design of new technology. For example, at our Clair field, west of Shetland, we are trialling the use of unmanned drones fitted with advanced sensor technology to take readings. We're using the information they provide to inform our thinking about how we may use technologies of this kind in future.

## Methane intensity

Our methane intensity in 2020 was 0.12%, an improvement from 0.14% in 2019.

In 2020 methane emissions from upstream operations, used to calculate our intensity, decreased by 22% to 71.6kt in 2020, down from 92.2kt in 2019. This reduction in methane intensity was mainly due to divestment of our Alaska operations and some bpx energy assets. Sustainable emissions reductions projects and flaring reductions also contributed, the largest reductions being delivered by bpx energy and in Angola.

Marketed gas decreased by 9% (3,075bcf in 2020 from 3,370bcf in 2019).

Our methane intensity is currently calculated using our existing methodology and, while it reflects progress in reducing methane emissions, it will not directly correlate with progress towards delivering the 2025 target under aim 4.

<sup>a</sup> Methane intensity refers to the amount of methane emissions from bp's operated upstream oil and gas assets as a percentage of the total gas that goes to market from those operations. Our methodology is aligned with the Oil and Gas Climate Initiative's (OGCI).

## Working with others

We continue to work with key stakeholders on activities designed to improve detection, measurement, quantification, verification and reporting of methane emissions. We're taking a leadership role in addressing the methane challenge through the improvements we've made to our own operations, but also through collaboration with our peers, NGOs, third-party experts and academic research institutions.

We want to influence our joint ventures to set their own methane intensity targets of 0.2%.

In 2020 bp established a non-operated joint venture (NOJV) centre of excellence providing support to teams in bp who work with our NOJVs, including on reducing methane emissions.

- bp is a signatory to the Methane Guiding Principles (MGP) and is actively encouraging our joint ventures and partners to sign up. Rosneft, which we have a 19.75% shareholding in, has also signed up and is working towards applying the MGP principles within their operations and our joint ventures with them.
- We are also working with the Environmental Defense Fund (EDF) and together with them in 2019 we announced a three-year strategic collaboration to advance technologies and practices to reduce methane emissions from the global oil and gas industry. The agreement will enable collaboration on projects that test technologies and emerging strategies to continue improving methane management. bp and EDF hosted a workshop on addressing methane emissions from joint ventures in June 2020 resulting in a specific MGP initiative to address the topic. This work is ongoing.

- We were a key contributor to the development of the Oil and Gas Methane Partnership, or OGMP, version 2, which is all about enhancing reporting and methane emission reductions and which is supported by the United Nations Environment Programme, the European Commission and EDF.
- Our work with the Oil and Gas Climate Initiative (OGCI) continues to support improvements in methane science as well as reductions and measurement technology. Investments in recent years have included technology for measuring methane from satellites, drones and aircraft which bp has started to pilot and deploy in our operations.

## Using digital metering to help reduce methane emissions

For bp's oil and gas operations, reducing emissions associated with flaring is a key challenge because whilst flares can be one of our major sources of CO<sub>2</sub> and methane emissions they also play a critical safety role, so cannot simply be switched-off.

Quantifying how much gas has been flared more accurately is the first challenge – and as part of our aim 4 we are undertaking a global review of flare meters on our operated oil and gas producing facilities. Any flares that fall short of our required performance standards will be upgraded.

But to fully understand how well our flares are operating we also need to test how efficiently they are burning. Increasingly we do that by using the latest computational fluid dynamics techniques to understand how our flares behave over the full range of operational and weather conditions and we sometimes also measure their efficiency using advanced spectral radiometry techniques.

In 2020, we went one step further – by making that kind of information available in real-time to one of our facilities, meaning that any changes in flare performance can be identified rapidly and managed.

In a successful trial on Glen Lyon – a floating production, storage and offloading vessel west of Shetland – we trialled the use of FlareIQ, a predictive analytics technology developed by Baker Hughes. FlareIQ provides flaring performance information continuously, using the power of cloud-computing to run complex models remotely and feeding it back to our facility in seconds. Following the trial FlareIQ is now installed on Glen Lyon and when we have made it easier for field staff to use, we plan to deploy it more widely.

Flaring is not only important to bp but to others in our sector, so we are taking these insights and developments to our partners, for example, through the recently announced joint initiative to address reporting from flares as part of the Methane Guiding Principles, working in collaboration with Rosneft.



▲ We successfully trialled FlareIQ performance monitoring technology on our Glen Lyon vessel.

# 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.



## How we will meet our aim

Our low carbon investment focus will be on:

- Low carbon electricity generated from low carbon energy sources
- Bioenergy
- Hydrogen and carbon capture and storage (CCUS)

Our new gas and low carbon energy (G&LCE) business will focus on: integrating our gas and renewable value chains; developing new market opportunities in gas; driving decarbonization technologies; building and growing low and zero carbon businesses and markets; leveraging digital energy solutions and innovatively financed business models.

Our new regions, cities and solutions integrator (RC&S) will identify and deliver integrated energy and mobility solutions to help customers decarbonize by bringing together bp's capabilities, products and services and with our partners, creating value greater than the sum of its parts.

→ [Read more about RC&S on page 48](#)

## Our performance in 2020

We made low carbon investments totalling \$750 million in 2020 (>\$500 million in 2019) with new projects agreed or coming onstream across our low carbon focus areas.

### Wind

bp wind energy is a business we have been building for over a decade with a gross generating capacity of 1.7GW, operating nine onshore wind assets across the US.

In January 2021 we completed formation of a strategic US offshore wind partnership with Equinor to pursue offshore opportunities in the US, including the purchase of 50% in the Empire Wind and Beacon Wind projects.



↗ bp wind energy has formed a strategic partnership with Equinor to pursue offshore opportunities in the US.

Our agreement with Equinor to form a strategic partnership will give us a new and growing platform for growth in renewable electricity with offshore wind energy.

The partnership is expected to develop up to 4.4GW of offshore wind power across four projects. In January 2021 two of the projects were selected to provide 2.5GW of power to the State of New York, subject to contract. This adds to the 816MW awarded in 2018 by the same state, for a total of 3.3GW formally awarded across three of the four projects.

And in February 2021 bp and German utilities partner EnBW were awarded preferred bidder status on two highly advantaged leases in the UK. The leases, both located in the Irish Sea,

offer a combined potential generating capacity of 3GW, the maximum award possible under the rules of the round, and a 60-year lease life. Once operational, this generating capacity would be sufficient to power more than 3.4 million UK households with clean electricity.

bp's wind energy business now has a potential gross capacity of

**9.1GW**

## Lightsource bp in Spain

Based in the Zaragoza province of Spain, Vendimia is a cluster of five solar plants and is Lightsource bp's first major project in the country. The project was developed to final investment decision (FID) at the end of 2019. It's now under construction and is expected to come online during 2021 – showing the execution capability and speed at which Lightsource bp can complete solar projects.

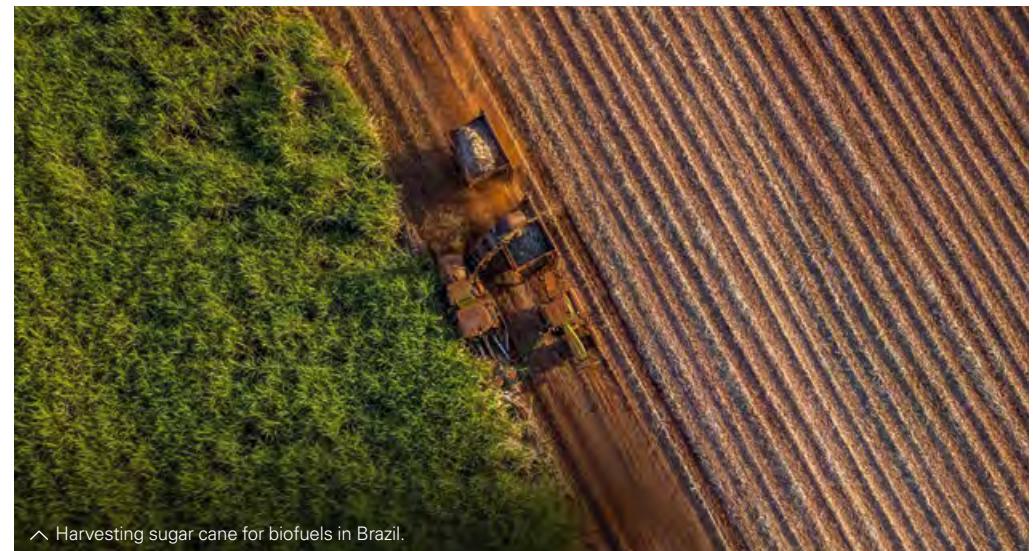
Once online it's expected to bring 247MW of renewable generating capacity to the region and provide clean energy to around 50,000 households. The project uses efficiently structured finance and features a seven-year PPA locked-in with bp trading & shipping,

which will ultimately supply bp retail stations, a great example of how we're using the power of integration.

Lightsource bp intends to continue its growth in Spain through the recently announced acquisition of a 1GW development pipeline, from which it expects to mature projects in the near future.

Expected to provide clean energy to around

**50,000**  
households



### Solar

Lightsource bp, in which we hold a 50% interest, is a leader in the development and management of solar energy projects. The business has maintained its growth throughout 2020, developing 1.4GW gross to FID in the year. In 2020 it also grew its strong project pipeline by about 6GW bringing it to around 17GW gross and is investing in leading-edge technology to meet its customers' needs.

In 2020 bp completed its investment in the Green Growth Equity Fund (GGEF), a joint venture between Lightsource bp and Everstone Capital, which is managed through EverSource capital. Based in India, the fund aims to rapidly scale-up commercially viable low carbon solutions across the country, such as solar power, mobility solutions or sustainable infrastructure management.

### Bioenergy and biofuels

Our bioenergy joint venture (JV) in Brazil, bp Bunge Bioenergia, has continued its integration processes throughout 2020, despite the impact of the COVID-19 pandemic. All of its operated sites are now certified by RenovaBio and can emit and trade decarbonization credits known as CBIOS. The JV in 2020 had an annual crushing capacity of 28 million tonnes and exported 1,232 GWh to the Brazilian grid.

We have capacity in biogas and are already one of the largest suppliers of renewable natural gas into the US transportation sector through our JV with Aria Energy. We are already one of the leading sustainable aviation fuel (SAF) marketers, and at the end of 2020, we had supplied SAF at 18 airports in six countries. We aim to have around a 20% share of global SAF sales by 2030. And in 2021 we announced our strategic partnership

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with Qantas to jointly explore opportunities to reduce carbon emissions in the aviation sector, including the potential use of advanced sustainable fuels.

 [Read more on page 48](#)

In 2020 we continued to scale up co-processing of biogenic feedstocks at our refineries increasing our global capacity and expanding our operations to the Gelsenkirchen refinery. We plan to grow our co-processing volume by 2025, together with the further development of waste and circular feedstock supply and processing capabilities.

## Opportunities in hydrogen

In March 2021, we announced that we are developing plans for the UK's largest blue hydrogen production facility, targeting 1GW of hydrogen production by 2030. The project would capture and send for storage up to two million tonnes of CO<sub>2</sub> per year. The proposed development, H2Teesside, would be a significant step in developing our hydrogen business and make a major contribution to the UK government's target of developing 5GW of hydrogen production by 2030.

And with RWE in Germany we are part of a group of seven companies planning to build a green hydrogen grid which could include green hydrogen production, transport and industrial use.

## Hydrogen and CCUS

Hydrogen can play a key role in decarbonizing power, industry and heavy goods vehicle transport. It complements our existing businesses and capabilities. We are exploring the production of both green hydrogen (electrolysis of water using renewable power) and blue hydrogen (extracted from natural gas and the CO<sub>2</sub> is captured and stored), with the latter enabled by the scale-up of carbon capture use and storage (CCUS).

We've signed a Letter of Intent with Ørsted at Lingen refinery to explore the potential of building a green hydrogen facility and in 2020 we announced a feasibility study in Australia with ARENA (Australian Renewable Energy Agency) to explore the use of solar energy to power the production of green hydrogen, which in turn could be used to create green ammonia for a clean energy carrier, targeted at domestic and export markets.

We believe CCUS can play a vital role in limiting emissions, helping us achieve our net zero aims and supporting global efforts to meet the Paris goals. CCUS can significantly reduce emissions from gas-fired power generation and energy-intensive industries. It can be used with natural gas to produce blue hydrogen, and with biomass to produce renewable hydrogen for use in power generation, transport or hard-to-abate industrial sectors.

## New low carbon and digital businesses

We are innovating new low carbon and digital businesses through bp Ventures and Launchpad. In 2020 we acquired a controlling interest in Finite Carbon, the leading provider of forest carbon credits in the US.

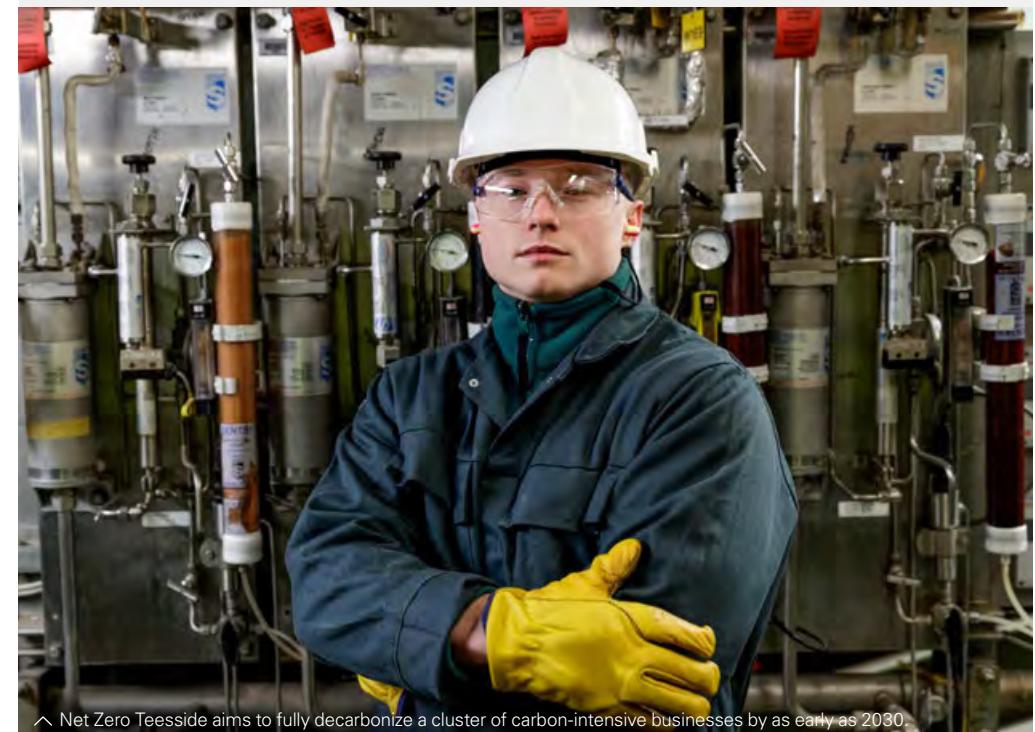
## Helping to create the UK's first net zero industrial cluster

In the UK bp is playing a lead role in the Net Zero Teesside (NZT) and Northern Endurance Partnership (NEP) projects. These projects aim to deliver the UK's first gas-fired power station with CCUS, and decarbonize a range of carbon-intensive businesses across Teesside, creating what would be the UK's first net zero industrial cluster.

The creation of NEP in 2020 saw us join forces with five other energy companies – Eni, Equinor, National Grid, Shell and Total –

to develop shared offshore CCUS infrastructure in the UK North Sea, which will serve both NZT, and Zero Carbon Humber (ZCH), which is a consortium of leading energy and industrial companies and academic institutions working to create a net zero cluster in the Humber region.

If successful, NEP, NZT and ZCH would help to decarbonize nearly 50% of the UK's industrial cluster emissions.



Net Zero Teesside aims to fully decarbonize a cluster of carbon-intensive businesses by as early as 2030.



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

Advocating

Aim 6

Incentivizing employees

Aim 7

Aligning associations

Aim 8

Transparency leader

Aim 9

Clean cities and corporates

Aim 10

### What we've done

- Supported green recovery packages.
- Stopped corporate reputation advertising.
- Advocated for carbon pricing in the US.

- Linked cash bonuses to balance of safety, environment, reliability and performance.

- Published report on trade associations.
- Exited three associations following early review.

- Announced strategy with granular 2025 targets and 2030 aims.

- Working in partnership with Houston, Aberdeen, Microsoft and Qantas.

### What we intend to do

- Continue advocating for policies that support net zero, including carbon pricing.

- Continue emphasis on emissions reduction and strategy delivery for bp leadership team.

- Continue to promote our views on climate change and be transparent where we differ.

- Continue to evolve and expand our reporting in line with the TCFD recommendations and other initiatives.

- Focus on partnering with 10-15 cities by 2030 and corporates in three industrial sectors.

# 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 push 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.



## How we will meet our aim

We believe that ambitious climate policies will be essential to enable the world to meet the Paris climate goals, including achieving global net zero greenhouse gas (GHG) emissions. In our aim 6 we have publicly stated our aim to more actively advocate for well designed policies that will support net zero.

We co-operate and engage with governments, regulators and legislators in the development of proposed policies relevant to our business – ranging from those in support of net zero, through to policy related to tax, employment, safety and other issues. Our activities may include direct lobbying on specific policy proposals by bp employees, through broader advocacy via research work or supporting think tanks, to communications activities and advertising.

We're also working in cross-industry initiatives and partnerships to promote policies that support net zero, such as the NCS Alliance, the Carbon Pricing Leadership Coalition, and the Taskforce on Scaling Voluntary Markets.

## Our performance in 2020

We're supporting well designed carbon pricing in the US. For example, on the east coast we've actively advocated for the Transportation and Climate Initiative (TCI) since 2019. TCI took a step forward in 2020, when the governors of Connecticut, Massachusetts and Rhode Island, together with the mayor of the District of Columbia, signed a memorandum of understanding, while several other states signed letters committing to further consideration of the initiative.

TCI puts a price on the largest source of greenhouse gas emissions on the east coast and aims to reduce them by 20-25% across the region, while also creating jobs, boosting the economy and modernizing infrastructure.

TCI could be implemented from January 2022 onwards as states complete their own rulemaking and pass legislation.

In addition to TCI, we have supported other initiatives in the US, including:

### The Regional Greenhouse Gas Initiative (RGGI)

– we publicly advocated for Virginia to join RGGI and were pleased when the governor signed that bill into law in 2020. We're now encouraging Pennsylvania to join 11 other nearby states to benefit from the programme.

### Comprehensive clean energy legislation in Illinois

– we have publicly supported the governor's principles and advocated with legislators for a comprehensive bill that includes a well designed carbon price and encourages renewable energy and private investment in electric vehicle infrastructure. We also helped develop and support Senate Bill 2005 to accelerate carbon capture use and storage projects in the state.

Elsewhere, we have supported several net-zero-related policies, for example:

**European Economic Recovery Plan** – we publicly supported the European Commission's proposal for the Economic Recovery Plan, linking recovery funds to climate plans.

**European Commission 2030 climate target** – we publicly support the European Commission's proposed 2030 climate target and its overall target to achieve climate neutrality in the EU by 2050.

**Supporting net zero in the UK** – in 2020, Bernard Looney spoke out publicly in support of the accelerated phase out of internal combustion engines in cars and vans, and strongly supported the Prime Minister's vision for the UK to lead a green industrial revolution, build back better, and reach net zero by 2050.

**Carbon pricing in Washington State** – bp is strongly advocating for carbon pricing in the state, including Senate Bill 5126, which, if passed, would create a cap-and-invest programme for the state.

**Establishing business models for CCUS in the UK** – we are working with national, regional and local government to help establish the right business models for the successful development of carbon capture, use and storage (CCUS), including the Net Zero Teeside project where we are the operator.

**Tangguh CCUS in Indonesia** – working with the government, we have just completed the feasibility study to develop the first large CCUS project in Tangguh LNG, Papua Barat.

## Looking ahead

Our next steps are to embed improved governance processes and our policy advocacy guide, which we developed as part of reinventing bp, to ensure that our policy advocacy, managed by our communications & advocacy function, is regionally coherent, and to help employees advocate more actively for policies that support net zero. Most advocacy takes place on a country-by-country basis so our guidance endeavours to be globally consistent and locally relevant.

# 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 28,000<sup>a</sup> employees.



## How we will meet our aim

We believe we can support our people to deliver our aims and new strategy by:

- Explaining what net zero is, why it matters and how they can help to achieve it
- Providing effective advocacy tools
- Incentivising advocacy – for example, through our annual cash bonus
- Enabling individual contributions that support our net zero ambition

## Our performance in 2020

**Explaining net zero and providing advocacy tools** – we already have education activities in place around net zero advocacy, including: the Discover Net Zero course, which is part of the bp university; a digital engagement platform for wider sustainability that will come online in 2021; and a ‘Know your carbon footprint’ tool.

To support our work, we have also appointed a Head of Stakeholder Advocacy and Head of Employee Advocacy.

**Incentivizing advocacy** – in 2019 we linked our annual cash bonus for eligible employees, including the bp leadership team, to sustainable emissions reductions (SERs) in 2019.

In 2020 for senior leaders, we increased emphasis on low carbon, moving from 5% to 30% of senior leaders’ equity awards linked to low carbon. And for the bp leadership team, 25% of performance-based pay was linked to delivery of our purpose.

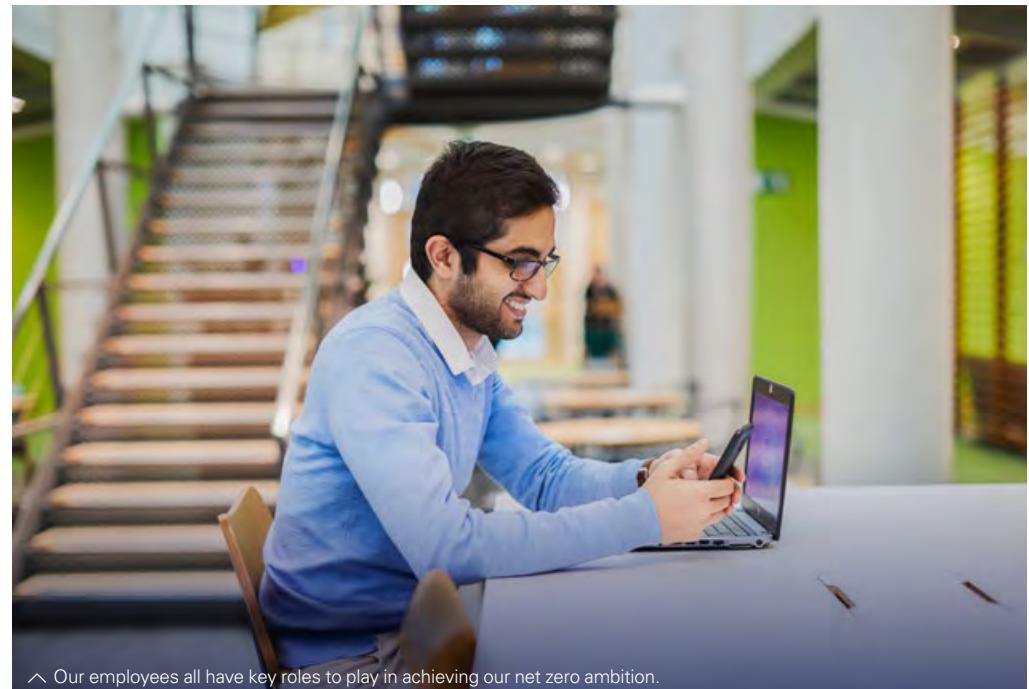
The measures for the 2021 annual bonus for eligible employees are aligned to our strategy and net zero ambition, and tied to a balanced scorecard consisting of safety and sustainability, operations and financial measures.

**Enabling individual contributions that support our net zero ambition** – in February 2021, we introduced the Reinvent bp share award to incentivize our employees in meeting our aims. All employees will receive a one-off grant of either shares or share options that will become available to keep, sell or transfer in 2025.

To help embed sustainability in bp’s DNA we are launching a new company-wide sustainability award programme within our peer-to-peer employee recognition platform ‘energize!’. bp employees will be able to give and receive recognition for efforts that help to progress our sustainability frame with award categories reflecting the three focus areas: getting to net zero, improving people’s lives and caring for our planet.

Our employee carbon offsetting scheme which covers travel and home energy emissions for employees who choose to participate and is partially funded by bp, is now running in the UK, US and Germany. The scheme is expected to be rolled out further in 2021.

Following a suggestion by some employees, we have offset corporate aviation travel to help build engagement with our low carbon agenda. In 2020, we offset a combined 101kteCO<sub>2</sub>e for employee carbon and corporate aviation travel offsetting.



^ Our employees all have key roles to play in achieving our net zero ambition.

<sup>a</sup> This figure was around 37,000 in February 2020. It is approximate and has been revised in line with restructuring as part of reinvent bp and reflects lower headcount overall.

# 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.



### How we will meet our aim

We belong to industry associations that offer opportunities to share good practices and collaborate on issues of importance to our sector; from contributing to the development of equipment, operating and safety standards through to working with regulators, knowledge sharing and professional development.

We aim for alignment between our policies and those of trade associations but understand that associations' positions reflect a compromise of the assorted views of the membership. We make the case for our views on climate change and we'll be transparent where we differ. And where we can't reach alignment, we are prepared to leave.

### Our performance in 2020

We published our first Trade Associations review in early 2020. As a result of this review, we left three associations that we deemed to be not aligned and our CEO wrote to the others in scope to explain our support of the Paris Agreement, our net zero ambition and our support for transparency. In our review, we made clear that we intend to make the case for our views on climate change and to be transparent where we differ.

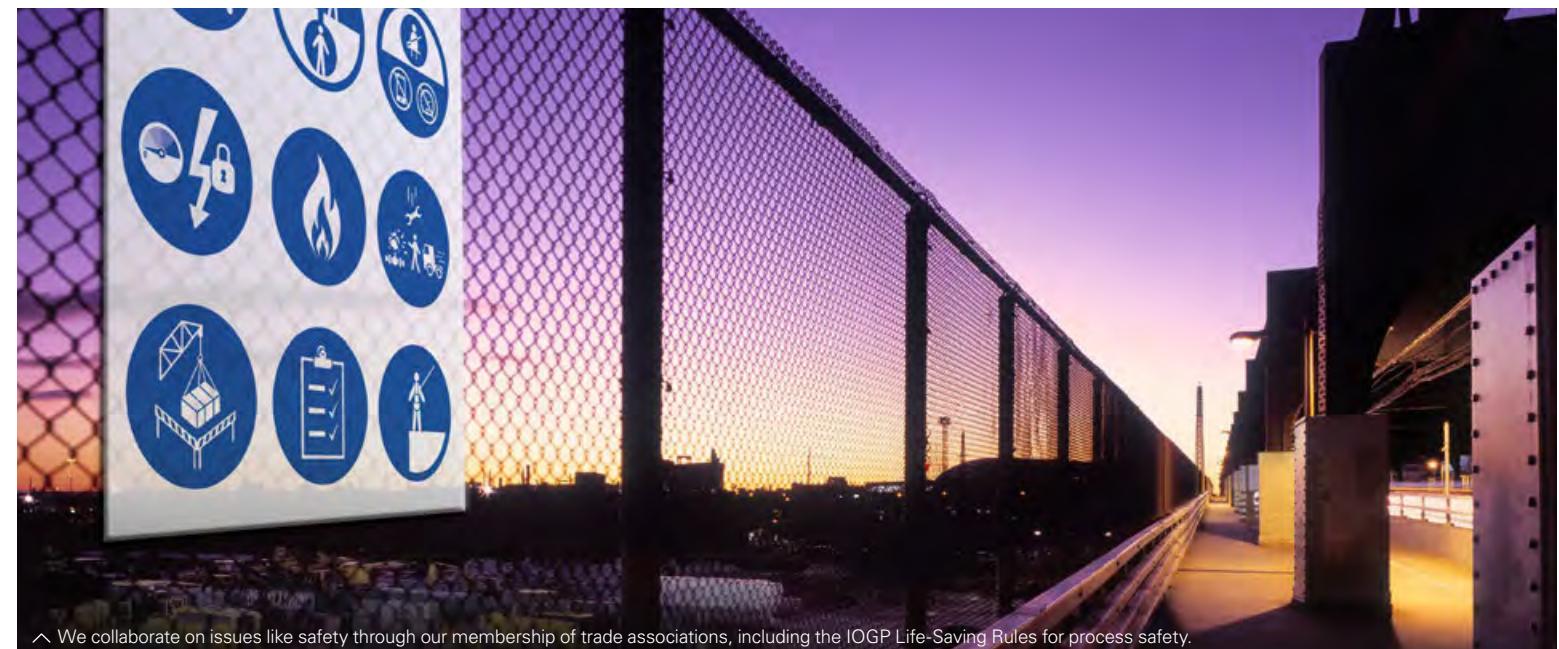
Since then, we have published statements when we have identified that our views have significantly differed. These occurred in the area of carbon pricing with the Canadian Association of Petroleum Producers and the Netherlands Employer Association, VNO-NCV. We also supported federal regulation of methane emissions in the US.

We have started two important work strands this year:

- starting to build a comprehensive database of all our memberships, including trade associations
- creating clear governance and guidance for colleagues covering key decisions related to trade association membership – from whether or not to join, to the circumstances in which to exit

We will publish an update on our trade associations, which will focus on the five associations that we deemed to be partially aligned in our review from early 2020. We aim to publish this update in Q2 and we also plan to undertake another review in 2022.

[Read more about our Trade Associations Review at \*\*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.



### How we will meet our aim

We'll work to align our reporting with key reporting standards and benchmarks and work with others to share our experience and shape good practice.

#### Our performance in 2020

This year, for the first time we have used the SASB Oil & Gas production standard to inform our reporting. We plan to review the SASB standards in line with our new strategy to become an Integrated Energy Company.

 [Read our SASB disclosure at bp.com/ourreporting](#)

We also expanded our TCFD disclosures, which are contained in the bp annual report 20-F 2020, and available online. This includes more information across the four recommendations: governance, strategy, risk and metrics & targets.

In 2020, we responded to the Financial Conduct Authority (FCA) consultation and welcomed their policy statement in late-2020 to make, comply or explain disclosures in relation to TCFD a listing rule requirement for premium companies.

Going forward, we are laying the foundations to be able to comply with mandatory TCFD reporting.

In 2021 we will continue to explore ways to work directly with the TCFD, or related partners, such as the WBCSD, to develop climate-related reporting.

 [Read our TCFD disclosures at bp.com/TCFD](#)

## Responding to increasing shareholder interest in climate-related reporting

In 2020 we saw increased interest in ESG reporting, including climate-related reporting, from many stakeholders.

For the second year we have responded to the climate-reporting requirements of a shareholder resolution from Climate Action 100+, which was requisitioned, recommended by the board and then approved by 99% of shareholders at our 2019 AGM. This response is contained in the bp annual report 2020 and 20-F and includes:

- Information on why we believe our strategy is consistent with the Paris goals.
- Our investment process and the outcome of our evaluation of material new capex investments for consistency with Paris. This includes evaluation against two quantitative guide levels: for internal rate of return and discounted payback, and, for operational carbon intensity.
- Our principal metrics, targets and goals connected to our new strategy.
- Our anticipated investment in non-oil and gas – our low carbon investment was \$750 million in 2020, and looking ahead we plan to increase investment in low carbon to \$3-4 billion by 2025 and to around \$5 billion a year in 2030.

### First tax transparency report

We are proud to be one of the first large corporates to adopt the new GRI tax standard for comprehensive tax disclosure at a country by country level.

We also referred to a number of other frameworks, standards and guidance including:

- the B Team's seven responsible tax principles, which we endorse
- the International Business Council (IBC) of the World Economic Forum – Stakeholder Capitalism Metrics
- our commitment to the EITI

 [Read more at bp.com/tax](#)

### First D&I report

In recognition of how critical diversity and inclusion is to the way we operate and our culture, and in direct response to racial injustice, we expect to publish our first D&I report in Q2 2021.

# 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. It will help countries, cities and corporations around the world decarbonize.



## Why cities and corporates?

Cities are critical to the progress of the energy transition. They are home to about half the world's population but generate 70% of CO<sub>2</sub> emissions – with population and emissions both expected to grow over time<sup>a</sup>. Research suggests that cities have the potential to achieve 40% of the carbon mitigation goals outlined in the Paris Agreement<sup>b</sup>.

# 1,000

In 2020 alone, more than 1,000 companies have set themselves net-zero targets.

## How we will meet our aim

Partnering with countries, cities and industries is one of our key strategic areas of differentiation. In August 2020 we announced our target to partner with 10-15 cities globally over the next decade to help them achieve their climate goals. And we will work with three industrial sectors – high tech and consumer products, heavy transport and heavy industries – as they shape their energy transition journey.

Our regions, cities and solutions (RC&S) team began to be stood up on 1 July 2020 and is leveraging partnerships and relationships to provide integrated energy and mobility solutions to help customers to reduce emissions and create exciting business opportunities for bp. The RC&S team includes business development specialists supported by the experts they need to develop bespoke decarbonization solutions. The team builds on several of our key strengths:

- expertise at delivering complex energy projects and solving large scale challenges in different parts of the world
- experience of working at country or regional level with multiple stakeholders, including governments and legislators
- deep relationships and local knowledge around the world
- the commercial capabilities and connections required to deliver for corporations in many industry sectors
- our commitment to decarbonizing bp – and helping the world do so – and the lessons we are learning as we do this

Many cities and corporations have set ambitious decarbonization targets but are not clear about how to meet them. Some need support with their plans, others already have plans but need help to execute them. By bringing together expertise from across bp, and our partners, we can offer bespoke integrated solutions to meet their needs.

## Our performance in 2020

In 2020 we have formed partnerships with Houston, Aberdeen and Microsoft. With Houston, we've started to explore ways to enable one of the most populous cities in the US to become net zero. The City of Houston, which currently emits more than 30 million tonnes of CO<sub>2</sub> per year, has adopted a comprehensive Climate Action Plan (CAP) that provides a blueprint for the city to become carbon neutral by 2050. We have signed an agreement to serve as the city's strategic and technical planning advisor on the CAP for the next four years, bringing expertise across the energy spectrum to help Houston build a more sustainable and resilient future.



▲ bp is working with Aberdeen City Council to help accelerate the adoption of EVs.

In 2021, we took another step in support of the CAP by joining forces with Uber to explore how we can encourage, develop and drive the use of electric vehicle charging infrastructure in Houston.

We have also partnered with Aberdeen City Council to serve as planning and technical advisor in service of the city's Net Zero Vision to reduce carbon emissions and become a climate positive city. Together, we will explore opportunities in service of the city's decarbonization, economic and social ambitions, working across several themes including accelerating the adoption of electric and hydrogen-powered city vehicles, energy efficiency programmes for buildings and circular economy.

In working with major corporations we want to play a leading role in the macro-decarbonization of key industrial sectors, and we know that no one company can do this alone. We intend to work with companies that share our decarbonization goals.

Building on our existing relationship and aligned ambitions, we are combining our expertise with Microsoft to drive digital innovation in energy and accelerate progress towards our companies' net zero goals. We will work on a co-innovation effort that will explore everything from ways to help customers control their home energy use and cut

a Source: c40.org

b Source: CDP, City-Business Climate Alliances



carbon dioxide emissions to the development of clean energy parks powered by next-generation technologies. We've also extended our agreement to use Microsoft Azure cloud services – giving us access to a host of tools, including machine learning and data analytics. And we've signed a framework agreement with the aim of supplying Microsoft with renewable energy for their data centres – something that also aligns with our sustainability frame priority to provide more clean energy for more people.

We have deepened our relationship with Amazon in support of both of our ambitions to reduce our emissions and help our customers reduce theirs. In a new series of clean power agreements, we have agreed to more than triple the renewable power that bp will supply to Amazon's operations in Europe – helping Amazon get a step closer to their goal to power operations with 100% renewable energy. At the same time, Amazon will help bp with innovative technologies that will accelerate our programme to digitize our infrastructure and operations.

And we have started 2021 with a strategic partnership with Qantas to work on opportunities to reduce carbon emissions in the aviation sector and contribute to the development of a sustainable aviation fuel industry in Australia.

We will explore ways in which bp's global capabilities, skills and knowledge can support Qantas's industry-leading sustainability and environmental strategy. By bringing our complementary capabilities together, we can help each other, and our customers, move at a faster pace on the energy transition journey.

### Developing mobility solutions

Electric vehicles and latest-technology internal combustion engines will play a role in lowering GHG emissions from transport and improve air quality in cities. The mobility revolution will have the deepest impact in cities, where half of the world's population lives. Increasing journey numbers whilst reducing emissions is a huge opportunity.

We are working hard to bring electrification to our customers – individual drivers and fleet operators – and are investing in new forms of infrastructure and technology such as ultra-fast charging. Our ambition is to grow our network of charging points to more than 70,000 by 2030.

We believe ultra-fast charging infrastructure (>150kW) is critical to overcoming some of the key barriers to consumer acceptance and mass deployment of EVs such as concerns about battery range and convenient access to charge points, especially for those without access at home.

In 2020, we have grown our network to more than 10,000 bp and joint venture operated EV charging points. This included rolling out ultra-fast chargers at retail sites and dedicated EV charging hubs in the UK and Germany, and the continued expansion of our electrification joint venture with DiDi in China.

DiDi is the world's leading mobile transportation platform with nearly 30 million rides per day and over 550 million users on its digital platform, and our business with them became

operational in the first quarter of 2020 under the name 'bp Xiaoju'. Together we are developing EV charging infrastructure by combining bp's safety management, global retail capability, and operational excellence with DiDi's large and growing customer base. In 2020, through bp Xiaoju, we grew our network to 1,400 charge points across Guangdong province and Shanghai and plan to scale up to over 35,000 charge points in over 2,000 locations by 2030.

In 2020, we announced a deal with ride-hailing giant Uber to help their EV drivers access more affordable, reliable charging infrastructure in

Our ambition is to grow our network of charging points to more than

**70,000**

by 2030

the UK. Under the deal, Uber drivers in London benefit from discounts on our rapidly expanding network, including access to our latest >150kW ultra-fast charging points and dedicated infrastructure at our rapid charging hubs.





# Improve people's lives

We want to help improve people's lives through our sustainability frame.

We recognize the importance of health and wellbeing, supporting livelihoods, treating people with respect and working to enhance diversity, equity and inclusion. Our 5 people aims build on strong social impact and risk management requirements and guidance in our operating management system.

These aims focus on how we think bp can make the biggest difference in the places where we work. They are underpinned by specific objectives and targets out to 2025 and 2030.



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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>.



### Objectives

- 1. 50GW renewable energy equivalent**
- 2. Programmes to support access and affordability**

### 2025 targets

- 40% developed<sup>a</sup>
- Under consideration<sup>c</sup>

### 2030 aims

- 100% developed<sup>a</sup>
- Under consideration<sup>c</sup>

### How we will meet our aim

Our purpose is to reimagine energy while improving people's lives, and this aligns with SDG 7 (ensure access to affordable, reliable, sustainable and modern energy for all). We aim to have developed<sup>a</sup> 50GW of net renewable generating capacity by 2030, with around 20GW of that achieved by 2025. This energy will be developed across a broad range of geographies and we estimate that it will be capable of meeting the needs of around 36 million people<sup>b</sup>.

We're not starting from scratch with our aim to widen access to clean energy. We have a promising base across renewables from which to build – with Lightsource bp for solar, bp wind for onshore and offshore wind, bp Bunge Bioenergia for biofuels, and bp shipping and trading, which plays a key part in delivering renewable projects. We intend to grow our renewables capacity including through joint ventures and strategic partnerships.

 Read more about our renewables businesses on [page 40](#)

### Our performance in 2020

#### 50GW renewable energy

In 2019 we had developed 2.6GW of wind and solar projects and at the end of 2020 we had developed a total of 3.3GW, which counts towards our 2030 aim.

In 2020 we announced that our offshore wind strategic partnership with Equinor is set to develop 4.4GW for homes and businesses in New York state, equivalent to power more than 2 million US households. Lightsource bp also greenlit 1.4GW, or 424,000 UK households equivalent, of clean electricity projects.

In 2021 we announced entry into the UK offshore wind sector, being selected as preferred bidder with partner EnBW. The two leases in the Irish sea have a potential generating capacity of 3GW which would be sufficient to power more than 3.4 million UK households with clean electricity.

### Access and affordability

According to the latest IEA estimates approximately 770 million people globally do not have access to electricity, with some of the greatest gaps in Africa and Asia. Providing clean and affordable energy has significant benefits for society and sustainable development, including improvements in health and wellbeing, education, and gender equality. We want to play our part in this and are exploring ways to make clean energy accessible to those who need it most. We will develop and outline our approach to accessible energy by the end of 2022.

# 50GW

Renewable energy developed 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.

# 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'll 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.



<sup>a</sup> The focus of this objective will be on major projects and major operations.

## Objectives

### 1. Enable just transition for the workforce

## 2025 targets

Drive education & employment initiatives and programmes with industry partners to:

- Work with early-stage talent to build their interest in, and develop the skills needed, for the future energy system
- Advance social mobility, specifically targeting disadvantaged groups in our education & employability work
- Develop initiatives and just transition plans for the areas most impacted by the energy transition that enable the workforce to grow into, transition, and thrive in renewable or low carbon jobs

We will develop 2025 and 2030 metrics and targets/aims for the initiatives and programmes above, and plan to publish these in 2023.

### 2. Supporting civic dialogue, transparency and building local capacity

### 3. Decent work

100% of high risk tier 1 suppliers evaluated in line with our labour rights and modern slavery (LRMS) principles and priority findings raised with suppliers to be remedied.

## 2030 aims

Demonstrate our contribution to the just transition through impact measures and achievement of 2030 aims.

### 4. Respect and remedy

- Systematic management of human rights impacts, monitoring and remedy, in consultation with affected peoples, supported by processes to monitor, remedy, and disclose progress<sup>a</sup>
- Quality of community relationships assessed by priority bp sites and businesses with plans developed for those that do not meet the threshold

Implemented plans result in better quality relationships built on mutual respect, support and trust.

### 5. Responsible security

- Code of conduct and human rights policy consistent performance required of 100% of bp's contracted private security providers when working for us
- Security and human rights risk assessments will include conflict analysis

Advocate for, and support, the development of multi-stakeholder good practices, related to public security force engagements, and disclose bp's progress in implementing those practices from 2027.

## How we will achieve our aim

We support a just energy transition and we are keen to work with stakeholders to help shape and implement it in practice. For example, to enable a just transition for the workforce, we will aim to run education and employability programmes with partners that enable people to transition into low carbon jobs. Our focus will be on our employees, wider workforce and local people in places where we are developing renewable energy projects. We will also work with stakeholders to develop local just transition plans for the areas most impacted by the energy transition. We will publish further detail on our 2025 and 2030 metrics and targets in 2023.

## What we mean by a just transition

The concept of a just transition is one that applies to many sectors, including the energy sector.

In this report, in the context of the energy transition, we take it to mean a transition that mitigates the potential adverse impacts of a low carbon transition on workers and communities, while promoting the sustainable and resilient opportunities that low carbon industries

can bring to workers and communities. These opportunities include decent work, support for livelihoods and access to sustainable energy.

We believe that actions taken to advance a just transition are most effective when based on a shared agenda, developed through dialogue with workers, communities, governments, unions, employers, and other relevant parties.

Working towards a just transition and the development of sustainable livelihoods (see aim 13) includes the provision of reskilling to enable people to transition into quality employment in low carbon jobs so they can support themselves, their families and their wider communities. As we do this we will also focus on young people and people in disadvantaged groups, so that they have opportunities to develop the skills needed to support the energy transition and find employment in our low carbon future. In our view a just energy transition is one that also advances human rights. Our aim is to support a just energy transition, working collaboratively with partners, suppliers and other industries to support the enjoyment of human rights.

We will seek to understand how development of renewable and low carbon energy can advance but also adversely impact human rights, including working with our business partners to encourage them to do the same. We will seek to amplify the positive impacts and prevent or mitigate the adverse impacts, including through many of the processes we use in our oil and gas business today, such as project screening, supplier due diligence, risk management, speak-up and grievance mechanisms.

Where human rights issues are found in the supply chain, bp will work with the supplier to confirm they have put a corrective action plan in place which provides appropriate monitoring, mitigation, prevention and remedy as required. The supplier is responsible for delivering that plan, and bp will maintain oversight to confirm it has been delivered.

We will work with a third-party organization to develop methodologies for assessing the quality of community relationships, including impact metrics and thresholds. Using information we have collected over the years through community engagement and grievance mechanisms, we will

select priority locations where we will assess and work to enhance the quality of our community relationships so that, over time, they are based on mutual trust and respect.

In harnessing planned updates to security risk assessment systems, we intend to consistently incorporate conflict analysis into our security and human rights risk assessments.

### **Enabling a just transition for the workforce**

Improving access to clean energy can help people build better lives for themselves. We are working to address skills gaps in the existing low carbon jobs labour pool and talent pipeline.

For example in India we are working in partnership with the Clean Energy Access Network (CLEAN) to provide relevant training for local people. Giving people the appropriate skills can help to build capacity in renewable energy generation, improve the long-term efficiency of power generation equipment and play a role in mitigating rural-to-urban migration, which is a problem in many rural communities. And in the UK we are participating in the green jobs task force that brings together UK government agencies and private employers.

In line with our new aim 12 and supporting objectives, we are developing our just transition education and employment initiatives and programmes, alongside metrics to measure impacts and outcomes. We will provide an update on our progress in 2022.

We have a strong legacy of furthering education and skills development activities, reaching back more than 50 years. For example, we launched the bp Educational Service in 1972. Our work in this field spans many areas, including:

- Direct engagement with students to spark an interest in science, technology, engineering and mathematics (STEM) subjects and careers – for example, our partnership with AFS Intercultural Programs, through which we offer the bp Global STEM Academies in Brazil, Egypt, India, and the US.
- Strengthening the quality of teaching – for example, our partnership with STEM Learning through Project ENTHUSE – a joint collaboration between the UK government, charitable trusts and employers, focused on raising young people's engagement and achievement in these subjects; and our support of the Science Museum Group's Academy, which provides continuing professional development for teachers.
- Ensuring access to quality educational resources – for example, through the bp Educational Service, which is accessed around the world by students, teachers and parents. It provides free educational resources for 4-19 year olds.
- Vocational, entrepreneurship, enterprise development and employability training – providing vocational skills training in some locations to give local people the skills they need to obtain jobs with bp.

We are also working to reimagine access to opportunity in the wake of COVID-19 through our social mobility action plan. This 10-point plan includes a series of actions we are driving to contribute to supporting those with less access to opportunity in building skills for the future.

We will continue to support work in this space, refocusing our activities in line with our new ambition and sustainability frame.

### **Human rights**

We respect the rights of our workforce and people living in communities where we operate, who are potentially affected by our activities. We set out our commitments in our human rights policy, which we updated in 2020, and code of conduct, and our operating management system contains requirements and guidance on respecting the rights of workers and community members.

We respect internationally recognized human rights as set out in the International Bill of Human Rights and the International Labour Organization's Declaration on Fundamental Principles at Work, including the ILO's Core Conventions. They underpin our human rights policy.

The UN Guiding Principles on Business and Human Rights, which set out how companies should prevent, address and remedy human rights impacts, are incorporated into our business processes.

We recognize the importance of accessible and effective operational-level grievance mechanisms in addressing our impacts for communities and workforces. When working to remediate any impacts on the rights of local communities we are open to co-operating in good faith with remedial actions through state-led mechanisms such as the Organisation for Economic Co-operation and Development national contact points.

Read more about our grievance mechanisms on [page 20](#) and community feedback on [page 57](#)

### **Human rights policy**

In 2020 we published a comprehensive update of our human rights policy, we now provide greater clarity on respecting the human rights of vulnerable groups, including women, national or ethnic groups, religious and linguistic minorities, LGBT+ people, people with disabilities and

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migrant workers and their families. It also now describes in greater detail our approach on water rights, land rights, grievance mechanisms. We highlight the importance of protecting freedom of speech and how we respect the rights of human rights defenders.

Our updated human rights policy reflects emerging human rights issues and sets out how our other bp expectations and principles,

including those on labour rights and modern slavery, underpin our human rights commitments. The policy explains how we manage human rights impacts across our operations. It also emphasizes that we want to work with business partners that share our commitment to human rights and we seek to use our leverage, consistent with the UNGPs, to encourage them to act in a manner consistent with the principles underlying the commitments set out in our policy.

We used the CHRB benchmark to look closely at where we could improve our implementation, transparency and reporting. A component of that work resulted in the updated policy, which we developed in consultation with civil society organizations, NGOs and investors, and took advice from independent technical experts. In 2020 bp was ranked seventh out of 199 major global companies, significantly improving our previous score.

 Read more about our human rights policy at [bp.com/humanrightspolicy](http://bp.com/humanrightspolicy)

## Dialogue, transparency and capacity building

As a global business and a long-term investor, we value open societies, characterized by the rule of law, good governance and respect for civic freedoms, in which everyone can enjoy their human rights. We are a member of several organisations such as the Extractive Industries Transparency Initiative, the Voluntary Principles Initiative and IPIECA, with the aim of fostering these outcomes. As the energy system changes, we believe it is necessary to re-examine how we can work collaboratively to support civic dialogue and build capacity for transparency, good governance and the rule of law where we work. Over the course of 2021-22 we will work with third parties, including NGOs, to explore what can be done to better foster these outcomes through the energy transition, and provide an update in 2023.

**We are incorporating**  
UN Global Principles on  
Business and Human Rights

**We respect international standards and principles**  
International Bill of Human Rights  
ILO Core Conventions on Rights at Work  
Voluntary Principles on Security and Human Rights

## Our human rights focus areas

**Labour rights**  
Health and safety  
Forced labour and human trafficking  
Fair working and living conditions  
Non-discrimination

**Security and human rights**  
Respectful interaction between public/private security forces, communities and workers  
Respect for civic freedoms and the rights of human rights defenders

**Rights of people in communities**  
Livelihoods and local employment  
Indigenous people's rights  
Land, water and resource rights  
Socio-economic, health and environmental impacts

### Underpinned by

Civic dialogue and engagement, Respecting vulnerable individuals and groups  
Effective grievance mechanisms, Advancing a Just Transition

**Our commitments**  
Human rights policy  
Code of conduct  
Our values

**Our requirements and guidance**  
Operating management system  
Labour rights and modern slavery principles  
Expectations of suppliers

## bp labour rights and modern slavery principles

We launched the bp labour rights and modern slavery (LRMS) principles in 2019 and they have been reinforced by referring to them in our human rights policy. We are now driving them into action across bp and with our higher risk contractors and suppliers. The principles provide a clear position on a range of issues that help bp, our suppliers and our business partners, in identifying and managing labour rights and modern slavery risks.

The principles reiterate our commitment to respecting workers' rights in line with the ILO Core Conventions on Rights at Work and our expectation of all our contractors and suppliers to do likewise. The principles are intended to protect the workforce from poor labour practices, including the risk of modern slavery. They do so by promoting the employer pays principle – that employers, not workers should pay fees associated with recruitment – and by seeking to prevent passport retention, supporting secure employment through fair contracts and appropriate wage payments.

### Decent work

The ILO's definition of decent work states that decent work sums up the aspirations of people in their working lives. It involves opportunities for work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives and equality of opportunity and treatment for all people.

We continue to progress our efforts to improve working conditions for contracted workers at risk of modern slavery at our sites and in our supply chains.

We have been in action since 2016 to identify, manage and remedy labour rights and modern slavery risks. We started out with top-down risk assessments based on activity and geographic risk. At the end of 2019 we decided to take a more systematic approach by making it a requirement for bp businesses to assess these risks and put in place effective controls in a proportionate and systematic way – for example through pre-contract due diligence, worker induction, ongoing monitoring and contractor management. Where businesses identify labour rights abuse or modern slavery, they are required to develop and implement a corrective action plan to remedy what they find.

Other sections of this report showcase our efforts in other aspects of the Decent Work agenda – for example, our commitments to health and wellbeing are outlined under aim 15.

 [Read more about health and wellbeing on page 63](#)

## Labour rights and modern slavery

### Impact of COVID-19

One of the key challenges this year has been COVID-19. It has increased worker vulnerability to labour rights and modern slavery (LRMS) risks and possible hardships, disrupted work patterns and made in-person assessments/ oversight more difficult. This was recognized early in the COVID-19 pandemic. We developed and circulated guides to our businesses to raise awareness of risks, impacts and possible mitigation measures they could take. To track potential impacts, we utilized existing monitoring processes, worker interviews and grievance mechanisms to understand workers' situations

and impact on their rights. We took action to support contracted workers. For example in Oman and some of our other Middle East locations, we supported stranded workers by ensuring they had access to food, lodgings, Wi-Fi and phone cards even though work had stopped or contracts had come to their end. We also helped workers to resolve delayed wage payments. In India and several other countries, we continued to pay cleaning contractors who were stood down. Towards the end of 2020, we surveyed our sites to understand how they had assessed and mitigated specific COVID-19-related risks. Our primary focus was on workers' health and measures to control the spread of the virus.

COVID-19 may be with us for some time and we need to find ways to stay connected with our workforce as well as carry out ongoing assessment and monitoring activities despite the physical limitations. To support this, we are working to bolster ongoing monitoring activities and capabilities such as worker interviews and contractor reviews as well as trialling remote assessment methodologies including remote worker interviews.

### Working with contractors and suppliers

In 2020 we continued working with our contractors and suppliers in response to the labour rights issues and modern slavery indicators identified during modern slavery risk reviews in previous years. We made progress on a number of ongoing activities and launched new ones.

In 2019, bp shipping helped to put in place a corrective action plan at a dry dock in Dubai that the business has previously used for ship maintenance. The corrective action plan was in response to an independent audit by Verite that bp shipping commissioned, which identified risks of forced labour in the dry dock workforce. Our corrective action plan work continued in 2020, through collaboration with Equinor, who also use the dry dock.

## Monitoring our performance

We believe that better understanding our performance on human rights will help us make focused interventions to improve our approach. So, in 2020 we implemented a system – OneCSR – to collect site-level data on social, human rights and labour rights performance for a sample of businesses as an initial pilot. This systematic approach to internal benchmarking and performance management may help identify specific areas for improvement and measure progress.

The initial data indicates that of the 17 sites and businesses reporting on labour rights and modern slavery risks through OneCSR, 65% have identified labour rights issues through their ongoing monitoring activities. The issues commonly identified include wages and deductions, employment terms, working time and rest. Where found, these are raised with the relevant contractor and corrective actions agreed. In addition, whilst we have grievance mechanisms in most businesses, there are some where workers do not actively use these mechanisms. We will work with these businesses to understand possible root causes and encourage a stronger 'speak up' culture.

In Mauritania and Senegal, where we put in action plans with contractors to address issues identified through audits and grievance mechanisms, workers have highlighted a number of concerns, showing that our 'speak up' culture is effective. During 2020 we worked with our main contractor, Eiffage, to improve safe working hours for drivers.

In Oman, routine worker interviews by our site team identified some of the subcontractor workers had not been paid on time. Investigations found two subcontractor companies were delaying salary payments due to cash flow issues exacerbated by COVID-19 business reductions across the industry. The bp team worked with the main contractors to oversee backpay of salaries and check that all workers received any backpay and future salaries owed in full. Of the workers affected by salary delays, 100% were reimbursed in full.

In Malaysia we continued to build on work done in 2019 to support labour rights. In 2020 at the bp Port Klang lubricants plant we identified that some of the contractor workforce did not have a contract of employment or access to benefits as they were 'casual' labour. Recognizing that this was not aligned with our LRMS principles, the business re-tendered the contract, consolidated the number of contractors and size of workforce with the stipulation that workers would have formal employment contracts with the contractor. The enhanced workforce provisions included guaranteed monthly wages, paid leave and sick leave, and continued provident fund payments. In addition to being the right thing to do to support labour rights, we believe this also has business benefits in terms of potential improvements to attendance and attrition rates, safety, reduced onboarding and training costs and overall productivity.

Two of our businesses in 2020 have seen instances where demobilisation of projects and workers has happened before we have closed out outstanding LRMS issues. This has highlighted the need to better build demobilization into our LRMS risk assessment process, to take remedial action earlier and with greater speed, and to review our project close out procedures to prevent this happening in the future.

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We aim to shift from focusing on specific instances of non-compliance by creating a more strategic approach centred on 'employer pays' principles and monitoring processes.

### Industry collaboration

We recognize that managing human rights issues in supply chains is complex and working across the industry can help to bring about systemic change. Working with and learning from our peers and other industries means we can share best practice and pool resources.

Together with IPIECA we have developed criteria for a more aligned approach to supplier risk assessment across our industry and are also co-developing training, together with Building Responsibly, to support contractors and their procurement teams at a local level which we hope to roll out later in 2021.

### bp supply chain and human rights

We expect our suppliers to operate in line with our code of conduct, human rights policy and other expectations set out in our supplier expectations document and seek to work with those who target sustainability in their supply chain. Whenever possible we use contracts to drive this objective – for example, we may require contractors to meet local workforce standards and support local enterprises. Our new labour rights and modern slavery principles are also available to help bp businesses check suppliers' performance.

In support of this, the standard model contracts used by our procurement teams when agreeing new contracts require our contractors and suppliers, in their work for bp, to respect internationally recognized human rights, including those relating to modern slavery. If these contractual terms are not adhered to, we are prepared to take appropriate action.

## Human rights assessment platform

In 2020 we worked with our peers to complete the development of a cross-industry platform to share supplier responses to a standard human rights due diligence questionnaire and when applicable, onsite assessment outcomes. This platform will help our industry to perform consistent supplier human rights due diligence assessments and audits; creating greater efficiency, reducing assessment fatigue for suppliers and enabling us all to focus on improving human rights performance in our supply chains. We have piloted and rolled out the supplier assessment questionnaire for our higher risk supply chains across major procurement areas.

### Respect and remedy

#### Community trust and engagement

We seek to build and maintain good relationships with local communities. We require our businesses to identify, prevent, and mitigate potential adverse impacts of our operations to local communities. We also look to identify and implement opportunities that deliver our purpose by improving people's lives.

The main focal point of these relationships with local communities is our network of community liaison officers (CLOs) and external affairs professionals. The CLOs and others combine local contacts and knowledge to engage constructively throughout the life cycle of our activities.

As part of reinvent bp, we are developing a more systematic approach to managing community relationships and we aim to be flexible in meeting with communities where they are. In order to do



▲ bp CLOs are a focal point for our relationships with local communities.

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this, our network of HSE managers is supporting CLOs and external affairs colleagues to build closer ties with local communities.

We strive to engage with local communities rather than simply acting on what we believe to be people's best interests. We have worked to be more transparent and open about our activities and also sought to deepen communities', NGOs' and other stakeholders' involvement in decision making.

At the bp refinery in Gelsenkirchen, Germany we are seeking to enhance and strengthen trust of local communities by being more transparent about what we do at the refinery. We have created new two-way access channels using WhatsApp Business and the Telegram app. These make it easier to exchange news about site activities, such as open days, turnarounds and other processes. They also make it easier for our neighbours to share their views with us.

At Tangguh in 2020, community organizations played a key role in helping us review and update our plans, which include bp Tangguh becoming more integrated into local and regency level community governance.

### Respecting indigenous people's rights

Three of bp's major production sites are located in Indonesia, Australia and in the US where Indigenous Peoples (IPs) are present. In 2020 we updated our Human Rights Policy expanding what we say in relation to respecting IPs' rights when identifying and consulting with IPs, and seeking to apply the principles of free, prior and informed consent (FPIC) where practical. Our internal standards applicable to projects and operations reflect what we say in the policy, to drive the systematic and consistent implementation and monitoring of bp's commitments to respect IP rights.

A key part of our processes to manage the risks and opportunities associated with community rights and interests is our engagement with IPs in a manner that respects their human rights, including sensitivities around livelihoods, land, environment and culture.

### Community feedback

We have operational-level community grievance mechanisms in place to manage community feedback, including complaints. These can come through direct engagement with bp employees, especially CLOs, and by email or telephone. Through these local mechanisms community members should be able to share any allegation of specific incidents and of any damage, impact or dissatisfaction resulting from bp's operations or a bp contractor's actions, whether perceived or actual.

If we confirm that we have caused or contributed to adverse impacts on the human rights of others, we provide for, or co-operate in, the remediation of these adverse impacts through legitimate processes intended to deliver effective remedies while not preventing access to alternative remedies if justified.

### Community complaints in 2020

In 2020, we continued to take steps to improve the quality and consistency of our local processes for managing community complaints in line with our updated group standards and guidance. This included implementing the standards defined on community complaints mechanisms during 2019, in line with our updated human rights policy. We assessed gaps in these mechanisms in a number of locations and defined actions to improve them.

In 2020, there was a 56% decrease in the number of community complaints. COVID-19 affected the ability of many businesses to operate and limited opportunities for face-to-

face engagement between communities and bp main points of contact (i.e CLO, external affairs, etc.). This situation is likely to have contributed to a reduction in the number of complaints.

A number of major projects have transitioned into steady-state operations during this reporting period which has contributed to a reduction in the number of complaints associated with damage to crops, fences and other infrastructure and explains why a large proportion of the community complaints managed are associated with job opportunities. The other main contributors to community complaints managed in 2020 were related to nuisance (i.e. odour and noise) which are more typical of steady state operations such as production and refining.

### Responsible security

We work with our security providers to reinforce the importance of respecting human rights. We support the [Voluntary Principles on Security and Human Rights](#) – which guide the way we work with security forces. We provide training on the Principles for those responsible for security and carry out assessments to highlight ways we can help security providers improve their performance. All our contracts for provision of security services include requirements to act consistently with the bp code of conduct.

 Read our Voluntary Principles on Security and Human Rights report at  
[bp.com/vpshr](http://bp.com/vpshr)

## Community resilience in Mauritania

We believe that engagement and dialogue are crucial to our relationships with local communities. When we can, we try to strengthen communities' resilience by providing the tools that people need to improve their lives. We recognize that listening is vital to developing and maintaining these relationships. It also builds trust and helps us understand how we can best help.

For example, in Mauritania in 2020, a bp manager Sidi Aly Moulaye Mhammed, working with the bp communications team, ensured that bp stepped in when he realized that neighbouring communities had been cut off from their access to clean water due to border closures.

After reaching out to the government and local communities, we provided clean, tanked water to the hundreds of affected households. We are now thinking beyond this emergency solution and scoping a project that will provide sustainable access to clean water.

# Sustainable livelihoods

## Our aim 13 is helping more than 1 million people build sustainable livelihoods and resilience.

We'll support the communities where we work to build greater resilience and more sustainable livelihoods. We'll focus our social investment in support of our sustainability aims. Through these actions we aim to reach more than 1 million people. We will also support our workforce through quality jobs with fair conditions.



<sup>a</sup> This objective will be delivered at priority bp sites and businesses. Our approach to prioritisation includes assessing where local needs and opportunities are greatest.

<sup>b</sup> Livelihoods development programmes to support greater local economic growth and sustainable development for communities and cities where we work: including through reskilling, entrepreneurship and micro-credit programme; and by supporting our other sustainable frame aims (for example, biodiversity, NbS/NCS and water) and other sustainable ways to support job creation linked with future market demand through social investment budgets and in line with local needs assessments.

<sup>c</sup> Flexibility of 30% for businesses to invest according to local context and priorities.

### Objectives

#### 1. Support livelihoods

#### 2. Fair wage and remuneration

#### 3. Strategic social investment in support of sustainability

### 2025 targets

Sustainable livelihoods development for local communities where we operate (priority bp sites and businesses)<sup>a</sup>. Disclose progress against targets and impact measures<sup>b</sup>.

We are currently developing, and will report, 2025 and 2030 targets for this objective, which will be published in 2022.

70% of bp's social investment spend and programmes support delivery of our sustainability aims<sup>c</sup>.

### 2030 aims

Demonstrate continuous improvement in impact measures and achievement of 2030 aim.

### How we will meet our aim

This aim goes to the heart of our purpose. We believe self-reliant and resilient communities are fundamental to building back better after the COVID-19 pandemic and to bringing stability to an ever-changing world. For this reason, where local community needs are greatest, we want to collaborate with our local communities to build resilience and support sustainable livelihoods at the local level. We are already in action to support sustainable livelihoods of local communities at a number of our businesses and have done some initial work to understand what's working well, with a view to building on and replicating our successes elsewhere.

Over the next two years we will work with those priority bp sites and businesses, where local community needs are greatest, to build updated socio-economic baselines and, where necessary, conduct fresh needs assessments. Based on this we will develop or update local plans to support communities in building sustainable livelihoods and greater resilience. Programmes will be designed based on local needs and could include reskilling, entrepreneurship, micro-credit, and other programmes that support sustainable community development. In parallel, we will develop group-level targets, definitions of success and impact measures to track and report progress.

Over the next four years we will work to focus 70% of our social investment spend on programmes that support the delivery of our sustainability frame aims. This includes sustainable livelihoods, as well as other aims in support of local communities and cities where we work, such as health and wellbeing, biodiversity restoration or conservation, nature-based solutions, natural climate solutions and programmes to enhance the availability of fresh water in the local area. We want to identify how we can enhance local approaches through group-level programmes, partnerships, and impact metrics, and will update our strategy on social investment accordingly. In the longer term we will increase focus on initiatives that push for greater impact and also consider global partnerships to drive greater local impacts.

### Our performance in 2020

#### Support livelihoods

We already collaborate with local communities to support sustainable livelihoods and greater resilience at a number of our businesses, including at our Tangguh LNG facility in Indonesia, our Greater Tortue Ahmeyim LNG Project in Mauritania and Senegal, and our facilities in Trinidad and Tobago, to name a few. Where we are in action already, we will assess the effectiveness of what we're doing and seek to build on and replicate our successes elsewhere.

## Supporting employment, enterprise and education

In Mauritania and Senegal, through our Greater Tortue Ahmeyim LNG project, we've engaged with local communities to make sure we understand what they really need and then worked with them to define solutions. As the result of our ongoing engagement, together with these communities we have:

- created over 1,000 direct local jobs in both Mauritania and Senegal
- supported 100 local companies to become bp subcontractors
- facilitated over 25,000 hours of English language classes focused on the needs of government officials
- provided health consultations and treatment for over 20,000 people at health posts in Mauritania
- supported 100 women to set up fishing enterprises in Senegal

In addition, more than 7,600 people have now participated in the economic development programme we run in Ndiago, while our 'Oil and Gas 101' awareness building sessions in Senegal have been well attended.

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Our work on sustainable livelihoods to date supports several of the SDGs, in particular on education, health and economic growth as drivers for sustainable livelihoods.

The UN Sustainable Development Goal 4 Quality Education, identifies education and skills development as key enablers of sustainable development for local communities. It aims to "ensure inclusive and equitable quality education and promote lifelong learning opportunities for all". We support this ambition, aiming to build on the efforts of governments to protect the right to education and the efforts of other formal and informal institutions to deliver SDG 4.

## Accredited as a Living Wage Employer

We recognize that a productive day's work deserves a fair day's pay. In the UK we have been formally accredited as a Living Wage Employer by the Living Wage Foundation, making us the first major energy and mobility and convenience employer to be so. This means that everyone working for bp now receives at least a minimum hourly wage of £9.30 in the UK or £10.85 in London. Beyond the UK, we are reviewing our approach to remuneration to check that it's fair for our lowest paid employees and will provide an update and defined approach in 2022.

The UN Sustainable Development Goal 8 Decent Work and Economic Growth includes targets related to economic development, decent job creation, entrepreneurship, and encouraging the growth of micro-, small- and medium-sized enterprises. We already support this and want to do more through local partnerships and programmes to support small and medium-sized enterprise in the local community through our social investment programmes, as well as our supply chains.

In 2020, programmes focused on skills development were running in West Nile Delta, Oman, Indonesia, Mauritania and Senegal.

In Azerbaijan we support local capacity-building and enterprise development. In 2020 63 new companies enrolled in our Enterprise Development Programme and 17 companies graduated from it. The aim is to support local business development, the local economy, and increase the proportion of local content in our contracts. We also completed a three-year 'Sweet Gold' programme to support local communities with bee-keeping and small-scale farming. As part of this project, 530 beneficiaries were trained and over 100,000 nectar trees for bee-breeding were planted.

In Oman, we have completed the fifth cycle of 'Khazzan for SMEs' which aims to support 15 small and medium enterprises (SMEs) across the Sultanate through a 12-month evaluation process. It recently won Riyada's 'best development initiative' and was a finalist in 2020 ADIPEC awards under the 'social contribution and local content project' category.

Together with the Oman government we are also funding an ambitious project to digitize the Sultanate's educational curriculum. This will enable over 600,000 students and 55,000 teachers to benefit over the next five years.

### Strategic social investment

We make targeted social investments that contribute to sustainable development. These support our community engagement and align with specific local needs. To date we have focused on economic development, education, environmental programmes and engagement with culture and the arts. We are refocusing our approach to social investment to align with our sustainability framework, with the objective that by 2025 70% of our social investment will be in support of our people and planet aims, including aspects such as sustainable livelihoods, community health and wellbeing, enhancements to local water catchments, and biodiversity, in support of local community needs. We will provide more details on our approach in 2022.

[Read more about our social investment spend and bp Foundation activities in 2020 on page 21](#)

## Supporting Indigenous Peoples

In Australia, where petrol sniffing has been a longstanding and sometimes life-threatening problem for many people living in remote communities, including Indigenous Peoples, we have negotiated to successfully continue our supply of low aromatic fuel (LAF), branded Opal® Fuel, across the southern region of the country.

We have played an important role in the history, innovation, production and delivery of LAF and since 2005, Opal® Fuel has helped reduce the incidence of petrol sniffing by around 95% in affected communities.

bp Australia has a strong and proud history of working with Aboriginal and Torres Strait Islander communities. Through our Reconciliation Action Plan (RAP) we have helped to achieve the economic and social changes required to maintain Australia's prosperity for all Australians. Our RAP supports Indigenous communities through employment opportunities, procurement of supplies and services, strategic partnerships, fuel discounts and the sale of Opal® fuel.

[Read more about bp Australia's support for Indigenous Peoples at \*\*bp.com/reconciliation\*\*](#)

# Greater equity

**Our aim 14 is greater diversity, equity & 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 underrepresented or minority groups (supplier diversity) to \$1 billion by 2025.



a Ecosystem partners: e.g. jobbers/dealers/franchisees.

b Priority ecosystem partners to be defined in 2022.

## Objectives

### 1. Diverse workforce, inclusive workplace culture and employee experience

Includes all aspects of diversity – gender, race, ethnic minority, LGBT+, persons with disabilities and other groups

### 2. Inclusive customer experience

Includes all aspects of diversity – gender, race, ethnic minority, LGBT+, persons with disabilities and other groups

### 3. Multiply D&I impact through ecosystem partners<sup>a</sup> and suppliers

## 2025 targets

- Disclose progress against 2025 DE&I ambition (to be published in 2022).
- Implement action plans to address priority disparities identified and complete integration of DE&I into talent strategy to deliver inclusive workplace experiences.

- Assess inclusivity of our customer experience, identify priority disparities and implement action plans to achieve our 2030 aims. Report on progress metrics from 2025.

- Double supplier diversity spend by 2023 and achieve \$1 billion annual spend by 2025 (US).
- Incentivize ecosystem partners to adopt DE&I best practices.

## 2030 aims

- Enable employees to perform to their best ability and have equitable access to opportunities to grow and be successful at bp through delivery of DE&I programmes.

- Plans result in respectful, equitable and inclusive physical and digital customer experiences, delivered through innovative product and service offerings and inclusive user experience design, in our retail businesses.

- Report progress on global supplier diversity spend metrics.
- Priority ecosystem partners have implemented DE&I best practices.<sup>b</sup>

## How we will meet our aim

Promoting equity and inclusion goes beyond respect for human rights, worker rights and non-discrimination. It involves finding ways to achieve a more diverse and inclusive bp while also helping to address structural disadvantages and inequality in economic opportunity and participation.

We are working to develop our 2025 and 2030 diversity, equity and inclusion (DE&I) ambition and goals for gender and racial diversity, and will publish those in 2022.

We are aiming to deliver inclusive employee and customer experiences through our D&I activities. We will still operate as one global workforce but intend to progress our DE&I agenda locally as well. Our leaders are vital in instilling an inclusive culture by showing their support and providing strategic direction for employees to follow.

In addition to setting out our DE&I ambition, we are also developing approaches to making our workplace culture and employee experience more inclusive. We will work to identify metrics for measuring workforce diversity, workplace inclusion and disparities in employee experiences

across the talent life cycle. We will use these to identify priority disparities and develop plans to address them, integrating this into our talent strategies, and will update on our progress in future reports.

We also want to make sure that our mobility and convenience customers have an inclusive experience when they refuel or shop with us.

[Read more about inclusive customer experiences on page 61](#)

We aim to double our expenditure with diverse suppliers, e.g. from traditionally underrepresented or minority groups by the end of 2023 and to reach \$1 billion annual spend with these groups by the end of 2025. We want to broaden this approach to other places where we work, including the UK and more globally, and are working to develop representative definitions and metrics for supplier diversity beyond the US market. In addition, we want to encourage our ecosystem partners, including jobbers, dealers and franchisees, to adopt DE&I best practices. To do this we will collaborate with our ecosystem partners, share best practices, and build DE&I aspects into our purchasing policies and practices.

## How we understand equity

Equity and equality are sometimes used interchangeably but do not mean the same thing. Equality generally focuses on everyone being treated the same way; equity means fair treatment according to each individual's different needs and situation. Equity focuses on what people need to achieve fair outcomes for all.

We aim to achieve equitable – or fair – outcomes for our employees. We can do this, for example, by providing them the support and resources they need to succeed.

## Our performance in 2020

We made progress on DE&I in 2020. On gender equality, nearly 40% of our 120 newly appointed extended leadership team members are women and our goal is to increase this. On racial diversity, in the wake of recent racial injustices and following open conversations prompted by the Black Lives Matter movement, we have created frameworks for action in the UK and the US. This year we also published new global, US and UK DE&I frameworks alongside our first global report.

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Our frameworks focus on three themes: greater transparency about DE&I in bp; deeper accountability linking progress and ultimately reward to performance in this field; and a sharper focus on diverse talent – setting out strategies to be far more intentional in the way we attract and recruit, for example, by targeting universities in the US with a high proportion of Black ethnic minority students.

Despite the unique challenges we faced in 2020, our employees have continued to drive the D&I agenda themselves, primarily through our business resource groups (BRGs). These groups offer support and advice to employees about D&I. They also provide peer support and opportunities for group members to discuss workplace issues. In 2020, our six BRGs were active in the UK, US, Hungary, Spain, Poland, Oman, Abu Dhabi, Egypt, Singapore, China and Japan. They are each sponsored by senior bp leaders.

### Addressing the gender balance

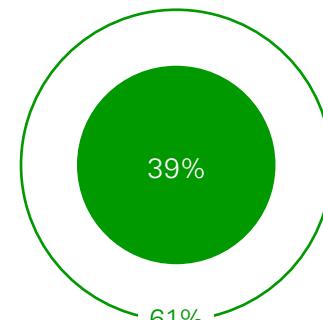
In 2012 we set two 2020 gender goals: for women to hold 25% of our group leader roles and 30% of our senior level leader roles. At the end of 2020, 29% of our group leaders were women, compared to 17% in 2012, an increase of 71%. We are still short of our 30% goal for senior level leaders, with 27% of these roles held by women in 2020, and we remain focused on understanding why this is and taking steps to improve diversity – from attraction and selection, to development and promotion, and retention.

## bp employees by gender 2020

as at 31 December

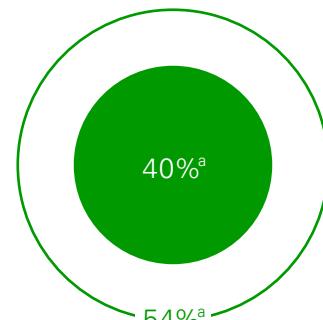
### All employees

We participate in industry mentoring to advance gender diversity.



### Graduate hires

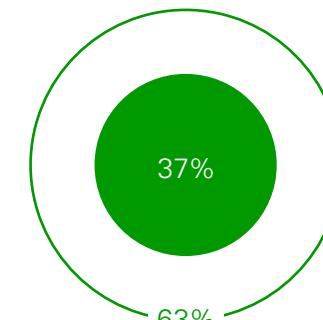
We work closely with universities to attract women into scientific and engineering roles.



○ Male ● Female

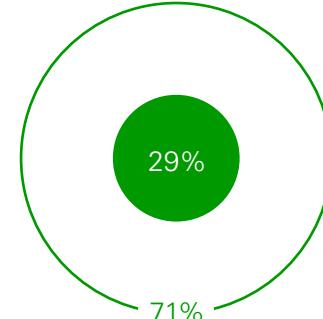
### Experienced hires

We support programmes that help women resume their careers after a break.



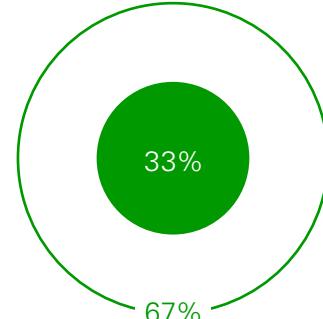
### Group leaders

We have reached our 2020 target for women to represent 25% of our most senior managers.



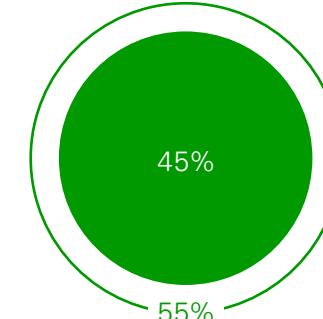
### Leadership team

The number of women in our leadership team has doubled since 2019.



### Board of directors

We achieved our goal for women to represent 30% of our board.



## Partnering with the National Society of Black Engineers (NSBE)

The National Society of Black Engineers (NSBE) is dedicated to increasing the number of Black engineers who excel academically, succeed professionally and positively impact the community. bp and NSBE work together on recruiting, and educational and development activities, including SEEK (Summer Engineering Experience for Kids) a programme designed to expose primarily African American students to the STEM field.

In 2020, we partnered with NSBE to deliver the SEEK summer camp virtually for 1,300 3<sup>rd</sup> – 5<sup>th</sup> grade students. As part of the curriculum, students undertook an engineering design project, such as building a glider or remote-control vehicle, with volunteer bp judges reviewing and assessing their assigned students' project progress via written submissions and videos. As the camp took place virtually, we were able to expand the programme beyond Chicago and Houston to new cities across the US and internationally, including students from Nigeria and Canada.

## Inclusive customer experiences

We want to provide an inclusive environment, celebrating and reflecting the full diversity of the communities in which we operate.

In delivering this, we will need to create a more inclusive experience for customers across bp's many physical touchpoints and it may require us to make practical adjustments to improve the physical accessibility of retail sites, gas pumps, EV chargepoints and other touchpoints.

<sup>a</sup> 6% of graduate hires chose not to disclose gender.

We will also review our digital channels to make sure they are equally accessible, which may include updates such as including a digital voice component or ensuring visual clarity and ease of navigation.

Staff diversity is important and we believe in customers seeing themselves and the many individual differences in society reflected in their experience and being treated with respect no matter their background. We may also need to address the inclusion and representation of all communities in our engagement and communications. You can't be what you can't see.

### **Building supplier diversity**

Our D&I Frameworks for Action for the UK and US reinforce bp's commitment to supplier diversity and establishing inclusive supply chain objectives within our procurement processes, as well as setting out our commitment in the US to doubling spend with diverse suppliers by 2023 and to reach \$1 billion spend annually by 2025. Our longer-term aim is to define and implement a target for diverse supplier spend globally. To achieve our US targets on diverse supplier spend, we are embedding expectations and metrics on D&I delivery into entity operating plans and annual performance reviews. We will also utilize our Supplier Diversity Advisory Council made up of representatives from each bp business group, integrator and enabler, to drive accountability for supporting and delivering our supplier diversity initiatives across bp.

We continue to seek out innovation and creativity from minority, woman, LGBT+ and veteran owned business enterprises, which can often move with speed and agility to help us respond to changing demand or market trends. These partnerships increase and strengthen our supply chain while also generating social benefits in the communities where we operate.

## Launching our US and UK diversity frameworks

In response to efforts to address racial injustice, as well as increasing global interest in both diversity and inclusion (D&I) and ethnicity, we have launched two new frameworks to improve, and be more transparent about, D&I at bp. These frameworks are led by transparency, accountability and an aim to develop diverse talent for our UK and US businesses. We have committed to publishing an annual comprehensive D&I report from April 2021 and to annually report on our UK ethnicity pay gap from 2022 at the latest.

Our actions are tailored for our UK and US businesses respectively. For example, in the UK:

- we appointed a UK-specific race and ethnicity champion to monitor progress and help achieve our ethnicity ambitions

- we are launching a mandatory D&I programme across the UK team to target anti-racism and support inclusion
- we have established a UK ethnic minority ambition with aspirational goals for 15% ethnic minority representation across senior level leadership, 25% ethnic minority across levels up to and including first level leaders, and a 10% or greater uplift in black representation across all levels by 2025

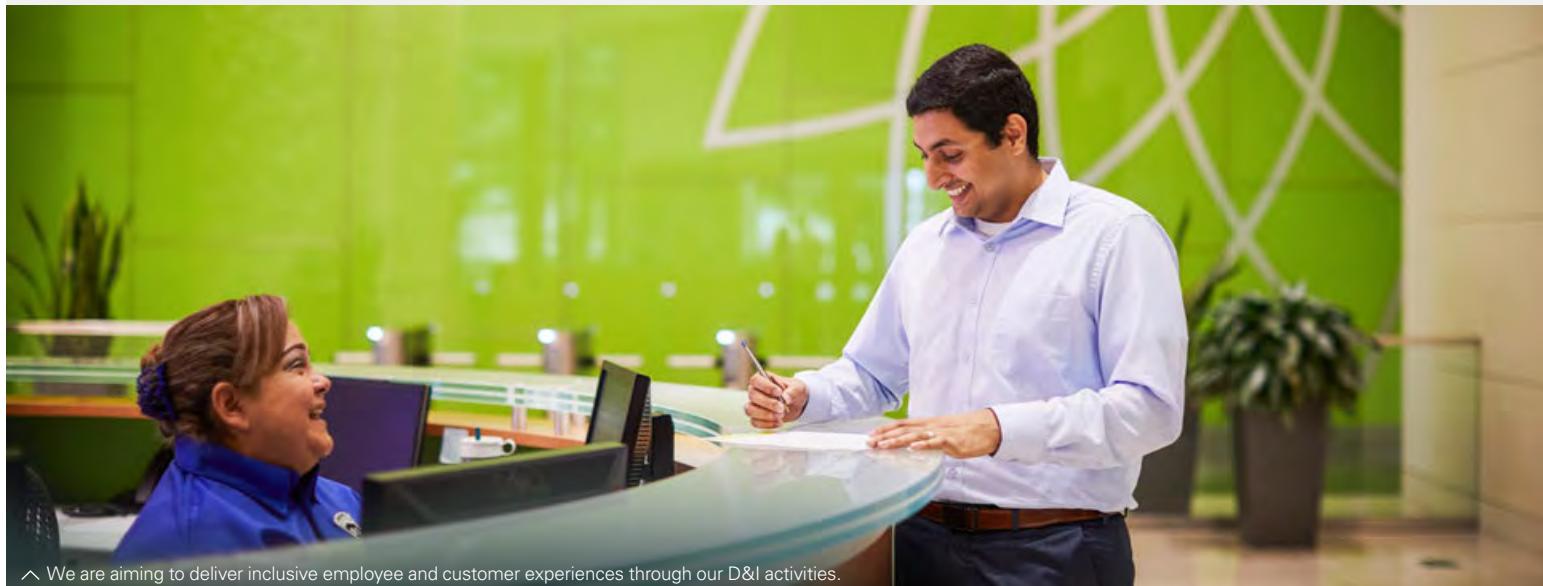
And in the US, we aim to:

- reset our US Minority Ambition to continue to drive toward a US workforce that reflects the changing demographics of America
- double our spend with US-based diverse suppliers by 2023

- launch a focused talent development programme to identify high-potential and high-achieving African American and underrepresented minority colleagues
- commit to increase educational and community funding to specific organizations that are strengthening the STEM pipeline for African Americans and other underrepresented minority groups

We realize there is more work to be done in the fight against racial injustice and that improving sustainability also means promoting sustainable and equal livelihoods.

In line with our sustainability objective on diverse workforce, we will publish our global DE&I ambition in 2022 and report on our subsequent progress.



# 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.



## Objectives

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

## 2025 targets

- Launch a health and wellbeing programme, accessible by 100% of our employees and their families, focused on the proactive management of physical and mental health including hygiene, preventative screenings, exercise, nutrition and resilience.
- Foster a culture of care by training 100% of all leaders on key mental health challenges, encouraging leaders and employees to openly discuss mental health issues (specific targets to demonstrate shifts agreed by 2023).
- Understand the top health and wellbeing issues facing communities where we work; and allocate 10% of social investment toward sustainable solutions that address priority issues identified.
- Develop global and local partnerships to raise awareness and provide public access to mental and physical health resources.
- Integrate priority health and wellbeing offers for customers and demonstrate improvements.

## 2030 aims

- Be recognised as an industry leader in health and wellbeing as we support our workforce and their families in the prevention and treatment of physical and mental health issues.
- Demonstrate a positive shift in awareness and understanding of mental health challenges as a result of our programmes.
- Demonstrate measurable improvement of key health and wellbeing metrics both internally and externally.

## How we will meet this aim

Our key objectives for this aim include working to improve our employees' physical and mental health and wellbeing, creating a positive environment around mental health through supportive action and by tackling stigmas, and supporting health and wellbeing in local communities.

## Our performance in 2020

The physical and mental health wellbeing of our employees and their families is important for bp. We offer a global employee assistance programme (EAP) to support health and wellbeing. It is accessible 24 hours a day, every day and offers support on specific health concerns, illness, bereavement, divorce, financial concerns and other significant life events.

In 2020, we continued to improve our systematic management of multiple health data points and sources, to identify 'hot spots' where we can target preventive interventions as well as provide training, support and resources to improve employee wellbeing and performance.

We also started to provide free access to the Headspace meditation app for employees and their partners to use at their convenience. This was downloaded more than 10,000 times during 2020.

Each year we run a global employee wellbeing programme 'Run a Muck' (RAM), encouraging physical exercise and team collaboration. 2020's RAM had almost 6,000 participants (more than double the previous year) from 59 countries. With more people working at home, we saw family members joining in with the activities – something that we plan to maintain in 2021.

## Responding to the COVID-19 pandemic

bp employees worked hard through 2020 to continue providing energy the world needed. In order to try to manage potential health or wellbeing impacts, we provided support to employees who had to continue working at our locations and to those who we asked to work from home. The health and wellbeing

resources we already had in place gave us a strong base from which to operate and we quickly applied learnings from early outbreaks in China to anticipate likely consequences for our global businesses.

Our specific responses included: developing and sharing appropriate travel guidance; specific health advice, ranging from information about the symptoms of COVID-19 through to the provision of home working resources and ways of managing physical and mental health and wellbeing. We offered employees advice about how to adapt and transition from office or site work to homeworking, and sometimes vice-versa as country restrictions changed. We also supported those working offshore and in remote sites, developing effective quarantining procedures before and after shifts along with many other new COVID-19 specific operational measures. Over just a few weeks, we created a vast library of guidance resources to help stop the spread of infection at sites. This covered screening, testing, cleaning, distancing, one-way routing, sanitization methods, for all sites on or offshore.

## Mental health and wellbeing

The COVID-19 pandemic has demonstrated the continuing importance of supporting mental health and wellbeing. In 2020, we offered employees access to a range of facilities and services relevant to mental health. This included support through, and 24/7 access to, our well-established Employee Assistance Programme.

Mental health and wellbeing is high on our leadership's agenda. Our leaders have actively encouraged conversations around mental health to reduce stigma and make it easier for people to ask for help. We increased the number and frequency of our 'Mental health awareness training for managers' and our 'Mental health awareness' sessions, providing our line managers with the knowledge, skills and confidence to discuss and address mental health concerns in their teams.

We also held an internal briefing on suicide awareness – covering language, facts, myths, risk factors, warning signs and support – aimed at health professionals, before posting the information for employees on our mental health intranet page.

In April 2020, we made one of our largest-ever charitable donations to England and Wales mental health charity Mind. This gave the charity the confidence to invest in the technology required to continue to remotely support people facing mental health challenges. In partnership with a wider group of mental health charities they have set up ourfrontline.org to help people working on the frontline in the COVID-19 crisis. The site was accessed 70,000 times in two weeks after it was launched in May 2020.

In April, both bp's chief executive Bernard Looney and chairman Helge Lund chose to donate 20% of their salaries to mental health charities of their choice for the remainder of 2020.

Throughout the year, we furthered our support for Mind, by donating media space, which aimed to help elevate their presence on platforms such as Bloomberg, CNBC and Reuters and promote their Christmas appeal and Workplace Wellbeing initiative.



**When leaders demonstrate a culture of care, employees report better wellbeing, we see good safety performance, better retention, higher engagement and satisfaction scores – which all positively influence business performance.**

**Richard Heron**

bp VP health and chief medical officer

## Staying healthy in the home workplace

We know that poor workplace ergonomics and equipment can result in discomfort or injury. To help counteract this, we provided employees advised to work from home with help and practical advice – including the need to take regular breaks, move around and change posture during the working day, and to arrange their working equipment in the best possible way to support their health and wellbeing. We also provided a support allowance of up to \$300 for each employee to buy ergonomic equipment to make their homeworking set up as comfortable as possible.



## Promoting health and wellbeing

When communicating with our employees we typically use onsite communication such as team meetings and posters and screens in recreation areas. In 2020, we shifted to digital posters, intranet, email, and social media to keep our employees updated. Bernard Looney personally gave support in his Yammer posts, which are seen by 25,000 people on average, with COVID-19 and mental health posts regularly attracting the most engagement. He also participated in company-wide Keeping Connected webcasts, including those that focused on mental health and wellbeing, with an average of 12,500 employees coming to each session.

We also increased our coverage of health and wellbeing issues on our intranet, onebp and used its social interaction features to good effect, inviting employees and sometimes their families to join live discussion events. Other services offered this year included forums on coping with anxiety, loneliness and change, virtual exercise and meditation classes and webinars, panel discussions and conversation cafes devoted to a wide range of health and wellbeing related topics.

We listen to our employees through our Pulse Live survey, to help us understand their perceptions of work demands, wellbeing, sense of autonomy and the degree to which they feel supported by leaders. This has enabled us to identify where employees are under particular pressure and take actions to mitigate health and wellbeing risks. We have run wellbeing workshops that have reduced employees' work-related fatigue and had a significant positive impact on their wellbeing and organizational performance.

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## Community health and wellbeing

We believe wellbeing, including its physical and mental health aspects, is becoming part of the bp language – an important part of caring for our people and the communities in which we operate.

Globally, at our company-operated retail sites, we've taken steps to protect the safety of our employees and customers during the COVID-19 pandemic. This includes enhanced hygiene measures, such as regular disinfection of forecourt pumps and payment terminals, supply of appropriate personal protective equipment and the installation of Perspex screens to help mitigate the spread of COVID-19. Our Castrol business has also supported customers and partners through multiple initiatives in various

countries including the distribution of 'health' kits to franchise workshops in Indonesia, Romania, Vietnam and Costa Rica.

In December 2020, bp Angola donated an RT-PCR testing machine and consumables to run it, to the country's National Institute for Health Research (INIS). The machine has helped the institute to triple the number of COVID-19 tests it can analyze in a day. It can also be used to analyze SARS infectivity and molecular biology. The donation is the latest action through bp Angola's relationship with INIS, which dates from 2017. The partnership, which also involved Public Health England, has brought great results by training 400 field epidemiologists who have played a role in rapid response teams during COVID-19 pandemic.

## Supporting 2020 World Mental Health Day

To support 2020 World Mental Health Day, we devoted two weeks to host a variety of different events, sessions and talks to invite our employees to open up about mental health. The COVID-19 pandemic has had various impacts and it was important that our employees felt heard and could talk about their struggles. We held conversation cafes and sharing walls, allowing our employees to talk about how they personally cope with life's challenges during the COVID-19 pandemic and share any other tips.

In October, we enhanced our 2020 'This is Me video' in which employees from around the world discuss their struggles in combating the stigmas associated with mental health. The video was watched by around 10,000 employees. We also held psychoeducation talks, leadership panel events, art and cooking classes, and bitesize learning sessions focused on supporting others as well as highlighting the support offered by the Employee Assistance Programme.





# Care for our planet

Caring for our planet matters. The continued decline in biodiversity, the degradation of our environment and the increasing scarcity of clean water pose serious risks to our wellbeing, as well as the diversity of species that inhabit our planet. And these changes can also reduce the ability of ecosystems to take carbon out of the atmosphere, making it harder to tackle climate change.

We have set the scope of our actions to help care for our planet where we operate, with corresponding aims and objectives. These build on strong environmental impact and risk management requirements and guidance in our operating management system.

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# 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.



## Objectives

### 1. bp projects

Aim to achieve net positive impact (NPI).

### 2. bp operations

Aim to enhance biodiversity.

### 3. bp countries

Support biodiversity restoration and the sustainable use of natural resources.

## How we will meet our aim

We've set three objectives to deliver this aim which is based on the bp biodiversity position launched in June 2020.

The new biodiversity position builds upon our already robust practices in managing biodiversity across bp projects. Up to end of 2021 bp major projects in sensitive areas have the requirement to achieve no net loss in biodiversity (such as Tangguh Expansion Project and Mauritania and Senegal Greater Tortue Ahmeyim Phase 1). We also have continuing requirements – now and beyond 2021 – for bp major projects to seek to avoid activities in sensitive areas, to assess and manage the potential introduction of invasive species and achieve zero net loss in high carbon stock ecosystems (such as forests and peatlands).

The three new objectives in our biodiversity position are:

- to aim to achieve a net positive impact on biodiversity in our new projects
- to aim to enhance biodiversity around our existing major operating sites
- to support biodiversity restoration and the sustainable use of natural resources projects in countries where we operate.

## 2025 targets

From 2022

- All new applicable<sup>a</sup> bp projects will have NPI plans in place prior to final project approval.
- 30% of the NPI actions across those projects delivered within three years of final project approval.
- 90% of the NPI actions across those projects delivered within five years of final project approval.

100% of major operating sites (MOS) in sensitive areas<sup>b</sup> implementing enhancement plans.

Number of projects in progress or established delivering measurable benefits for biodiversity and people<sup>c</sup>.

5 projects

100% of all MOS implementing enhancement plans.

10 projects

We will also continue to work with governments, industry associations, and businesses including our suppliers and our joint ventures, to influence and promote collective action on biodiversity.

Read our biodiversity position online at [bp.com/biodiversity](http://bp.com/biodiversity)

## Net positive impact

Our initial focus is on the first objective: net positive impact in our new projects. To help us progress this we have a five-year strategic collaboration with Fauna & Flora International (FFI). They will support us in many different ways. For example, we continue to work with them to define net positive impact and are working together to agree the methodology to apply to our projects to measure and report on our progress.

## What we mean by net positive impact

NPI is when the negative impacts on biodiversity caused by a project are outweighed by measurable outcomes from actions taken in accordance with the mitigation hierarchy to achieve socially sustainable biodiversity gain.

We intend to pilot our approach in 2021 and roll it out across applicable new projects in 2022.

We will need the support and contribution of local stakeholders and communities. We want to be transparent about our progress and are considering new ways to keep our stakeholders updated and involved.

## Our performance in 2020

In 2020 we launched our new biodiversity position and focused on sharing it and putting in place the resources to deliver it. We also started work on defining our NPI methodology with FFI, which is due to be complete at the end of 2021.

<sup>a</sup> Applicable projects that have the potential for significant direct impacts on biodiversity. Only actions that are intended to be delivered, not the outcomes, within five years in accordance with the NPI methodology are included. The 30% and 90% targets apply in aggregate across all applicable projects that meet the relevant timeframes from the final project approval (and are not targets for individual projects).

<sup>b</sup> Enhancement plans to include specific activities which, subject to local stakeholder consultation, deliver measurable gains in local biodiversity, and/or potential investments in nature-based solutions.

<sup>c</sup> These may include restoration projects working in partnership with international and national NGOs, local communities, organizations and governmental agencies, which may include a combination of small and large projects and may also deliver nature-based solutions (NbS), such as establishing new marine management conservation zones, avoided deforestation, sustainable fisheries or restoring biodiversity in urban environments which contribute towards national biodiversity targets and support capacity building.

## Enhancing and restoring biodiversity

In Mauritania and Senegal, as part of our commitment to develop a Biodiversity Action Plan (BAP) for Greater Tortue Ahmeyim Phase 1, we have now agreed that FFI will help us deliver the BAP in collaboration with international and national scientists, and established an independent panel to review the BAP.

Lightsource bp recognizes that ground-based solar projects create an opportunity to implement dual land use strategies that support biodiversity. In conjunction with various stakeholders including environmental groups, academics and ecological consultants, Lightsource bp creates long-term land management and ecosystem enhancement strategies through the development of site-specific environmental management plans. One example of this is the 260MW Impact Solar project in Lamar County, Texas, where construction was completed at the end of 2020. Lightsource bp has boosted biodiversity around the site by planting wildflowers to support bees and other pollinator species, creating bird and bat shelters, and

### Major operating sites in or close to international protected areas<sup>a</sup>



<sup>a</sup> A major operation may exist within or close to more than one type of protected area.

providing habitats for reptiles and amphibians. These initiatives were carefully designed to help improve and maintain the local ecosystem.

bp is actively involved in several industry and cross-industry initiatives to support biodiversity:

- Member of the Informal Working Group of Task Force for Nature Related Financial Disclosure.
- UK Business & Biodiversity Forum – we are driving the establishment of a new forum to engage with others to help mainstream biodiversity in UK businesses.
- Nature Action Project at WBCSD – we have helped them produce three reports, listing nature-related initiatives and analyzing in detail natural climate solutions and all nature-based solutions.
- Business for Nature call to action – alongside more than 600 other global corporations, bp has signed a call to action asking governments to adopt policies to reverse nature loss.
- We joined the UK government Convention on Biological Diversity Business Advisory Group, and are a member of the IUCN Impact Mitigation and Ecological Compensation Thematic Group.
- We are helping to develop industry best practices as an active member and Chair of the IPIECA Biodiversity & Ecosystem Services Working Group and the Cross-Sector Biodiversity Initiative.

## Our commitment on international protected areas

We recognize the urgent need to conserve our planet's natural and cultural diversity and core to this is our commitment not to operate any new oil and gas exploration or production activities inside the boundary of officially inscribed UNESCO World Heritage sites (natural and cultural) or inside the boundary of Strict Nature Reserves (IUCN category Ia) or Wilderness Areas (IUCN category Ib) as listed on 1 January 2020.

Our intent is to periodically review the scope of our no-go commitment. We continue to:

- engage with UNESCO and IUCN on our activities in or near UNESCO World Heritage sites and other protected areas and work with them for collective action in helping to promote the value of UNESCO World Heritage sites
- continue to work with UNEP-WCMC, under the Proteus Partnership, to enable access to the latest protected area and biodiversity data

In addition to these no-go commitments for UNESCO World Heritage sites and IUCN Category I sites we also have requirements for risk assessment and senior leader sign-off relating to activity near other types of international protected areas.

We also disclose our activities in or near international protected areas.

Read more about our protected areas at [bp.com/protectedareas](http://bp.com/protectedareas)

In 2020, the Net Zero Teesside project began activities in the Southern North Sea SAC (Special Areas of Conservation) international protected area (IPA), an area of importance for harbour porpoise, to undertake essential geophysical surveys – the first time we have performed activities inside an IPA since 2008.

To mitigate the risks of potentially impacting the IPA we minimized our footprint and duration within it as far as practicably possible. A set of operational mitigation measures were implemented to minimize potential impact of the surveys: these included applying Joint Nature Conservation Committee (JNCC) guidelines and use of MMO (Marine Mammal Observer) and Passive Acoustic Monitoring during night-time operations or periods of low visibility.

The survey was successfully completed with no environmental incidents. We also continued engagement with nature conservation bodies and local fisheries on the survey activities.

## Collaborating with Fauna & Flora International

FFI is one of the world's oldest and most widely respected international wildlife conservation organizations, focused on shaping and influencing conservation practices as well as protecting our planet's biodiversity. They have the extensive expert knowledge needed to help us mitigate environmental impact and make progress towards caring for our planet and enhancing biodiversity.

We are partnering with FFI, as part of a five-year collaboration to help support the delivery of our new biodiversity position, including our aim to achieve a net positive impact.

FFI will help us develop and pilot a new net positive impact (NPI) methodology for our operations to measure and report on our progress. We will also be working with them to look at using nature-based solutions as laid out in aim 18, championing nature-based solutions.

FFI is collaborating closely with bp experts across a range of disciplines and geographies that will enable the rollout of NPI for biodiversity across relevant projects.

**Pippa Howard**  
Director, Business and Biodiversity, FFI

# 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.



### Objectives

- 1. Improved efficiency of operational freshwater use and effluent management**
- 2. Collaborate on the most impactful opportunities to replenish water in stressed and scarce catchments where we operate**

### How we will meet our aim

Water resources are increasingly under pressure from population growth, economic development, pollution and the changing climate. As stated in our human rights policy we respect the rights to water and sanitation for people who could potentially be affected by our activities, including our employees, contractors and neighbouring communities. With a strong dependency on freshwater, we are taking action to improve our own efficiencies and help others do the same to meet these water challenges. These actions will also deliver value to bp through reduced operational costs and mitigation of operational risks.

To be water positive by 2035 we have two objectives. Firstly to focus on improving the efficiency of operational freshwater use and effluent management. Initial efforts will be on our major operating sites, prioritized on the basis of current operational efficiencies, water availability risks and catchment conditions. Major operating sites represent 98% of total freshwater withdrawals (2020 data, excluding announced divestments).

Our second objective is to work through collaboration projects, targeting impactful opportunities to replenish freshwater in stressed and scarce catchments where we operate. Locations of stress and scarcity are defined through the World Resources Institute's

### 2025 targets

20% towards water positive<sup>a</sup>  
Plan and targets set for improved operational efficiencies and collaboration opportunities to 2030

### 2035 aim

100% water positive

### Key definitions

**Water positive:** Replenish more water than the volume of freshwater consumed through our operational activities on a global basis.

**Replenish:** The return of water to a catchment where we operate in ways that have a measurable and positive impact on the catchment's water availability, quality, and accessibility.

**Consumption:** The volume of freshwater used by the site and not returned to the catchment or a third party.

**Freshwater:** Water with a total dissolved solids (TDS) content of less than 2,000mg/l.

**Withdrawal:** The volume of freshwater received by the site or operational facility from the catchment and/or a third-party supplier.

<sup>a</sup> Targets and aims are related to proportion of consumption that has been replenished against the baseline (as adjusted for portfolio change).

## Our performance in 2020

Currently, we actively manage our freshwater demands in areas of stress and scarcity. Based on analysis using the World Resources Institute Aqueduct Global Water Risk Atlas, four of our 24 major operating sites were located in regions with high or extremely high water stress in 2020, with another four in areas of medium to high water stress. The number of major operating sites in regions with high or extremely high water stress was three, if our bp petrochemicals and other 2020 divestments are excluded.

We review our water impacts, risks and opportunities taking into account the availability, quantity and quality of water and any regulatory requirements. This is conducted every year at major operating sites and periodically at other sites. In 2020 we saw a 2% fall in freshwater withdrawals and a 17% fall in freshwater

consumption compared to 2019. This was largely due to the divestment of our Alaskan operation in 2020, the formation of the bp Bunge Bioenergia NOJV from bp operated biofuels and biopower businesses at the end of 2019 (and no longer being part of bp operations) and a reduction in freshwater use in our bpx energy operations during 2020.

Only 4% of our total freshwater withdrawals and 8% of freshwater consumption were from regions of high or extremely high water stress in 2020 (4% and 5% in 2019 respectively).

There was also improvement in our wastewater treatment performance. The average chemical oxygen demand concentration of the treated water we discharged to the freshwater environment reduced from 45mg/l in 2019 to 38mg/l in 2020. This was due to the wastewater treatment plant upgrades at several refineries, including at Lingen.

Water use	2017	2018	2019	2020
<b>Freshwater use<sup>a</sup></b>				
Total freshwater withdrawals (million m <sup>3</sup> )	274.9	268.8	281.0	<b>275.6</b>
Group freshwater withdrawal intensity (tonnes water per tonne production)	1.2	1.1	1.0	<b>1.2</b>
Total freshwater consumption (million m <sup>3</sup> )	88.3	85.9	90.8	<b>75.4</b>
Group freshwater consumption intensity (tonnes water per tonne production)	0.4	0.3	0.3	<b>0.3</b>
Percentage of freshwater withdrawal consumed (%)	32	32	32	<b>27</b>
<b>Quality of treated water discharges</b>				
Hydrocarbon concentration in discharged water (mg/l)	12.4	25.4	20.0	<b>19.9</b>
Chemical oxygen demand (COD) of water to freshwater environment (mg/l)	41.0	44.2	45.0	<b>38.2</b>

<sup>a</sup> In 2020 we adjusted our methodology for calculating total freshwater withdrawals and freshwater consumption to exclude reclaimed water volumes. Some 2017-2019 data has been restated as a result.

## Improving wastewater and effluent efficiency

A new, state-of-the-art wastewater plant came into operation at the bp refinery in Lingen, in July 2020, replacing an outmoded system that was insufficient to meet the site's long-term needs.

The new wastewater plant is a step forward in every respect, increasing capacity by 50% to accommodate the increased capacity of the refinery as well as the increased precipitation volumes experienced over the last few years.

The plant treats water to a high standard, well below the regulatory limits. It also delivers benefits to the local community through noise and odour reductions thanks to a closed and better insulated system.

These enhancements are the consequence of a rigorous approach to design which aims to meet regulatory, community and operability objectives. All aspects of the plant's operation are monitored and controlled using digital analytics and process automation technology, and it has been designed to continue to operate during routine maintenance, increasing reliability. The new plant was also designed to contribute to our net zero ambition, with a reduction in the use of energy intensive pump technology, lowering GHG emissions.

We are confident that this new wastewater plant is sufficiently flexible to accommodate changes in feedstock, including potential biogenic feedstocks in the future.



▲ The new wastewater plant at the Lingen refinery.

# 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.



### Objectives

- 1. To use nature-based solutions (NbS) to deliver value and contribute to our people and planet aims**
- 2. To enable emission reductions through investments in certified Natural Climate Solutions (NCS)**

### 2025 targets

In 2022 we will:  
Develop an NbS action plan and identify 2030 aims for the way NbS will be used

Support the development of scalable NCS markets and invest in jurisdictional NCS, including avoided deforestation

### 2030 aims

### How we will meet our aim

We plan to meet our aim through two objectives. The first objective is to identify opportunities to adopt nature-based solutions in the way we address engineering, environmental and social challenges in the areas where we work. These solutions can contribute to other aims such as biodiversity, water and health and wellbeing, as well as potentially delivering value as alternatives to 'hard' engineering solutions. We will work with our partners, including FFI, to incorporate these into plans and aim to generate local co-benefits to people and biodiversity. Through this work we will identify 2030 aims for how we will use NbS by the end of 2022.

Our second objective is to support the scale-up of natural climate solutions (NCS), which refers specifically to the generation of certified emission reductions (commonly known as carbon offsets) by activities that protect or restore nature.

We are developing a portfolio of investments in natural climate solution projects and programmes that generate certified emission reductions. Our investments are geographically diverse and strive to achieve both environmental and social benefits, as well as following a no-harm approach with strict safeguards applied.

We only invest using a list of bp-approved third-party developed carbon certification standards which bring quality assurance. These approved

### 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. Examples include coastal erosion control, soil erosion control, green roofs, soft green engineering or wastewater treatment.

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

standards use robust methodologies that require carbon offsets to be transparently and accurately calculated and monitored, recorded in public registries, and are subjected to third-party independent certification by an accredited auditor. This is what we mean when we use the term 'certified' in relation to this aim. Recognizing the need for scale over time, we support the move towards national and jurisdictional accounting and crediting frameworks, as well as the nesting<sup>a</sup> of NCS projects. As these activities scale up, we plan to meaningfully engage with external stakeholders to continue to develop our approach, which: applies the latest scientific knowledge and practice, uses high-quality third-party certified standards, advocates for robust NCS regulatory frameworks that embed wider environmental and social considerations (in addition to emissions reductions) and effective governance of NCS activities.

We have already supported more than 50 million tonnes of forestry offsets in the US, originated NCS projects in 6 countries and are currently building integrated partnerships to support more in the future. We support the use of carbon offsets or credits by companies, countries and society because we recognize that these are an important part of the world achieving net zero and meeting the Paris goals. We intend to reach our 2030 emissions reduction aims without relying on offsets – but they may help us to go beyond those aims if we can.

Read more about our offsetting approach on page 32

<sup>a</sup> By 'nesting' we mean the transition of stand-alone NCS projects to using national or jurisdictional carbon accounting frameworks and monitoring which ensures better consistency.

## Our performance in 2020

We have progressed two aspects during 2020. Firstly, our policy and advocacy work and secondly our investment with partners to allow the increased supply of high-quality certified NCS credits.

### Progress on NCS advocacy

We actively engage and contribute to a number of alliances and subject-matter groups that support the growth of a carbon market for high-quality emissions reductions generated from NCS. Specifically, we have a presence and participate in the Natural Climate Solutions Alliance, OGCI NCS group, the Stakeholder group for the Verified Carbon Standard on Nested and Jurisdictional REDD, WBCSD NCS Working Group and the IETA Working Group for NCS and IETA Markets for NCS initiative. We are also a member of Mark Carney's Taskforce for Scaling Voluntary Carbon Market.

### Partnering in Mexico with Pronatura

We have teamed up with donor US Agency for International Development and partner NGO Pronatura to scale-up the implementation of NCS and support sustainable forestry management in Mexico. We have supported the setup and development of these initial 'Improved Forest Management' projects through improving forest harvesting techniques and, in some cases, reducing timber extraction working closely with, and ensuring benefit to, the local communities. The programme has been tailored to the local context, especially the type of community land ownership that is common there, allowing for increased participation. The emission reductions are generated and registered under the Climate Action Reserve's Mexico Forest Protocol (MFP).

The first 19 projects were certified in 2020 as meeting the requirements of the MFP by an accredited third-party certification body. We hope to add more communities in 2021. Activities are co-ordinated by Pronatura Mexico, who works with the technical advice and support of WRI, to collaborate with regional NGOs who manage day-to-day capacity building and programme management with participating forest communities.

### Finite carbon

In December 2020 we announced that we acquired a majority stake in carbon offset developer Finite Carbon, building on our existing interest in the company. Finite Carbon is the largest developer of forest carbon offsets in the US.

We brought Finite Carbon into our in-house business accelerator Launchpad and invested to bolster its expansion in new and existing markets.

Finite Carbon identifies and develops projects that enable landowners to generate revenue from the protection, restoration and sustainable management of forests. These actions increase carbon stored in forests and generate carbon offsets that are verified against industry-recognized standards and can be traded on markets.

The company now has 50 carbon projects on three million acres in the US, which have registered more than 70 million independently verified offsets and generated more than \$500 million in revenue for landowners. The increased investment will aid the delivery of a targeted further \$1 billion in revenue to landowners by 2030 from its existing business lines and its new CORE Carbon<sup>SM</sup>platform.



With USAID and Pronatura, we've supported improved forest management projects in Mexico.

# 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 life cycle. We'll 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.



## Objectives

- Increase the circularity of our existing operations and products and identify circular opportunities in new projects and businesses**

## How we will meet our aim

We recognize the need for the world to transition from a linear economy to a circular one – reconsidering how we think about waste, keeping products and materials in use for longer and regenerating natural systems.

Embedding these circular economy principles is good for bp and good for the planet and we will be setting goals accordingly.

Circular solutions are not new for bp and we have examples of applying circular principles in our business such as decommissioning efforts in the North Sea and our investment in Fulcrum BioEnergy. However, this is just the start and many other opportunities to embrace circular solutions exist. As we accelerate our journey in the circular economy, we anticipate these solutions will enable us to improve how we use resources and consequently top and bottom line performance by creating new revenues, ventures, collaborative business models and delivering cost savings.

By the end of 2022 we plan to improve the granularity of our waste stream reporting and material flow analysis. We also plan to create a circularity methodology to support our existing and new businesses to identify and implement circular opportunities. Following this foundational work, we plan to set aims by the end of 2023.

## 2025 targets

By the end of 2022: Enhance our waste stream measurement and reporting and create a circularity methodology  
Set additional aims by the end of 2023

In Europe all bp-owned food brand packaging to be reusable, recyclable or bio-degradable by 2025

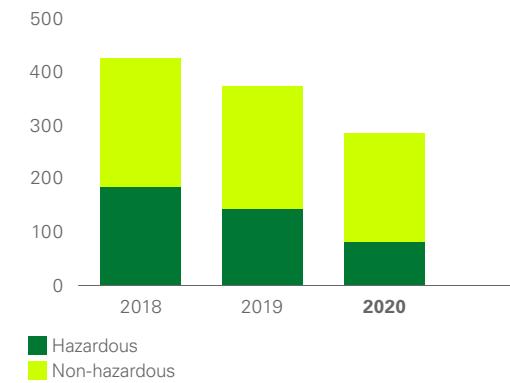
Some of our businesses are already moving ahead with targeted initiatives, which we have included as initial objectives for us to build on. Castrol is aiming to reduce the amount of virgin plastic it uses that doesn't get recycled, per litre of product, and to help its commercial customers save energy, water and reduce waste. And our convenience and mobility business in Europe is aiming for all packaging on bp-owned food brands, including Wild Bean coffee cups, to be reusable, recyclable or biodegradable by 2025.

A circular economy has additional components not included in this aim. Our contribution to transitioning to renewable power is incorporated in our aim 5, more investment for new energies, and our contribution to regenerating natural systems is incorporated into our biodiversity, water and nature-based solutions aims.

## Our performance in 2020

A number of circular solutions were put in place or stepped up in 2020. This includes greater recovery and recycling of our IT equipment. We also have a long-term offtake agreement with Brightmark, a plastics renewal group, where we will offtake fuels and petrochemical feedstocks derived from plastics that cannot be mechanically recycled. During 2020, bp and Brightmark commenced evaluation of global expansion opportunities with a shared goal to create value from waste and move towards a circular economy. Production from the first plant, anticipated in 2021, will enable bp to deliver circular petrochemical feedstocks to the US market.

## Waste disposed (thousand tonnes)



**24%**

reduction in hazardous and non-hazardous waste disposed in 2020 compared to 2019

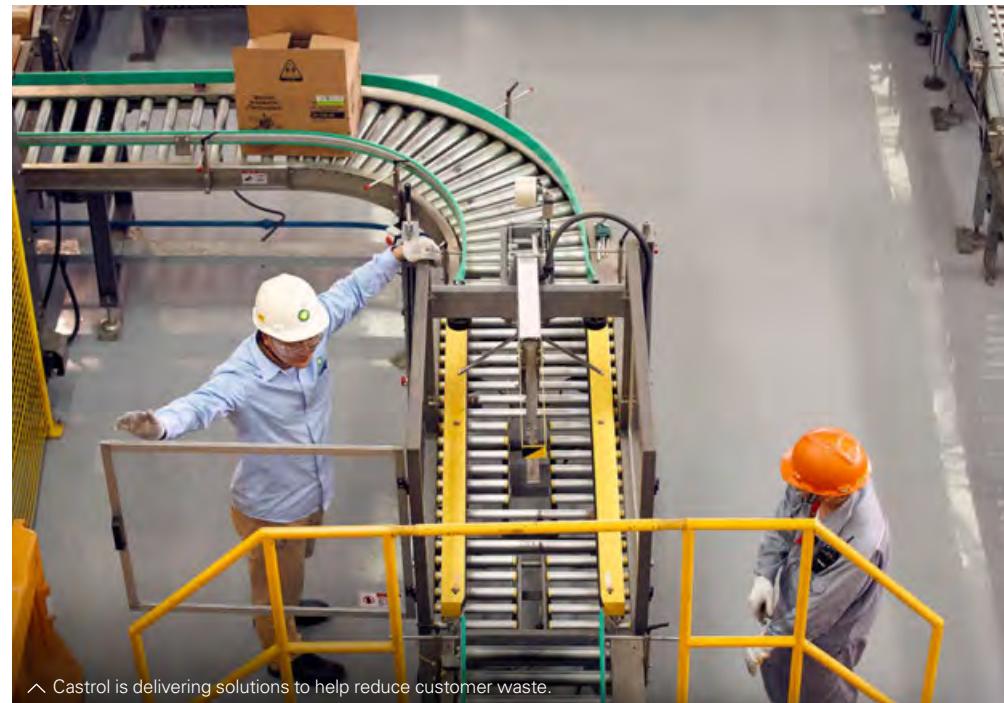
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 **(19)** 20

## Waste streams

Our waste includes oil-derived substances, inorganic chemicals, steel, office paper and many other materials. Some waste streams are non-hazardous and others potentially harmful, so we use a wide range of technologies to treat and manage them effectively. In terms of decommissioning our operations, a very high proportion of materials are reused or recycled, often in other industries. On a day-to-day basis we manage waste generated from operations, maintenance service and obsolete stock with a clear focus to try to reduce waste production at source.

In 2020 we embarked on a three-year plan to restructure the way waste production across the group will be recorded and collated with a view to increasing granularity and actively seeking opportunities to design out waste and/or increase its circularity. This is over and above the existing programmes and recording of waste at a site level for regulatory purposes. Building on this, we will continue to look for ways to further improve our management of waste including using learnings to further develop our waste strategy.

In late 2019 our bp-owned retail stores in Auckland in New Zealand introduced commercial composting in store, which meant that all of our back of house food waste went to be composted rather than to landfill. We also introduced front of house bins for commercial composting, so our Wild Bean Coffee cups could be composted by customers and not sent to the landfill.



Castrol is delivering solutions to help reduce customer waste. Redesigned plastic bottles reduce the amount of plastic used and are optimised for distribution. Roll-out started in 2020 and when completed globally (excluding the Americas) by 2023, will reduce plastic use by 7,000 tonnes per year compared to a 2018/19 baseline. In addition, Castrol's industrial products XBB cutting fluids and XBC metalworking cleaning fluids have been designed using circular economy principles and when used together are helping commercial customers reduce water use and waste.

## Total air emissions by substance (kte)



## Air emissions

We consider air emissions as part of our intention to use resources effectively and consequently they are included in our circularity aim. We monitor our air emissions and put measures in place to reduce the potential impact of our operational activities on local communities and the environment.

In our unconventional gas operations in the US, we reduce sulphur dioxide emissions by using lower sulphur fuels in our drilling rig engines and hydraulic stimulation equipment.

Air emissions reduced by 23% from 2019 to 2020, largely due to divestment of our Alaska business which was partially offset by operational variances.

# Sustainable purchasing

## Our aim 20 is developing a more sustainable supply chain.

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



### Objectives

We plan to define our sustainable procurement policy and set long-term aims by 2023.

### How we will meet our aim

We recognize the importance of working together with the suppliers in our global supply chain towards a long-term, sustainable and successful future for us all. We will continue to progress our efforts with human rights, labour rights and modern slavery (for more details see our aim 12 on page 52). In parallel, we will establish a roadmap to identify and improve the sustainability in high priority areas of goods and services, continuing to action opportunities as we find them. We will trial the inclusion of sustainability drivers in major purchasing decisions. Our next step is to develop a sustainable procurement policy and set aims by 2023.

### Our supply chain in 2020

We currently operate in more than 70 countries and have around 46,000 suppliers. These include contractors, vendors, service providers and contingent labour. Our annual third-party spend is approximately \$49 billion (2019 \$59 billion).

### 2025 targets

### Our performance in 2020

Our 2020 focus was primarily driving a consistent strategy across our supply chain in relation to human rights, labour rights and modern slavery (for more details see aim 12 on page 52). We took some specific, local actions to reduce the resource intensity of our supply chain, such as establishing several renewable energy partnerships, extending the usable life, recovery and recycling of certain equipment. We piloted questions on greenhouse gas emissions in our request for proposals in our legacy Upstream purchasing, and have raised awareness of environmental sustainability with our purchasing teams with specific sessions on understanding Scope 1, 2 and 3 greenhouse gas emissions.

### Collaborating with suppliers

We have initiated collaborative sessions with key suppliers to identify opportunities to jointly improve sustainability. We plan to advance these ideas further in 2021 and establish a mechanism for our suppliers to provide ideas on reducing our combined environmental footprint.

### Digital provider partnerships

Cloud provider data centres are the fastest growing use of power globally (8% of global electricity demand by 2030) and procurement is partnering with innovation and engineering and other bp teams to accelerate this industry's transition to renewable energy through low carbon products and partnerships. We have signed industry-leading renewable power deals with AWS and Microsoft and are exploring other opportunities.

### 2030 aims

### Reducing emissions with our suppliers

Castrol AsPac has a CO<sub>2</sub> intensive, road-based transport operation, moving product from manufacturing plant to warehouse and warehouse on to our customers. Following an extensive review of the operations, the logistics purchasing team identified opportunities with a new supplier, to migrate a significant amount of product movement from road to waterways in China and road to rail in Australia.

This change will lead to an annual CO<sub>2</sub> emission reduction of approximately 4.8kT in China and 1.5kT in Australia in the Castrol Supply Chain. The team are now working with a supply chain optimisation provider to run analysis on Secondary networks in Australia and the US to create optimization scenarios using a reduced CO<sub>2</sub> logistics network.

Additionally, our utilities procurement team partnered with Lightsource bp and trading to secure a long-term renewable electricity contract to supply 272 bp owned retail sites and Markoil sites in Spain for the next seven years. In a first for bp, this deal sees us owning all aspects of the value chain. The contract unlocks both cost savings and reduces carbon emissions by approximately 4.8ktCO<sub>2</sub>e per year.

# Embedding sustainability



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Lightsource bp is a leader in the development and management of solar energy projects.

## Embedding sustainability

We are accelerating our efforts to embed sustainability in bp's DNA by focusing on our business processes, our culture, and our digital agenda – all underpinned by a simplified governance structure.

We want to embed sustainability so that it is more integrated into our decisions and actions. We're not starting from scratch, we have been addressing issues related to the environment, carbon and society for many decades.

### Governance and business processes

We plan to do even more to integrate sustainability into our governance structures and business processes, so that it informs our strategic and operational decisions.

#### Sustainability governance

In 2020, in line with our strategy and work to reinvent bp, we reviewed the way we govern sustainability at board and executive level.

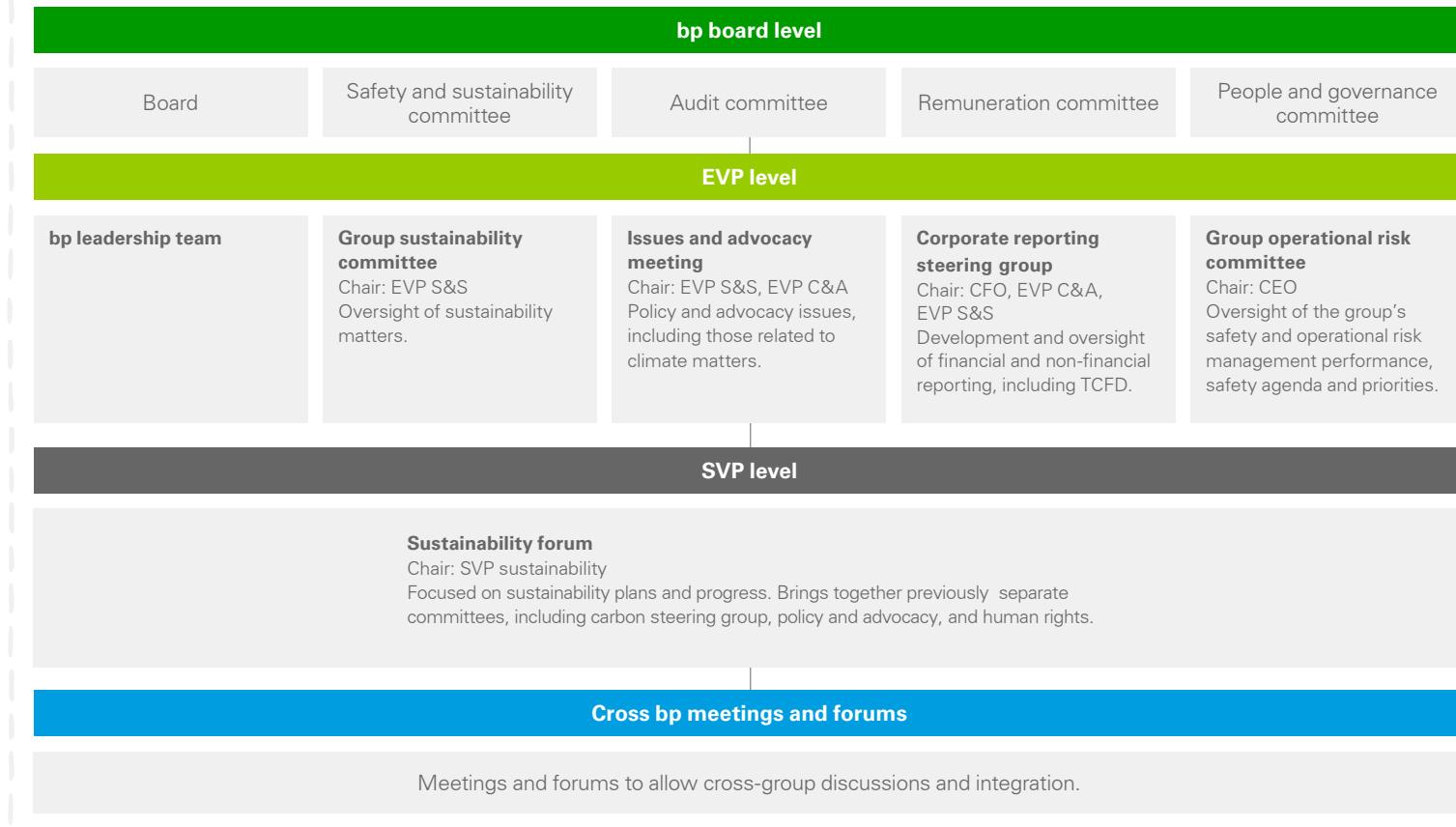
Our governance structure provides a reinforcing mechanism as we embed sustainability. We have updated the accountabilities relating to sustainability for our board-level committee and created a new committee at the executive level. This new structure came into effect from 1 January 2021.

#### The board

The board is responsible for oversight of the overall conduct of the group's business, which extends to setting our strategy and approach to the energy transition.

#### Sustainability governance

As at 1 January 2021



## Embedding sustainability continued

It reviews and monitors performance against our strategy and net zero ambition and aims, and confirms that the process to assess the principal and emerging risks facing bp is in place.

The safety, environment and security assurance committee (SESAC) has been reformed as the safety and sustainability committee (S&SC) with its oversight updated to include the effectiveness of the implementation of our sustainability frame.

### Human rights governance

The board-level safety and sustainability committee (S&SC and formerly called SESAC) has oversight of human rights, including the review of our performance in assessing and managing risks associated with modern slavery. The 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 a new sustainability forum, which, as one of its activities, considers current and emerging human rights risks of potential group significance, defines the overall bp position, and integrates performance across the group with regards to the Human Rights Policy and relevant sustainability aims, including Just Transition (aim 12), Sustainable Livelihoods (aim 13) and Greater Equity (aim 14).

Businesses and local operations are responsible for mitigating and managing the risks and implementing actions to help us meet our human rights policy commitments and relevant group requirements.

This committee will also continue to provide oversight for process safety and operational integrity, security risks, personal safety and operational health risks, and operational environmental and social risks.

 [Read more about 2020 board activities on page 80 of the bp annual report 2020](#)

### bp leadership

At executive level, our new group sustainability committee will oversee and review sustainability matters, including those that are climate-related. The committee plans to meet quarterly and is chaired by our EVP strategy & sustainability.

Our weekly issues and advocacy meeting, which has been in place for over a year, is co-chaired by our EVP strategy & sustainability and EVP communications & advocacy.

At senior vice president (SVP) level, we have created a new sustainability forum and taken the opportunity to consolidate a number of separate working groups within it – creating better alignment and visibility of key sustainability issues. This forum will report regularly to the group sustainability committee, and is chaired by our SVP for sustainability.

Our corporate reporting steering group, chaired by our CFO, EVP communications & advocacy and EVP strategy & sustainability, continues to review and agree external financial and non-financial reporting – including the activity connected to our aim 9: to be a recognized industry leader for the transparency of our reporting.

### Business processes

We have been evolving our processes to manage sustainability performance in our projects and operations for more than 20 years and will continue to do so in order to embed our sustainability frame. We are taking action across three of our primary management systems: operations, financial, and people.

### Operating management system (OMS)

bp operating sites around the world manage their environmental and social impacts in line with our OMS. Our OMS and associated practices, procedures and guides for bp-operated activities are key to the introduction of our new sustainability frame and an essential part of our work to embed sustainability in our DNA.

In 2019 we reviewed and strengthened our group-wide environmental and social requirements and associated guidance in our OMS, for existing operations and projects to identify and effectively avoid and manage their environmental and social risks and impacts through the mitigation hierarchy. As part of this, operating sites also identify opportunities associated with sustainability performance.

These requirements cover a large number of sustainability aspects that are aligned with our sustainability frame. For example, in 2020 we updated our environmental and social management practices, which mandate carbon management plans for operations (covering more than 99% of our operational emissions) and water management plans for projects and operations located in areas of water scarcity. The practice also requires our projects and operations to effectively engage with local communities and other stakeholders, with requirements on grievance management mechanisms.

In 2020 we continued to develop the implementation plans of these new requirements with the intent to have all in-scope activities in conformance to the new requirements by the end of 2021.

Our new sustainability data management system, OneCSR, has been designed to enable more efficient collection, analysis and reporting of our carbon, environmental and social data and performance. This new platform will improve our tracking and management of sustainability performance in the coming years.

These practices and systems are closely aligned with the continuing process of attesting our operations to ISO 14001 in order to drive performance improvements and the sharing of good practices. All of our major operating sites attest or certify to ISO 14001, which is in line with our OMS requirement<sup>a</sup>.

The above systems, requirements and programmes align with and form the foundation of the new sustainability frame for us to continue building on.

### Investment process

bp's investment decisions are made within a governance framework. The purpose of this is to help ensure investments align with our strategy, fall within our prevailing financial frame, and add shareholder value.

We currently include carbon assessment in our investment decision making processes. Investment cases that are expected to be above defined thresholds for anticipated annual greenhouse gas (GHG) emissions from operations, must estimate those anticipated GHG emissions and include an associated carbon price of \$100/teCO<sub>2</sub> in 2030 (\$2020 real) in the investment appraisal.

<sup>a</sup> Our Egypt site (West Nile Delta gas operations) became a major operating site in 2019 and they have three years to attain ISO certification or attestation. They are currently on track and in the process to achieve attestation in 2021.

## Embedding sustainability continued

We assess new material capex investments for their consistency with the goals of the Paris Agreement, as part of bp's response to the requirements of a shareholder resolution requisitioned by Climate Action 100+ and supported by the bp board in 2019. The outcome of this evaluation is reported in our annual report & accounts 2020.

 Read more about our investment process on page 29 of the **bp annual report 2020**

### Managing risk

We identify risks for particular oversight by the board and its committees each year. In 2020 these were: financial liquidity, cyber security, geopolitical, process safety, personal safety and environmental risks, security, ethical misconduct and legal or regulatory non-compliance and trading non-compliance.

The oversight and management of other risks, for example technological change, is undertaken in the normal course of business.

The group operational risk committee provides oversight of safety and operational risk management performance for the group, where appropriate. This includes sustainability risks such as modern slavery and severe weather.

 Read more about how we manage risk on page 66 of the **bp annual report 2020**

### Managing risks in our operations

Our operating businesses are responsible for identifying and managing risks and our OMS helps them do this in a consistent and rigorous way. Our OMS brings together bp requirements on health, safety, security, the environment, social responsibility and operational reliability – as well as related issues, such as maintenance, contractor relations and organizational learning – into a common management system.

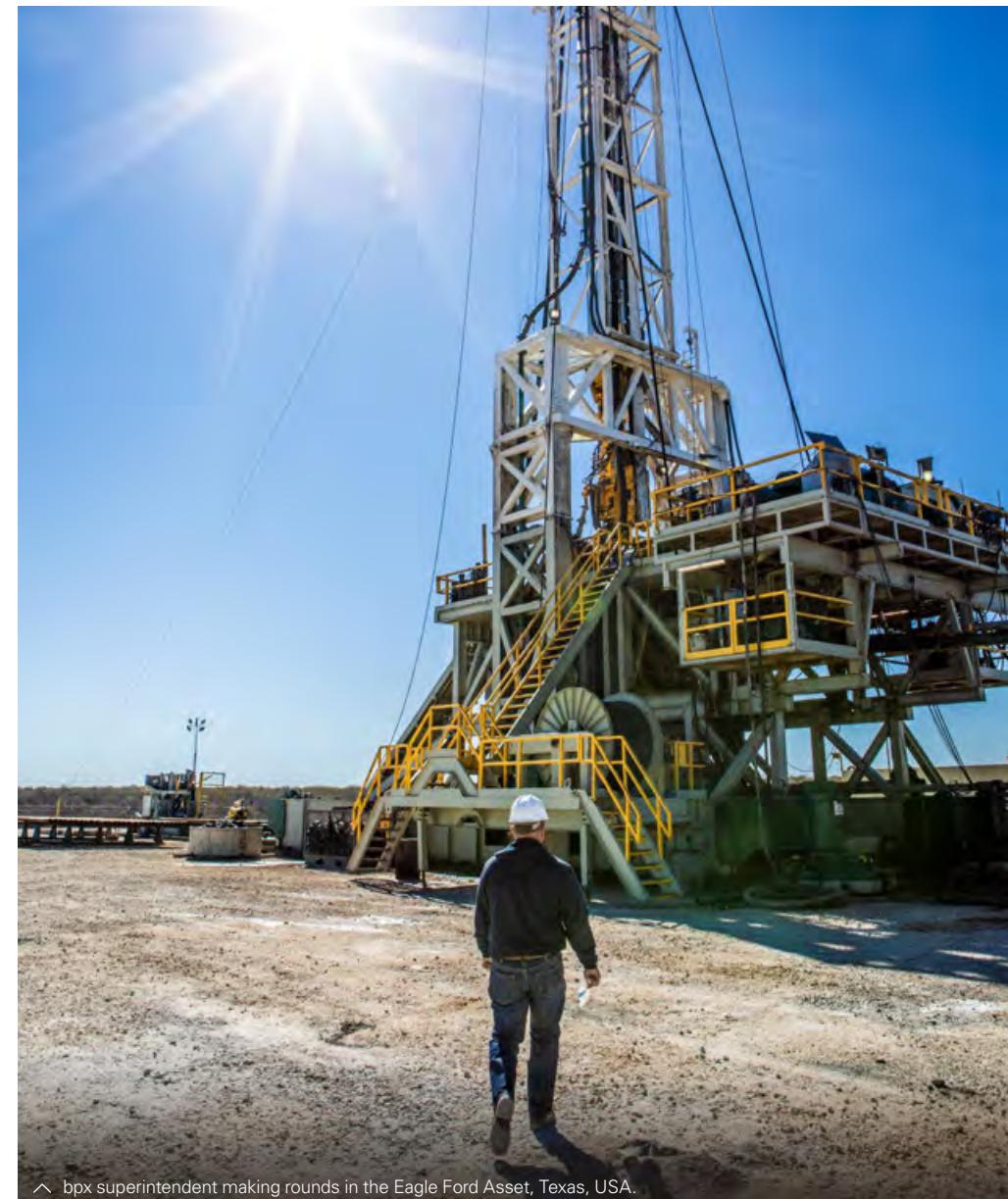
Any variations in the application of our OMS, in order to meet local regulations or circumstances, are subject to a governance process.

### Setting out our expectations

We monitor performance and how risk is managed in our joint ventures, whether we are the operator or not.

In joint ventures for which we are the operator, our OMS, code of conduct and other policies apply. We aim to report on aspects of our business where we are the operator as we directly manage the performance of these operations.

When we are not the operator, our OMS is available as a reference point for bp businesses when engaging with operators and co-venturers. We have a group framework to assess and manage bp's exposure related to safety, operational, and bribery and corruption risk from our participation in non-operated joint ventures. Where appropriate, we may seek to influence how risk is managed in these types of ventures.



▲ bpx superintendent making rounds in the Eagle Ford Asset, Texas, USA.

## Embedding sustainability continued

### Enhancing employee capability and mindset

We will offer our employees training and development and clearly defined career pathways to help them become more integrated, agile and future-focused.

### Purpose and culture

Embedding sustainability into our corporate DNA starts with our purpose: reimagining energy for people and our planet. Our new strategy drives us towards meeting our purpose but changes in our culture will be vital to delivering this strategy. We want to create a bp in which all our employees are energized by our ambition and purpose. This requires us to change – to evolve our capabilities, building on the strong foundations we already have and assessing what we need in future.

Culture change takes time, and our 2020 plans were disrupted by the COVID-19 pandemic although we still completed an extensive organizational transformation.

As part of our activity to reinvent bp we appointed new leaders in the organization who will be key in embedding our purpose. In 2020 we focused on embedding purpose with the 120 most senior leaders – with the majority completing a workshop programme to help them align with our purpose and share it with their teams.

During 2021 we will start to roll out these workshops more widely – using our senior leaders as ambassadors to inspire our employees and accelerate our culture change.

It is important to know how effective our actions to embed sustainability are, so we will incorporate questions in our regular ‘Pulse Live’ surveys to help us understand what our employees think.

 Read more about employee engagement on page 82

### Reinventing bp

For more than a century, bp employees have come to work to help solve some of the world’s greatest energy challenges. People want to work for an organization that makes a difference and has a clear purpose; an organization that supports, encourages and empowers them.

We have thousands of engineers, scientists, and other highly-skilled people, all with deep technical expertise. We also have increasingly diverse teams enabling us to draw on a range of talents that better reflect the societies we serve.

We can take skills from our existing businesses and use them in a reinvented bp or reapply skills gained in one field to another. We realize we do not currently have all the skills we need to fully deliver our strategy. Consequently, we are reskilling our people so they can pursue new career paths and we are hiring individuals from outside our industry with skills and experiences we do not currently possess.

We are building the right capabilities and we have our purpose to guide us. But we need to shift how it feels to work at bp by focusing on three things:

**Greater integration** – we have moved away from our old siloed upstream/downstream model to create a more connected and focused organization.

**Becoming leaner** – reducing our workforce by around 10,000 employees who will have left bp by early 2022. We are sorry to see colleagues leave and are doing all we can to support them.

**Being more agile** – deploying more cross-disciplinary teams and empowering them to solve problems and find new opportunities. In the last three years we’ve successfully run almost 800 agile projects across five continents.

### Implementing a fair reinvention process

During 2020, we undertook the largest restructuring in bp’s 112-year history. From the outset, we were determined to do so using fair and transparent processes. While selection processes are continuing through 2021, around one quarter of all required redundancies to date have been voluntary.

We took a number of steps to ensure employees were treated fairly and respectfully. This included training around 6,000 line managers on conscious inclusion and evaluating team members against skills and behaviours, and supporting around 180 neutral observers who participated collectively in over 1,000 selection events.

### Support and resources

We created a comprehensive programme called myFuture to support our leavers in the next stage in their career or phase of life, which offers the option to retain a bp laptop, and provides coaching, wellbeing and learning resources.

We used our relationships with external companies to identify opportunities and facilitate introductions. Additional resources include a regular newsletter and access to our extensive LinkedIn alumni base.

Management of safety and risk were key priorities throughout the reinvent process, with all ‘safety-critical roles’ clearly identified at the outset.

With this phase of our reinvention complete, our 120 strong extended leadership team (ELT) is comprised of 38% women and 28% ethnically diverse individuals.

## Embedding sustainability continued

### Focusing on our people

Our people are the most important element of our success. We need a motivated, engaged and diverse workforce to deliver our purpose and put it into action through our sustainability frame.

Going forward as a leaner bp, we will need to attract, recruit and retain talented people and our sustainability aims can be a positive differentiator. This is also true of the rewards and benefits, development opportunities and flexible working arrangements that we offer.

### Performance management

We are changing how we enable individuals to deliver high performance, evolving a model of continuous planning and open, transparent, real-time feedback. So, everyone will know what is expected of them and how they are performing. Every bp employee sets priorities for their contribution to safety and creating value.

We also intend to better align remuneration with performance and our aim 7 is to incentivize our global workforce to deliver our aims and mobilize them to become advocates for net zero.

 Read more about how we're incentivizing employees on **page 45**

### Flexible working

Changes to the way we work at bp because of COVID-19 have demonstrated that working flexibly can be effective across many parts of our business. Enhanced flexibility has benefited our employees, but we also recognize there are significant benefits in working together face-to-face.

That's why we have introduced our bp work/life initiative – a hybrid approach that will see employees combining time spent in and out of the office. As teams return to offices following the COVID-19 pandemic, subject to local and bp guidelines we expect that most office-based employees will spend about 60% of their time at work in a bp office and 40% at home or in other locations. We expect this will become the new normal, but it will not replace formalized flexible working arrangements for employees including part-time working arrangements or different working patterns.

We review employee leave allowances regularly to ensure that we offer different arrangements to suit employees' lifestyles. These arrangements include parental or carer support. For example, to support UK employees during the COVID-19 pandemic, we have also provided additional support, such as extra leave for parents who have to homeschool children.

### Agile working

We believe agility is a means to deliver our strategy with new structures, new mindsets and more rigorous and human-centric ways of working. An agile bp will balance stability and speed, making it easier to adapt to change and move resources at speed to where they are needed most. Through our reinvent process we have been working in an agile way and have made progress. Looking ahead we expect large parts of the business will be organised in an agile way – as many as 14,000 employees.

To help build an agile mindset and new ways of working among our employees we have created an agility portal full of resources, information and training materials.



## Embedding sustainability continued

### Development

We make a substantial investment in finding, deploying and developing the most talented and diverse workforce. We need passionate, creative and capable people to help us implement our strategy.

We work hard to match individuals to the right training opportunities at the right times. And we provide them with a range of development opportunities, combining on-the-job learning, coaching, relationships with mentors, and learning and talent programmes. Our approach focuses on skill clusters that help our people to build deep capability in a range of technical, functional and leadership areas. In 2020 our people collectively completed more than 745,000 training courses with an emphasis on priority areas such as digital, agile and low carbon.

We are developing a learning culture in which continuous skilling, reskilling and upskilling is the norm – so that our people are supported to help us achieve our net zero ambitions.

We have supported employees throughout the COVID-19 pandemic by providing topical, bite-sized learning offers – all designed to help them keep connected, develop skills and support each other. These offers, delivered during more than 300 sessions, have been attended by more than 20,000 people. They have included topics such as wellbeing and mental health, leading through change and ambiguity, learning agility, and data science and digital acumen.

# 745,000

Training courses completed by bp employees in 2020 (formal learning only)

### Reinventing our leadership team

As part of our reinvent process, we have removed an entire layer of management at the top of bp – halving senior leaders from 240 to under 120 and connecting them more closely to their teams. The 120-strong new extended leadership team (ELT) provides exceptional role models of the leadership qualities we need and brings together a diverse set of expertise, views and perspectives. Around 30% are new senior leaders, and 60% have experience working outside of bp, including three new external hires. We have also appointed 740 new leaders below senior level – selecting individuals who have a track record of delivery, are curious and open-minded, purpose-driven, lead through our values (especially safety) and are empathetic.

### Selecting and developing bp leaders

There are several aspects to leadership development at bp, such as refreshing the profile of our leadership team, being clear about what we now expect, and providing focused leadership development opportunities. We are currently refreshing our leadership frame and offer in line with our net zero ambitions.

We provide a range of leadership development activities, focused on accelerating our critical talent pools and developing diverse leaders with the emotional intelligence, agility, inclusiveness and future focus that we need to achieve our net zero ambitions. These activities include:

- ‘purposeful connections’ – an offer being deployed to our new leadership teams across the world, to promote mutual trust, collaboration and high performance
- our ‘leadership inclusion for talent’ offer – a global approach designed to simultaneously provide acceleration opportunities for minority talent and create cultural change. In 2021, our

focus is on Black and African American talent in the UK and US, in line with the commitments set out in our frameworks for action

- our ‘discover bp’ and ‘ignite’ offers – both focused on onboarding and preparing early careers resources for future leadership roles
- ‘insights discovery’ – team-based sessions to build self-awareness, team strength, and improve communications, problem solving and bias towards creating value
- a line management curriculum for new managers providing foundational leadership and supervisory skills across the talent life cycle.
- group, team and individualized leadership coaching and mentoring
- robust succession planning for the highest value roles, and acceleration opportunities for talented employees critical to our success – now and in the future

### Engaging with our employees

To understand what our employees think and feel about bp, we gathered continuous feedback through an employee engagement ‘Pulse’ survey. The overall employee engagement positivity score in our 2020 survey (March – December aggregate) was 64% (compared with 65% in the 2019 annual survey). Pride in working for bp remained unchanged from 2019 at 75% in 2020.

Employees participating in the 2020 survey showed us they strongly supported the launch of the new purpose and ambitions launched in February 2020 and the strategy announcement in August 2020. But initial positivity about the strategy had waned by December 2020. Employees said they were anxious about the reinvent process and economic uncertainty. However most participants felt confident in bp’s approach to managing the impact of the COVID-19 pandemic.

Looking forward, employees told us we should focus on addressing workload, supporting health and wellbeing and being transparent about the new organization structure.

### Our future workforce

With fewer young people currently choosing careers in STEM fields as the demands for these and broader digital skills accelerate almost exponentially, we need to do all we can to help build the workforce of the future.

As outlined in aim 12 of our sustainability frame, we already support a range of significant initiatives to strengthen the education system in countries around the world. In addition to these initiatives, which include the bp Global STEM Academies and bp Educational Service, we also support a range of other activities to encourage students to study STEM subjects.

These include bp STEM Ambassadors, a volunteer programme supporting bp employees to mentor teachers and students around science and technology; and our work with the Royal Academy for Engineering. As a principal sponsor we support their This Is Engineering campaign, highlighting how engineers are making a real-world difference to real-world issues and transforming perceptions of engineering amongst 13-18 year olds. In 2020 this campaign reached 10.8 million people, and evoked a strong and positive response from students and parents.

 Read more about STEM on **page 53**

## Embedding sustainability continued

### Building our digital capability

Innovation is a distinctive source of value in the new bp strategy, which also reinforces the importance of digital to the future of our organisation. To reimagine energy, we also need to reimagine digital as it underpins everything we do.

In future, we intend to make increasing use of digital technologies to transform the speed and accuracy of the way we monitor performance and trends, analyze data and gain sustainability insights.

Three aspects will be particularly important: tracking – from source to enable greater transparency about performance in our operations and supply chains; sensing – by monitoring to gain insights about the ways that our planet and society are changing; acting – by combining our global knowledge of energy systems with digital technology, which can unlock ways to change course and create both market and societal value.

To facilitate digital innovation, we have centralized and fully integrated digital as part of a wider innovation and engineering ecosystem through our reinvent process. Harnessing different perspectives in one place enables a different way of thinking, which is critical if we are to solve the sustainability challenges ahead.

Having a dedicated place, such as Launchpad, for innovating, generating ideas and creating new business models will directly support the sustainability journey, integrating digital alongside engineering and applied sciences.

Read more about cyber security at bp on page 18

### Designing for sustainability

Digital innovation is a key enabler of our strategy. By designing digital solutions using a sustainability lens, we can look to the future while also minimizing the carbon footprint of our digital activities. Designing for sustainability includes how we make decisions about the digital solutions we create and embedding sustainable design thinking into our processes and operations. Underpinning this, the bp digital design team is developing a sustainable design kit, comprising tailored tools and guidance.

Our digital and agility learning portal provides bp employees with a range of learning paths around agility, digital innovation, data visualization, design thinking and leading in a digital age. The portal and curriculum help employees build their DQ (digital quotient) through foundational, intermediate and advanced learning.



# External collaborations

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We are forging relationships beyond our sector to help drive progress.

## External engagement and collaborations

We will help to deliver our aims by engaging and collaborating with a wide range of stakeholders – from investors and influencers to corporations and NGOs.

### Building focused partnerships

We understand the value of collaborating and have achieved mutual benefit over many years by working with external organizations. This approach is integral to our sustainability frame and we are looking for allies who can help drive progress. We are thinking beyond conventional collaborations with others in our industry and forging relationships beyond our sector with businesses including Qantas, Microsoft and Uber.

### Get to net zero

**Sustainable Markets Initiative** – bp is a founding partner of HRH the Prince of Wales's Sustainable Markets Initiative, and is working with others in the private sector to accelerate the global transition to a sustainable future. We have seconded one of our employees to work on bringing together industry to collaborate on specific projects to accelerate or amplify change, including convening specific taskforces and roundtables. In January 2021 we supported the Terra Carta, a decade-long roadmap to guide collective effort on sustainability. The central constructs of the Terra Carta – nature, people and planet – are aligned with our areas of focus and aims of our sustainability frame.

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

**Science Based Targets initiative** – We have engaged actively with the Science Based Targets initiative (SBTi). Setting targets that can be considered 'science-based' by reference to SBTi's methodology is one way for companies to show that the aspects of their decarbonization activity covered by those targets is consistent with Paris goals. Consequently, we support SBTi's efforts to develop a methodology for science-based targets for use by companies in the O&G sector. We would like to see that option available to companies in as many sectors as possible.

**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 (HMEI). CMI is Princeton's largest and most long-term industry-university relationship. Established in 2000, the mission of CMI is to lead the way to a compelling and sustainable solution to the carbon and climate change problem.

2020 saw the publication of CMI's Net-Zero America report, which outlines five distinct technological pathways for the United States to decarbonize its energy system. The study's five scenarios describe at a highly detailed, state-by-state level the scale and pace of technology and capital mobilization needed across the country, and highlights the implications for land use, incumbent energy industries, employment, and health.

### Developing our sustainability frame, policies and positions

Our new sustainability frame is founded on external engagement and collaboration. Many trusted external stakeholders helped us develop our people and planet aims. We are grateful for their constructive feedback and challenge. Over 100 colleagues, more than 40 business leaders and 25 NGO representatives have been part of an extensive development and consultation process to help ensure our aims create value for both bp and society – and are feasible.

The frame is still evolving as we further define objectives and targets and we will continue to involve stakeholders in this process.

Input from many different stakeholders has also helped us to shape our revised positions and policies. For example, we developed our updated biodiversity position with input and constructive challenge from international nature and conservation organizations and experts including Conservation International, FFI, UNESCO and IUCN as well as investors.

The position sets out new measures to help restore, maintain and enhance nature in recognition of the action needed to protect biodiversity. In September we announced a new partnership with FFI to help us achieve our net positive impact aim as outlined in our position paper.

 Read our biodiversity position at [bp.com/biodiversity](https://bp.com/biodiversity)

We also updated our human rights policy in 2020 to address emerging human rights issues relevant to our industry, clarify our human rights commitments and communicate how bp's approach to managing human rights impacts has advanced. The update was supported by an external consultancy and included consultations with a wide range of NGOs, subject matter experts and investors, to help understand their expectations of us.

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

## External engagement and collaborations continued

**Net Zero America Project** – Professor Stephen Pacala has organized and initiated a new effort entitled the Net-Zero America Project (NZAP). Realizing net-zero emissions of greenhouse gases in the United States requires planning based on realistic, real-world assessments. bp provides financial support for NZAP through our funding of CMI at Princeton University. The project aims to provide policy makers with the necessary analysis to determine a pathway to net-zero greenhouse gas emissions in the United States. The outcomes of the work are already informing a new National Academies of Science, Engineering and Medicine Committee chaired by Professor Pacala.

**Natural Climate Solutions Alliance** – Through the Natural Climate Solutions Alliance (NCSA), we are working to help scale up 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. The group's focus is on overcoming barriers and unlocking investment by calling for high standards for the supply and use of NCS.

 Read more about natural climate solutions as part of our aim 18 on [page 71](#)

### Oil and Gas Methane Partnership version 2

– We signed up to the Oil and Gas Methane Partnership version 2 in 2020 and we support its use to inform EU policies on performance standards for natural gas.

**Transition Pathway Initiative** – We continue to engage with TPI and other stakeholders to help provide comparability and transparency around measurement of progress towards the Paris goals.

**Climate Action 100+** – We have actively participated in the CA100+ Net Zero Corporate Benchmark. The outcome of the first CA100+ Net Zero Corporate Benchmark exercise was released in March 2021.

In 2019 the bp board recommended a special resolution requisitioned by CA100+ on climate change disclosure. This was passed with more than 99% of the vote.

Our response to the resolution requirements, including the outcome of our evaluation of new material capex investment for consistency with Paris, is contained in the bp annual report 2020 and 20-F 2020.

 Read more on [page 29](#) of the bp annual report 2020

### Institutional Investors Group for Climate Change

– We continue to support and contribute to the development of the forthcoming Institutional Investors Group for Climate Change (IIGCC) Net Zero standard for the oil & gas sector. We expect this to provide a helpful framework to promote comparability in disclosures by companies in the oil and gas sector. We welcome the linkage from the IIGCC Net Zero standard into the CA100+ Net Zero benchmark.

**Third Derivative** – We are a founding partner of Third Derivative, an accelerator programme to scale advanced energy technologies. bp ventures and our strategy & sustainability teams are looking at ways we can support their current and future cohort of start-ups. Founded in 2020 by Rocky Mountain Institute and New Energy Nexus, it connects start-ups, venture capitalists and corporates, to reduce emissions more quickly.

**Mission Possible Partnership** – As part of the Mission Possible Partnership (MPP), we're helping develop initiatives that drive the decarbonization of aviation, marine and steel sectors over the next decade. The MPP is led by four main partners, the Energy Transitions Commission, RMI, We Mean Business coalition and the World Economic Forum.

### Improve people's lives

**Mind** – We support the mental health charity Mind across England and Wales, through corporate charitable donations, to help them improve public access and widen their support for people with mental health issues during the COVID-19 pandemic and beyond.

### Care for our planet

**Fauna & Flora International** – We have a five-year collaboration with the conservation charity FFI to help us achieve the net positive impact aim outlined in our new biodiversity position. We're drawing on their experience in delivering nature-based solutions to conserve biodiversity and capture carbon while working with local people to generate sustainable livelihoods.

**World Business Council for Sustainable Development** – Along with other businesses and organizations we have collaborated with WBCSD to help shape their 'Accelerating business solutions for Climate and Nature Report I', which aims to help remove the hurdles to the consistent and effective implementation of nature-based solutions (NBS) and natural climate solutions (NCS) at scale.

## Engaging with our stakeholders

We want to create value for communities, individuals and organizations affected by or involved in our activities as we deliver our purpose.

2020 was a year of transition for bp as we developed our new strategy and sustainability frame and began the process of reinventing bp.

These activities were informed by extensive and varied engagement with our many stakeholders, where we listened to and considered their interests as our thinking developed. And we believe our new strategy will create long-term value for all our stakeholders – helping the world to decarbonize while harnessing the business opportunities the energy transition has to offer.

Stakeholder engagement activity takes place across bp, from the board through to local community liaison officers. Here are some of the ways we engaged in 2020.



### Employees

**63,600**

bp employees

#### Webcasts and virtual events

Bernard Looney hosted regular 'Keeping Connected' webcasts to discuss important topics with members of the leadership team and subject matter experts. The sessions included a live Q&A section where employees directly engaged with the CEO and his webcast guests.

#### Pulse and Pulse Live surveys

We use our annual Pulse survey and weekly Pulse Live surveys to gather employee perceptions of work demands, sense of autonomy, leadership support and understanding of strategy. The survey's employee engagement score is a key performance indicator for bp. This year it was 64% (2019 65%).

#### Reinventing bp

Where required by local legislation, employee representatives selected by employees were involved in consulting on the scoring and selection principles and process and exit arrangements used during the reinvent bp process. The scoring and selection principles and process were applied consistently across all countries.

#### Black Lives Matter and racial injustice

In response to the tragic killing of George Floyd and the subsequent protests against racial injustice, we have created a new framework for action in the UK and US, with more to come globally.

### Investors and shareholders

**\$6.3bn**

total dividends

#### Annual engagement plan

We facilitate meetings between members of the board, senior management and investor relations with institutional shareholders and the broader investment community. The board receives feedback from shareholders through various channels, particularly through the chairman and senior management who meet with investors throughout the year. This engagement took place online for the majority of 2020 due to COVID-19 restrictions.

#### ESG engagement

We engage frequently with our investors on environmental, social and governance (ESG) issues. This includes one-to-one conversations, participation at external events and group meetings.

#### Annual general meeting

The 2020 annual general meeting was held as a closed meeting and webcast in line with UK Government social distancing guidelines at the time. Shareholders submitted questions prior to the meeting and the recorded meeting and transcript were made available on bp.com after the event.

#### bp week

We explained our strategy to deliver our net zero ambition in August. Bernard Looney and his leadership team offered further insight into this strategy and our sustainability frame during bp week – three consecutive capital markets days held virtually September 2020.

## Engaging with our stakeholders continued

### Customers

**11.5m**

touchpoints

#### Collaborating on solutions

Customers are the driving force for our strategic focus on convenience and mobility. This starts with active customer engagement, which enables us to understand the challenges they face and collaborate with them to reach solutions together. Throughout 2020 we continued to engage with our global customers virtually, including a virtual Castrol product launch to 15,000 workshops in China, and we continued to track the performance of our customer-facing brands.

Constructive engagement and collaboration are important in helping us to reach strategic agreements with customers, whether these are cities and corporations who want our help to meet their decarbonization goals, vehicle and engine manufacturers, or mobility enablers. The message is clear – we are engaging to deliver for our customers.

### Society

**\$86m**

social investment

#### Biogas development programme

bp Target Neutral Sichuan rural poor-household biogas development programme has equipped nearly 400,000 low-income households with biodigesters and efficient cookstoves, replacing fuels such as wood and coal with biogas, which reduces air pollution and the risk of associated respiratory diseases. The initiative has generated more than 10,000 jobs and seen around 2,000 farmers and bricklayers qualify as certified biogas technicians. Since it began in May 2012, more than four million tonnes of CO<sub>2</sub> emissions have been saved.

#### Working with EITI

We believe transparency, accountability and consultation are important for good governance of our industry and are also in our long-term best interests. As a founding member of the Extractive Industries Transparency Initiative (EITI), we work with governments, NGOs and international agencies to improve transparency about oil, gas and mining activities.

### Government and regulators

**\$3.3bn**

paid in income and production taxes

#### Government events

Our chief economist presented to governments in the US, UK, China, India, Japan, Azerbaijan and Brussels during a virtual roadshow following the launch of the 2020 bp Energy Outlook.

#### Working with governments

We actively advocated for regional carbon pricing schemes in the US, provided input to the EU methane strategy and supported the UK Government's planned phase-out of internal combustion engines. We supported the European Commission's EU methane emissions strategy and believe it is a solid foundation that all stakeholders can build on.

### Supply chain partners

**\$49bn**

third-party spend

#### Engaging through the COVID-19 pandemic

Despite the challenges associated with the COVID-19 pandemic, we continued to engage actively with supply chain partners on a range of sustainability issues, making full use of virtual environments to do so. For example, we finalised and announced our strategic partnership with Microsoft to drive digital innovation and advance net zero goals. We intend to work together to develop technologies that can help both businesses meet our sustainability aims, including reducing energy use and carbon emissions.

Looking ahead, whatever impact future COVID-19 restrictions may have in different countries around the world, we want to step up our activities in support of our aim to build sustainable supply chains through collaborations with our partners.

# Our reporting

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Air bp refuelling operations at Larnaca airport, Cyprus.

## 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 focus our sustainability reporting.

### Our materiality methodology

In 2019 we worked with an external agency to refresh and expand our materiality assessment. We asked internal and external stakeholders to list and prioritize the sustainability or ESG issues that most concern them. We also asked them to rank the impact of these issues on bp and tell us their views about how influential bp can be in creating positive change. The results of the 2019 materiality process also informed the development of the new sustainability frame so that issues that matter to stakeholders were represented.

2020 brought significant changes through the COVID-19 pandemic and associated economic impacts, as well as global social and political upheaval; for bp there were also significant changes in our new strategy and sustainability frame. With this context, we updated our view of bp's material topics in 2020, revisiting steps two and five of our materiality assessment process. This focused on uncovering and identifying new and emerging ESG topics, which were validated through engagement with internal stakeholders, including many environmental and social subject matter experts and presented to the safety & sustainability committee. As a result, we identified 19 key issues that are important to bp in 2020 and we mapped them to the key areas of our sustainability frame. We have used these results to inform our sustainability reporting and we plan to continue developing our materiality process in future years.

#### Step 1

##### Setting parameters

We determined the materiality of bp's key issues using three parameters: importance, impact and influence. Each parameter included clearly defined criteria to enhance the rigour and robustness of the process and to eliminate subjectivity as much as possible.

- Importance: the importance of each issue to key internal and external stakeholders.
- Impact: the impact of each issue on bp's future business.
- Influence: bp's ability to influence and drive change regarding each issue.

We collaborated closely with our risk team at this stage of the assessment to define the impact criteria and thresholds, as well as throughout the entire process, to ensure alignment.

#### Step 2

##### Identifying issues

We carried out a horizon-scanning exercise to identify a list of issues for stakeholders to consider and rank. We reviewed and considered: relevant ESG frameworks and standards (including Global Reporting Initiative (GRI), SASB and TCFD); current relevant legislation; global, market and industry-specific trends; existing bp processes, policies and documentation, including bp's risk processes; topics discussed in the media and across our industry.

**In 2020 we refreshed our research phase to uncover** and identify new and emerging topics playing out in our world. In particular, we looked at sustainability frameworks, ratings and standards, as well as relevant regulations across the markets in which we operate. We also reviewed industry trends and media coverage from the past year.

#### Step 3

##### Determining the importance of key issues

Using our prioritization criteria, we conducted interviews and facilitated an online survey with key external stakeholders and bp employees to gather their perspectives on the importance of bp's key issues. Participants came from: investor companies, academia, NGOs, industry associations, government, bp partners and service providers. In addition, we used several internal consumer research documents to gauge the sustainability priorities of our customers and consumers.

#### Step 6

##### Ongoing engagement

The process of engaging doesn't stop with our materiality research. We continue to gather feedback from our stakeholders and will use this to inform our next materiality assessment.

#### Step 5

##### Analyzing and validating

We used qualitative analysis to extract the key themes before consolidating them to create a list of our top material issues. We tested and validated the final results with a working group from across bp, including experts in human rights, social performance and environment, risk and measurement.

**In 2020 our validation process included two workshops** with key bp subject matter experts to test our material issues shortlist. We used their understanding of the impact, scale and trends relating to the issues and key themes to validate and check the scope and definitions of the shortlist issues.

#### Step 4

##### Determining the impact and influence of key issues

We ran a survey to gather feedback from senior employees across bp on the impact and influence of each issue, using our prioritization criteria. To ensure a balanced and representative viewpoint, we engaged with individuals working across many different geographies and in various functions. Again, our risk team was closely involved.

## Materiality: Key material issues in 2020

We have structured our report around our sustainability frame and the material issues that correspond to our foundations and focus areas of net zero, people, planet, embedding sustainability and external collaborations.

### Foundations

**Employee attraction, retention and development** – Fostering a purpose-driven and inclusive culture to attract, retain and incentivize diverse and skilled talent to deliver on bp's transition to an Integrated Energy Company.

[See page 20](#)

**Business ethics and accountability** – Conducting our business in an ethical, transparent way, using our values and code of conduct to guide us and being accountable for our performance in managing issues, including risks related to climate change. [See page 18](#)

### Get to net zero

**Climate change and the energy transition** – Helping to enable the energy transition, in order to reduce global greenhouse gas emissions while meeting the growing demand for energy and contributing to a just transition. [See page 30](#)

**GHG emissions – our products** – Reducing greenhouse gas emissions from the use of our products by customers or consumers across product life cycles, including by reducing greenhouse gas emissions from our own operations and increases in mobility solutions. [See page 37](#)

**GHG emissions – own operations** – Reducing greenhouse gas emissions from our own operations through improvements in energy efficiency, reductions in flaring and venting, use of low carbon electricity for our facilities and operations, among other low carbon technologies. [See page 34](#)

**Methane gas emissions** – Minimizing methane leakages from natural gas production and transportation through deploying detection and quantification technologies. [See page 38](#)

**Renewable energy** – Promoting and increasing investment in renewable and alternative energy including solar, wind, biofuel, biopower and hydrogen, in order to increase the share of renewables in the energy mix and decrease emissions from growing energy demand.

[See page 40](#)

**Public policy and lobbying** – Actively advocating for policies that support the energy transition and ensuring bp's lobbying and advocacy is consistent with publicly-stated policy positions and commitments. [See page 46](#)

### Improve people's lives

**Access to clean energy** – Increasing access to clean energy through our portfolio of renewable and low carbon energy to support economic growth, reduce poverty and improve communities' health and wellbeing. [See page 51](#)

**Human rights** – Seeking to ensure human rights are upheld throughout our supply chain, including the issues of forced labour, human trafficking, modern slavery, fair working and living conditions, non-discrimination and channels to raise concerns. [See page 53](#)

**Diversity and inclusion** – Providing a diverse and inclusive workplace that values differences, increases minority representation, provides equal opportunities and treats all employees fairly.

[See page 60](#)

### Sustainable livelihoods and community engagement

**Sustainable livelihoods and community engagement** – Preventing, reducing and managing any negative effects of our activities on the livelihoods, land, environment, cultural heritage, health and wellbeing of people in communities near our activities, including indigenous peoples. Engaging in an open and constructive way to help avoid and reduce any impacts. [See page 58](#)

**Just transition** – Mitigating the potential adverse impacts of a low carbon transition on workers and communities while promoting sustainable and resilient opportunities that low carbon industries can bring to workers and communities including decent jobs and access to sustainable energy.

[See page 52](#)

**Health, safety and wellbeing** – Protecting the safety of our employees and contractors and preventing incidents through carefully planning our operations, identifying potential hazards and managing risks at every stage.

Promoting wellbeing, with a focus on mental and physical health, by working to tackle the stigma around mental health issues and offering our people access to a range of facilities and services. [See page 63](#)

### Care for our planet

**Ecological impacts, dependencies and opportunities** – Managing the impact of our activities on the natural environment whilst identifying opportunities to protect and enhance the local environment where we operate. This includes spill prevention, decommissioning, hydraulic fracturing, water use, waste and air pollution. [See page 67](#)

**Biodiversity and sensitive areas** – Restoring, maintaining and enhancing nature by taking measures to identify, and seeking to avoid, direct impacts on biodiversity and mitigating potential significant impacts, as well as planning to enhance biodiversity around existing major operating sites, and support biodiversity restoration and the sustainable use of natural resources. [See page 67](#)

**Natural climate solutions** – Protecting, restoring and creating natural carbon sinks, including peatlands and forests, to support reductions in carbon emissions, enhance biodiversity and improve sustainable livelihoods from local communities. [See page 71](#)

**Circularity** – Keeping materials in use for longer by using circular resources and embracing circular principles in design, operations and decommissioning. [See page 73](#)

**Sustainable supply chain** – Promoting sustainability in our supply chain and with our business partners. [See page 75](#)

## Our reporting: frameworks and data

We aim to report on all aspects of our business, including joint ventures where we are the operator. In some cases, we may also provide information about some of our joint venture activities where we are not the operator.

### Reporting standards and frameworks

We support the recommendations of the TCFD and our reporting can be found in our annual report and online at [bp.com/TCFD](http://bp.com/TCFD).

We report in accordance with the core option of the Global Reporting Initiative (GRI) standards, including the GRI tax standard.

In 2020 we considered the SASB oil and gas exploration and production standard to inform our disclosures. We recognize the growing importance of non-financial information for benchmarking the performance of companies and making investment decisions.

In January 2021 we supported the principles of the WEF/IBC Measuring Stakeholder Capitalism initiative. We are considering how best to identify and reflect the core metrics we consider to be most material, relevant and meaningful in our reporting.

We are a signatory to the UN Global Compact and continue to support the 10 principles on human rights, labour, environment and anti-corruption. Our support for the principles has been reinforced this year with the adoption of our new purpose and sustainability frame. The UN Global Compact continues to guide our approach and helps us to focus our efforts on shared principles. We published our communication on progress in November 2020.

 [Read more about our UNGC communication on progress 2020 at \*\*bp.com/UNGC\*\*](#)

We refer to sustainability reporting guidance from IPIECA for environmental and social issues.

 [Read more about our mapping to selected sustainability frameworks and standards at \*\*bp.com/ourreporting\*\*](#)

### Environmental, social and governance data

#### ESG datasheet and charting tool

Providing stakeholders with useful ESG data is an important element of our approach. We provide performance data online through our ESG datasheet, aiming to deliver information that is representative of bp's sustainability performance. We want this information to provide useful context in understanding bp's progress on its sustainability journey. The ESG datasheet is complemented by our HSE charting tool, representing this information in an accessible way.

 [See \*\*bp.com/esgdata\*\* for access to the ESG datasheet and HSE charting tool](#)

The data we report is subject to an internal verification process which includes data reviews by the reporting businesses and subject matter experts, second line functional and group reviews and, in 2020, a sample of metrics was reviewed by internal audit.

In addition, we ask Deloitte to assure several key sustainability metrics, to the internationally recognized ISAE 3000 Standard. You can read more about the scope of Deloitte's work, including the sustainability metrics in scope of the assurance, on page 93.

 [Read more about the scope of Deloitte's work, including the sustainability metrics in scope of the assurance, on \*\*page 93\*\*](#)

 [Read more about the sustainability metrics we assure in our basis of reporting at \*\*bp.com/basisofreporting\*\*](#)

### Our reporting centre

Brings together all our key reports, including our annual report as well as others mentioned in this document.

 [\*\*bp.com/reportingcentre\*\*](#)

# 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), on selected sustainability information ("subject matter"), for the financial year ended 31 December 2020. The subject matter is reported in the 2020 Sustainability Report ("SR"), the 2020 Annual Report and Accounts ("ARA") of bp p.l.c. ("bp"), and in the 'ESG data' document, published on the bp website (bp.com) (together, the "Reports").

## Selected subject matter for assurance<sup>2</sup>

Safety indicators:<sup>3</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 (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) (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 environmental indicators have been assessed against the bp practice governing submission of environmental performance data and the bp procedure governing calculations and methodologies for environmental performance data at bp. The above safety indicators have been assessed against the bp practice governing reporting of incidents and the bp record Health Safety and Environment (HSE) definitions dictionary. Together these are the "Reporting Requirements and Definitions"<sup>4</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;
- Performed procedures over the completeness of the data and the accuracy of collection, consolidation and reporting of the subject matter data 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 2020, has not been prepared, in all material respects, in accordance with the bp practice governing submission of environmental performance data and the Reporting Requirements and Definitions.

## The basis of our work and level of assurance

We conducted our limited assurance work in accordance with ISAE 3000. To achieve this, ISAE 3000 requires that we review the processes, systems and competencies used to compile the areas on which we provide assurance. This is designed to give a similar level of assurance to that obtained in the review of interim financial information. It does not include detailed testing of source data or the operating effectiveness of processes and internal controls.

## 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**

26 March 2021

1 ISAE 3000 (Revised) International Standard for Assurance Engagements other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board.

2 All of the selected metrics are published with an associated 'Basis of Reporting' document, published on the bp website (bp.com). As disclosed by bp in the emissions performance reporting in the 2020 bp Reporting, the emissions equivalent to bp's share of Rosneft are not included and as disclosed in the Basis of Reporting document other indicators disclosed on an equity share basis do not include Rosneft emissions or sales of energy products.

3 For personnel safety metrics, the metric assured is for the bp workforce (employees plus contractors).

4 Together: 'bp Practice: Submission of Environmental and Social Performance Data Group Defined Practice (GDP 8.1-0001)', 'bp Procedure: Calculations and Methodologies for Environmental Performance Data Procedure (GPRO 8.1-0001)', 'bp Practice: Reporting of Incidents (4.4-0001)', and 'bp Record: Group HSE Definitions (HSE Definitions Dictionary) (RCD 4.4-0001)'.

## 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 2020 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 new 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 including bp's 2025 targets and 2030 aims in respect of emissions reductions across operations, the carbon content of its oil and gas production; a 50% cut in the carbon intensity of products bp sells, 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 new Sustainability Frame that underpins the new strategy including ten new aims (our people and planet aims) regarding more clean energy and having 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 hydrocarbon

production 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 Teeside (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, including bp's pursuit of further offshore wind opportunities in the US, and expectations regarding bp's partnership with Ørsted and plans to develop an industrial-scale project to produce hydrogen from water, powered by wind; 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 resilience of bp's strategy and portfolio across multiple climate scenarios and the uncertainties in the energy transition; intention to reach our 2030 emissions reduction aims regarding net zero emissions across our operations, the carbon content of our oil and gas production and reducing the carbon intensity of products bp sells without relying on offsets although they may help us to go beyond those aims if we can;

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 2020 and any other matters referred to at [bp.com/sustainability](http://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 2019 may be downloaded from [bp.com/annualreport](http://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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