

## BP America

### Strategy

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#### 1. Introduction

The purpose of this document is to describe the BP America strategy, its rationale, and the pathway to implementation.

The new BP America strategy differentiates itself from previous versions by:

- Repositioning BPA to be a proactive advocate: from *defending and protecting* BP's reputation and U.S. businesses to *promoting and advocating* on behalf of BP in America, including its businesses, its reputation, and its preferred policy agenda.
- Expanding BPA's role and responsibility in creating a modern and respectful workplace in the U.S..
- Focusing on leveraging best practices and supporting integration of U.S. business to improve competitiveness through the identification of synergies and sharing best practices.
- Articulating BPA's role to advance BP's Group strategy and commitment to safety.
- Emphasizing the importance of continuing to enhance the U.S. ethics and compliance and business integrity programs.

#### 2. Context & Assumptions

BP, plc is operated as a conglomerate of separate, energy-related businesses divided by segment and region. The way employees are organized to support the business varies by segment and function.

Global change and technology are accelerating. Energy demand is likely to increase 20 - 30% by 2040 at the same time that the need to address climate change may require as much as a 40-50% reduction in greenhouse gas emissions. Long-term, carbon emissions will likely come under increasing scrutiny, with the expectation that most (70%) energy growth will shift to the electric power sector, with almost half (40%) of the increase from renewables. Although the speed and nature of change in the energy sector is uncertain, the trends will likely favor well-informed, agile corporations that can transition quickly to evolving technology, public policy and consumer demands.

In the U.S., the political climate has become increasingly polarized and unstable. While there has been substantial deregulation at the federal level, anti-fossil fuel

activists are influencing laws, regulations and ballot measures at the local level that threaten our industry. Current international trade tensions also present a risk to predicted growth estimates, investments and operating costs.

The success of BP's U.S. businesses depends on attracting top talent and creating an environment where both employees and businesses can achieve their full potential. There are several indicators in the U.S. that suggest that we have fallen behind in creating attractive work environments and a modern employee experience.

A successful BPA strategy creates value by integrating BP's interests and driving a coherent, consolidated agenda while deferring to an innovative and agile work environment for independent businesses.

### **3. Vision**

In the U.S., BP is viewed as a transformative leader in the energy industry and the employer of choice for top talent.

### **4. Mission**

BP America works in service of our U.S. businesses and our people to deliver the BP group strategy.

- Group Strategy
  - Set the tone for safety leadership
  - Advance the energy transition and the low-carbon agenda
  - Preserve the corporate governance process including oversight of internal and external risks and obligations
- U.S. Businesses
  - Drive coherence across the U.S. by leveraging synergies and best practices to improve competitiveness
  - Advocate for sensible policy and regulations by engaging with key stakeholders and influencers
  - Advance BP's reputation, promoting our contributions to the industry and our commitment to the U.S. economy and the communities where we do business
- Our People
  - Cultivate a diverse and respectful workplace
  - Create a modern work environment that enables innovation, facilitates collaboration, and attracts and retains top talent

- Continue to enhance the ethics and compliance and business integrity programs

## 5. SWOT

<p><b><u>Strengths:</u></b></p> <ul style="list-style-type: none"> <li>• Clear Corporate strategy and direction at the group level</li> <li>• Stakeholder relationships in the U.S.</li> <li>• External communications / press relationships</li> <li>• Incident response capability</li> </ul>	<p><b><u>Weaknesses:</u></b></p> <ul style="list-style-type: none"> <li>• U.S. business strategy and agenda understanding</li> <li>• Long-term strategic planning within BPA</li> <li>• Leadership development and succession planning</li> <li>• U.S. business' understanding and awareness of BPA capability and structure</li> </ul>
<p><b><u>Opportunities:</u></b></p> <ul style="list-style-type: none"> <li>• Integrate business needs to drive synergy and efficiency</li> <li>• Improve business acumen and performance management, including use of talent</li> <li>• Modernize and standardize technology or services to add value</li> <li>• Provide oversight across community investment activity to maximize impact</li> <li>• Create a modern and respectful workplace that attracts and retains top talent</li> <li>• Strengthen internal communications and employee experience with BP America staff</li> </ul>	<p><b><u>Threats:</u></b></p> <ul style="list-style-type: none"> <li>• Fast-changing legislative and regulatory environment</li> <li>• Major incident</li> <li>• Business climate deteriorates, or energy market shifts faster than expected</li> <li>• Legal climate and legacy liabilities</li> <li>• Cyber security, natural disasters, pandemic, workplace violence, terrorism, etc.</li> <li>• Talent and skill availability</li> <li>• Drastic political shifts</li> <li>• Activist investors</li> </ul>

Business entity reviews will be used to enhance our understanding of business strategies and agendas. The BPA strategy is designed to capture the opportunities listed. Each of the threats will be monitored, and status changes will be a trigger for reassessing the BPA strategy.

## 6. Objectives

This strategy is supported by the following objectives:

**Group Strategy**

Set the Tone for Safety Leadership: BPA influences commitment and improvement to safety leadership in each of the businesses through:

- Providing data, sharing best practices, and supporting improvement efforts in conjunction with S&OR
- Communicating performance and setting expectations through internal communications and town halls
- Reinforcing expectations and creating safe environments in shared spaces

Advance the Energy Transition and the Low Carbon Agenda: BPA supports the implementation of the Group Strategy through:

- Proactively influencing U.S. policy and legislation in alignment with the Group Strategy and U.S. business objectives
- Supporting the advancement of venturing and low carbon energy projects and new technologies.
- Communicating BP's commitments and objectives internally and externally, positioning BP as a leader in the transformation.
- Leading National Petroleum Council's carbon capture utilization and storage technology study.

Provide oversight and governance: BPA provides oversight to BP businesses in the U.S. and assures integrity of the corporate governance process. This objective is delivered through:

- Holding regular and productive meetings of BP America Board of Directors and subsidiary boards
- Providing oversight and assurance of completion of residual Deepwater Horizon agreements, legal processes and other related activities
- Providing oversight for major risks and material obligations through reviews at BP America Board meetings

**U.S. Businesses**

Drive coherence across the U.S. to leverage synergies and enhance competitiveness:

- Identifying opportunities to integrate BP America activities to simplify processes, maximize value, and increase competitiveness for BP.
- Strengthening relationships with multi business/ multi segment suppliers and drive competitiveness through collaborative relationships. Drive the supplier diversity agenda.
- Providing crisis and business continuity leadership for Group level audit findings and where events span multiple businesses or segments, impact BP reputation at a national level, or threaten BP license to operate in the U.S.



- Clarifying and consolidating local agendas and activities to link together business strategy, local investments, community outreach, and communications.

Advance BP's reputation: BPA promotes BP's contributions to the industry, the economy, and communities in the U.S. through:

- Advocating to government agencies, the public, employees, and to communities through social investments.
- Managing external opportunities and threats that affect BP's businesses in the U.S.
- Seeking targeted opportunities to speak at public forums and with special interest groups to convey BP's leadership position and transformative investments.

Engagement with key internal and external stakeholders on critical business and policy issues:

- Promoting BP and U.S. business contributions and advocating on their behalf to the communities where we operate, as well as to key government stakeholders.
- Leveraging major trade groups, NGO's, boards, and external events in service of top Group and business priorities.

## **Our People**

Cultivate a diverse and respectful workplace: BP America provides oversight for U.S. employee programs and leadership to create a modern and respectful workplace through:

- Providing oversight of and promoting BP's Values and Behaviors and Code of Conduct in the U.S.
- Leading a U.S.-wide Diversity and Inclusion program that complements businesses' diversity activities, progresses ambitions, and underpins a culture of inclusion in the workforce.
- Ensuring that employee benefits are competitive and reflect BP's values
- Embedding an effective speak-up culture and the integrity of the Employee Concerns program to encourage reporting and handling of concerns at the earliest opportunity.

Create a modern work environment: BP America enables innovation, facilitates collaboration, and attracts and retains top talent through:

- Developing a Houston office long-term plan and securing funding for ongoing modernization efforts.

- Delivering the BP America People Plan.
- Enhancing the employee experience with a focus on building a sense of community and wellbeing.
- Leveraging BP Foundation to support employees' contributions and response to natural disasters.

Enhance E&C and Business Integrity:

- Establishing a BPA Ethics and Compliance Committee and utilizing it to sustain and improve on the progress made under the Ethics Monitor.
- Tracking performance data and engaging in material breaches to assure proper controls are in place, drive consistency across the U.S., and to identify emerging risks.

**7. Annual Planning and Continuous Improvement**

Progress on the objectives and key metrics will be reviewed by the BPA Leadership Team each quarter. Annually, the team will revisit the objectives, organizational resources, key metrics, and financial plans to make adjustments based on past progress, changing environments, and improvement opportunities. This review will produce an annual operating plan for the following year. The draft 2019 Annual Operating Plan is located in the appendix for reference.

**8. Conclusion**

To develop the BPA strategy, the team built on previous documents, consulted with BPA leadership, coordinated with U.S. business leaders and sought counsel from group strategy experts. We will revisit it annually to ensure we have the right balance of work, using the processes that were incorporated to build it in 2018.

We have built this document recognizing that BPA has the opportunity to proactively engage and advocate, driving value and supporting our businesses, our people, and the communities where we live and work. This strategy reflects the expanded remit of BPA, as we work to build a more inclusive, modern, agile culture internally, advance our reputation and advocate for sensible policy externally and drive practical integration across our U.S. businesses.

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## Attachments

### 2019 Annual Operating Plan – Draft

A1. Group-Level Risks*					
Risk Level	Risk Description	Net Risk / Worst Credible Impact	Owner	Status	Comments
Group Level Risk: Strategic & Commercial	Damage to BP's reputation	D4 / C3	M. Streett	<input type="radio"/>	No changes to risk profile, all controls still in place and operating effectively
Group Level Risk: Strategic & Commercial	Harmful new US regulatory and tax policies	C6 / B5	M. Streett	<input type="radio"/>	<b>Redacted - First Amendment</b>
Group Level Risk: Strategic & Commercial	Failure to comply with the EPA agreement	D2 / B3	C. Yeilding	<input type="radio"/>	No changes to risk profile, all controls still in place and operating effectively
Group Level Risk: Strategic & Commercial	BP America Geopolitical	C2 / B4	M. Streett	<input type="radio"/>	
A2. Additional Significant Business Risks (not submitted to Group)					
Risk Level	Risk Description	Severity	ELT Owner	Status	Comments
Significant Business Risk	Failure to improve diversity and inclusion	E4	R. Dempsey	<input type="radio"/>	Risk profile shifting with increased litigation risks, controls in place and operating
Significant Business Risk	Failure to sustain Ethics & Compliance and Business Integrity improvements beyond the term of the Monitor.	E5	D. Dio	<input type="radio"/>	Ethics & Compliance Committee established and prioritize BP Values through comms.
B. Objectives					
Focus	Priorities	Objectives	Owner	Status	Deliverables
	Set the tone for safety leadership	Providing data, sharing best practices, and supporting improvement efforts in conjunction with S&OR	G. Cuadra	<input type="radio"/>	
		Communicating performance and setting expectations through internal communications and town halls	S. Dio	<input type="radio"/>	
		Reinforcing expectations and creating safe environments in shared spaces	S. Dio	<input type="radio"/>	
Group Strategy	Advance the Energy Transition and the Low Carbon Agenda	<b>Redacted - First Amendment</b>	M. Streett	<input type="radio"/>	
		Supporting the advancement of venturing and low carbon energy projects and new technologies	C. Yeilding	<input type="radio"/>	
		Communicating BP's commitments and objectives internally and externally, positioning BP as a leader in the transformation	M. Streett	<input type="radio"/>	
	Provide oversight and governance	Leading National Petroleum Council's carbon capture utilization and storage technology study	C. Yeilding	<input type="radio"/>	
		Holding regular and productive meetings of BP America Board of Directors and subsidiary boards	S. Dio	<input type="radio"/>	
		Providing oversight and assurance of completion of residual Deepwater Horizon agreements, legal processes and other related activities	C. Coburn	<input type="radio"/>	
U.S. Businesses	Drive excellence across the U.S. to leverage synergies and enhance competitiveness	Providing oversight for major risks and material obligations through reviews at BP America Board meetings	S. Dio	<input type="radio"/>	
		Identifying opportunities to integrate BP America activities to simplify processes, maximize value, and increase competitiveness for BP	S. Dio	<input type="radio"/>	
		Strengthening relationships with multi business/ multi segment suppliers and drive competitiveness through collaborative relationships. Drive the supplier diversity agenda	S. Dio	<input type="radio"/>	
	Advance BP's reputation	Providing crisis and business continuity leadership for Group level audit findings and where events span multiple businesses or segments, impact BP reputation at a national level, or threaten BP license to operate in the U.S.	G. Cuadra	<input type="radio"/>	
		Clarifying and consolidating local agendas and activities to link together business strategy, local investments, community outreach, and communications.	M. Streett	<input type="radio"/>	Moved from Reputation
		<b>Redacted - First Amendment</b>	M. Streett	<input type="radio"/>	
	Engagement with Stakeholders	Managing external opportunities and threats that affect BP's businesses in the U.S.	M. Streett	<input type="radio"/>	
		Seeking targeted opportunities to speak at public forums and with special interest groups to convey BP's leadership position and transformative investments.	S. Dio	<input type="radio"/>	
		<b>Redacted - First Amendment</b>	M. Streett	<input type="radio"/>	
	Diverse and Respectful Workplace	<b>Redacted - First Amendment</b>	C. Yeilding	<input type="radio"/>	
		Providing oversight of and promoting BP's Values & Behaviors and Code of Conduct in the U.S.	S. Dio	<input type="radio"/>	
		Leading a U.S.-wide Diversity & Inclusion program that complements businesses' diversity activities, progresses ambitions, and underpins a culture of inclusion in the workforce.	R. Dempsey	<input type="radio"/>	
Our People	Employer of Choice	Ensuring that employee benefits are competitive and reflect BP's values.	S. Dio	<input type="radio"/>	
		Embedding an effective speak-up culture and the integrity of the Employee Concerns program to encourage reporting and handling of concerns at the earliest opportunity.	C. Yeilding	<input type="radio"/>	
		Developing a Houston office long-term plan and securing funding for ongoing modernization efforts.	G. Cuadra	<input type="radio"/>	
	E&C / RH	Delivering the BP America People Plan.	R. Saenz	<input type="radio"/>	Moved from respectful workplace
		Enhancing the employee experience with a focus on building a sense of community and wellbeing.	G. Cuadra	<input type="radio"/>	
		Leveraging BP Foundation to support employees' contributions and response to natural disasters.	R. Dempsey	<input type="radio"/>	
		Establishing a BPA Ethics & Compliance Committee and utilizing it to sustain and improve on the progress made under the Ethics Monitor.	C. Yeilding	<input type="radio"/>	
		Tracking performance data and engaging in material breaches to assure proper controls are in place, consistency across the U.S., and to identify emerging risks.	S. Dio	<input type="radio"/>	

C. KPIs							
		Unit	2018 Actual	2019 Plan	2018 LE	Status	Comments
Group Strategy							
HSSE	T1+T2 Incidents per 200K hrs for all US Businesses, per Orange Book Data	Rate		0.1		○	
GHG Emissions	Reduction in emissions (2017 was 50.5 MteCO2 equivalent)	%		1		○	
Cyber Security	Team score published	%	76	80		○	
Gross Cash Costs	CCUS budget approved, self-help options to mitigate other pressures	\$		88.6		○	
Headcount - BP	FTE	FTE		110		○	
US Businesses							
US External Comms						○	Mary to provide communications metric
Legislation and Regulatory	Delivery of entity plans as agreed with regional and segment leadership	%		90		○	As measured by quarterly reviews.
Synergies & Competitiveness	Projects; Identify opportunities to leverage synergies between regions / segments or between functions to deliver increased business value and competitiveness	#		5		○	
Our People							
Diversity & Inclusion	Supplier Diversity Mix	%		4		○	
	Delivery of Annual Plan	%		95		○	
V&B / E&C		%		200		○	Cindy to provide a metric
	U.S. Wide People Assurance Participation	%		80		○	
Modern Work	Deliver FM3 Scope	date		6/30/2019		○	
	Increase in GoM Leesman Survey Results	%		15		○	

	On-track
	Needs SPA internal intervention
	Needs BP support intervention
	Likely not deliverable