

Annual Meeting of the US Business Leaders

December 13, 2017

BPA_HCOR_00316240

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Contents

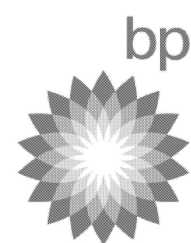


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Agenda



Venue: Helios Plaza, 2.240 – Magnus Conference Room		
2:00 – 2:20	Intro/Context	JCM: 2017 Reflections and 2018 Outlook
2:20 – 3:40	Country Context	Mark Finley: Economic Outlook (30 min) Mary Streett: Political Outlook (30 min) All: Key Insights and Observations (20 min)
3:40 – 3:50	<i>Break</i>	
3:50 – 5:00	BP America Priorities	2017 Plan Delivery (30 min) 2018 BP America Priorities (40 min)

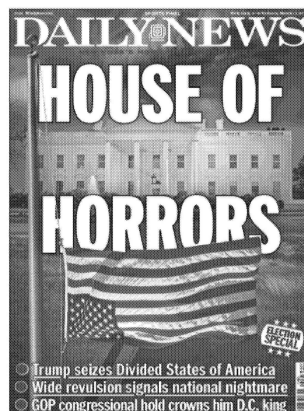


2017 Reflections and 2018 Outlook

BP America - John Minge

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Surprise electoral victory further divides the nation...



...and elicits reaction from around the world



Angela Merkel: Europe must take 'our fate' into own hands
Alluding to difficulties with Donald Trump and Brexit, German leader says EU can't 'completely depend on others.'

theguardian Sunday 13 November 2016

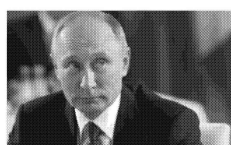
Trump warned by Nato chief that 'going it alone is not an option'



Ivan Nechepurenko @INechepurenko

Russian MP Zhirinovskiy celebrating Trump's victory with champagne today in the State Duma (via @ru_rbc)

6:01 AM - Nov 9, 2016



Russian President Vladimir Putin welcomes Trump's victory.



The front page of the Global Times, a Communist Party-run newspaper, led with the headline "President Trump Shocks America" on Wednesday.

**Chinese State Media
Calls Trump 'As Ignorant As A Child'
In Diplomacy**

12/12/2016

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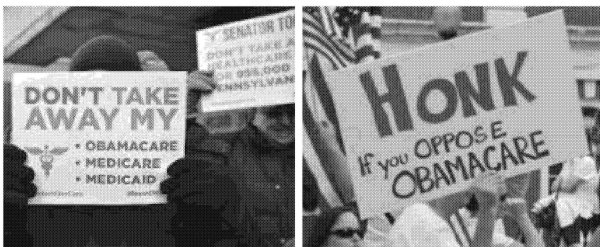
Following Trump's election, the nation wrestles with many critical but divisive issues in 2017...

BP Confidential

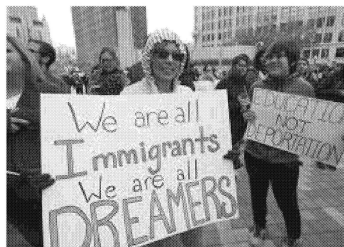
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Health Care



Immigration

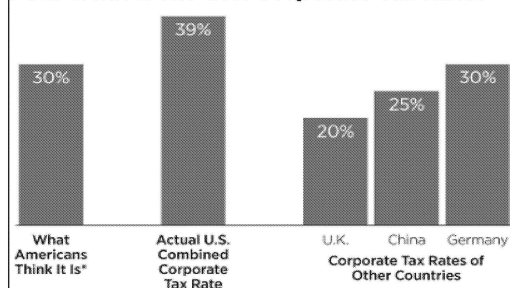


National Security



Tax Reform

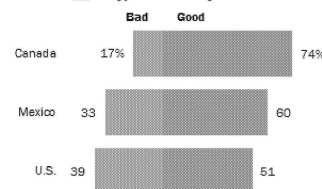
Poll: What Is the U.S. Corporate Tax Rate?



Trade

U.S. most negative on NAFTA

The North American Free Trade Agreement, or NAFTA, has been a ___ thing for our country



Source: Spring 2017 Global Attitudes Survey, Q16.
PEW RESEARCH CENTER

Energy/Environment



Donald J. Trump
@realDonaldTrump

From my first day in office, we've taken swift action to lift the crushing restrictions on American energy. Remarks: 45.wh.gov/3qNz79
4:32 PM - Jun 28, 2017

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The nation will continue to face pressing issues in 2018...

Midterm Elections

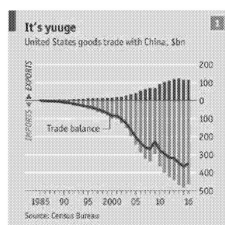
FiveThirtyEight

NOV. 8, 2017

The 2017 Elections Suggest Incumbency Won't Save Republicans In 2018

The Fundamentals Favor Democrats In 2018

Trade Agreements

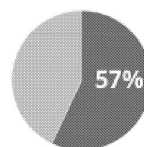


Tax Reform

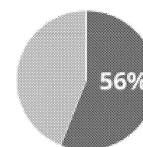
CEOs: If Tax Reform is Delayed

CEOs say delaying tax reform means their company would delay capital spending and hiring plans.

 Business Roundtable
How Tax Cuts Affect Spending

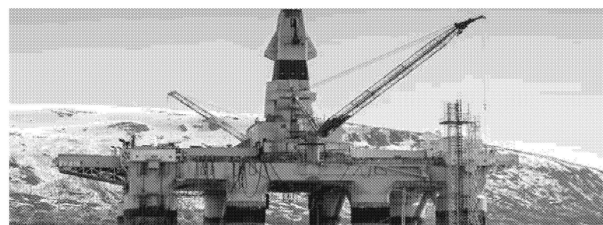


WOULD DELAY U.S.
CAPITAL SPENDING PLANS



WOULD DELAY U.S.
HIRING PLANS

Energy/Environment





...that are likely to continue to divide the country...

Health Care

U.S. SPECIALTY DRUG SPENDING WILL QUADRUPE BY 2020.

Projected specialty drug spending from 2012 to 2020.
Spending amounts in US\$ billions



Immigration



Donald J. Trump

@realDonaldTrump

Following

Congress now has 6 months to legalize DACA (something the Obama Administration was unable to do). If they can't, I will revisit this issue!

8:38 PM - 5 Sep 2017

Cybersecurity



Deregulation



Trump plans a pivot to deregulation, pushing roll back of Obama-era red-tape

National Security

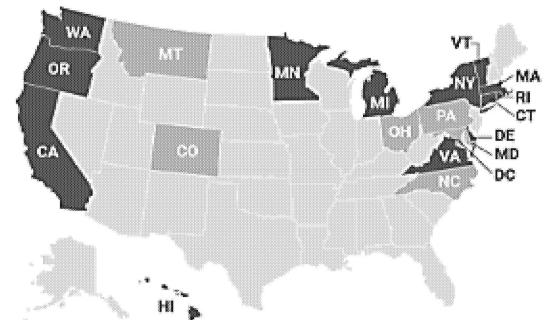


...including energy issues that will shape our industry

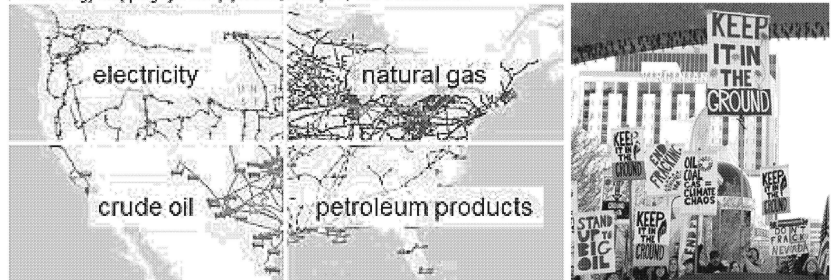
- State/local
 - Response to climate agenda
 - Fracking bans and local control
- Access and Development
 - Opening up new land and offshore for development
 - Infrastructure possibly on 2018 legislative agenda
- Energy Transition
 - Technology/venture push
 - Consumer pull

STATES VOWING TO UPHOLD THE PARIS AGREEMENT

■ Members of the United States Climate Alliance
■ Potential members



U.S. energy mapping system: pipelines, transport, and transmission



...requiring us to strike a balance

Stay true to our principles

- Communicate and act consistent with BP's global climate policy positions

Play the long game

- Stress that BP takes a long-term view, supporting concerted global action to address climate change

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Promote 'all of the above' energy mix

- Highlight the invaluable role of the industry and BP in providing fossil fuels essential for now and many years to come and in investing in renewables

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2018 Priorities

Protect & Deliver Value

- Major tax, legislation, or trade agreement
- Regulatory Reform
- Methane
- Role of Gas
- State and Local laws/rules
- 'Keep-it-in-the-Ground' movement
- GOM Access
- Deliver Entity Plans

Reputation & Outreach

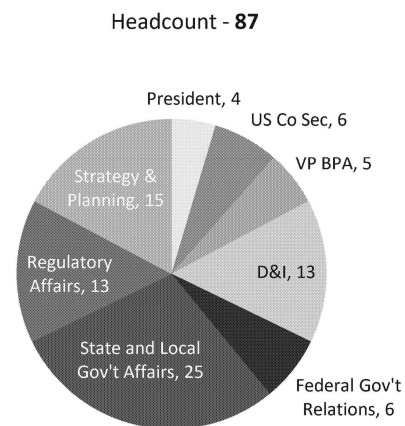
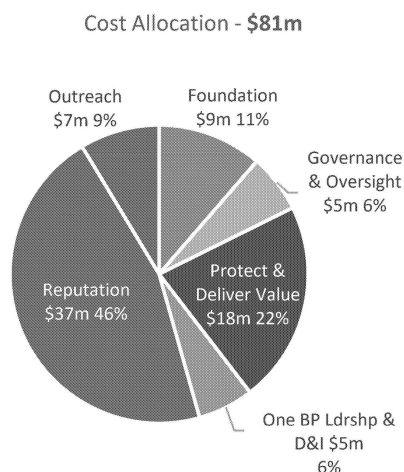
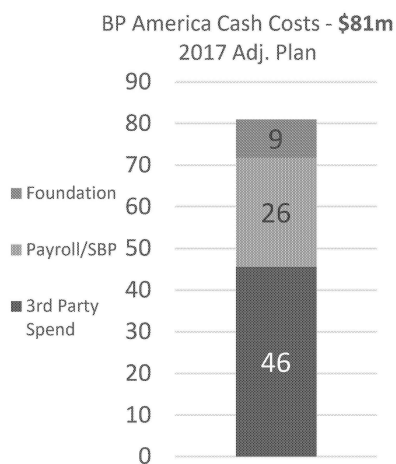
- Relationships
- Maintain BP reputation as 'safe & reliable operator'
- Support to Group strategy roll-out
- Leverage trades and external events

People

- D&I Agenda:
 - US Minority Ambition
 - Supplier Diversity
- BP America People Plan:
 - Capability Development
 - Business Acumen
 - Leadership Development
 - Talent Review

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Resource Allocation



Note: 2018 Plan costs for BP America are \$82m, including \$76.6m base costs and \$5.5m transfer from GOM for EPA Compliance activity

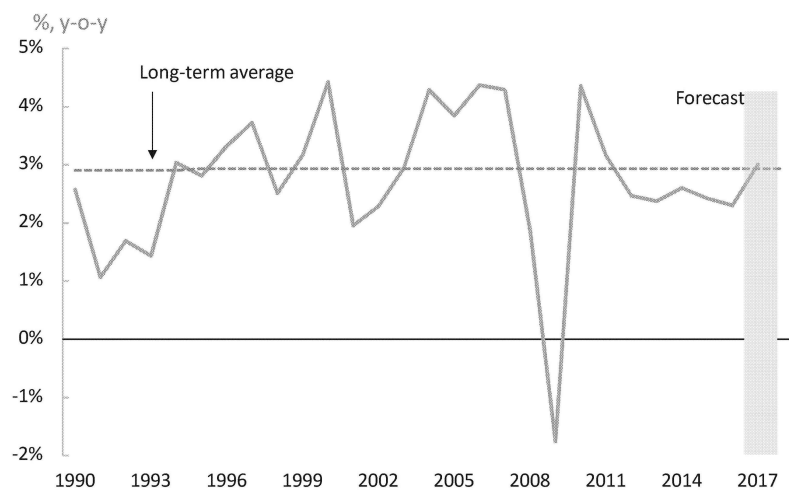


Economics and Energy Market Update

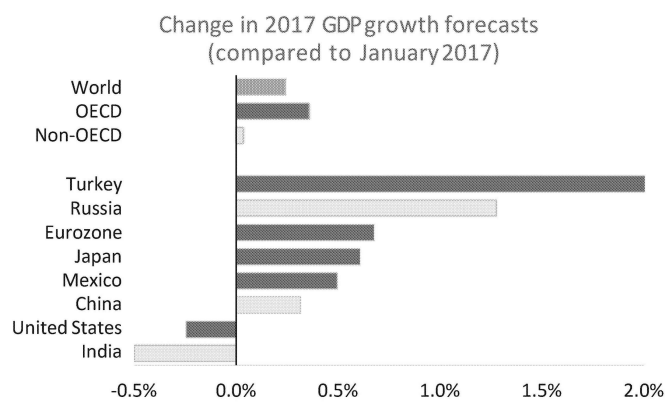
Group Economics – Mark Finley

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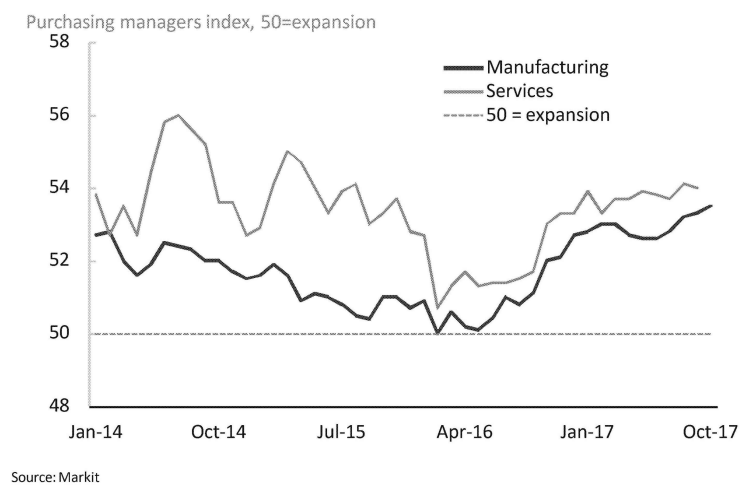
Global GDP growth accelerates modestly



GDP (outside the US) continuing to surprise

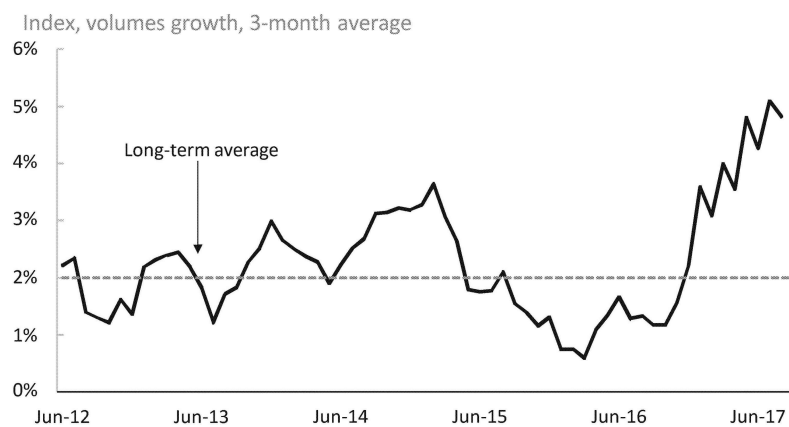


Sentiment indicators are positive





Trade growing strongly



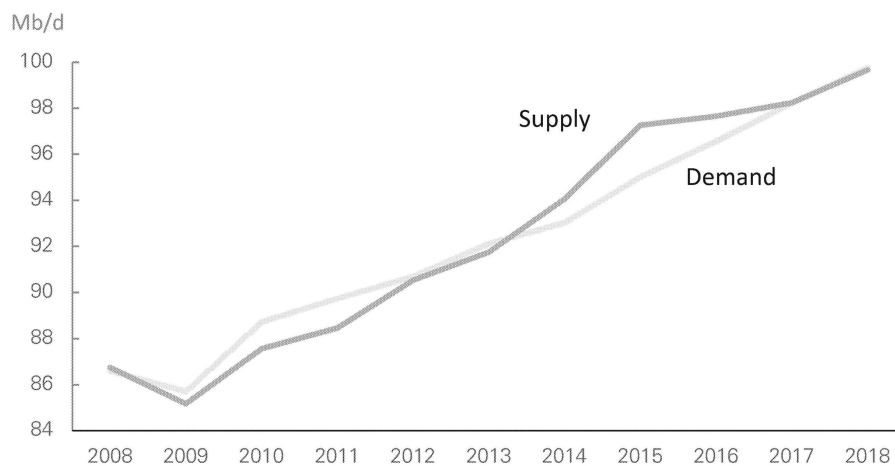
Source: CPB Trade monitor



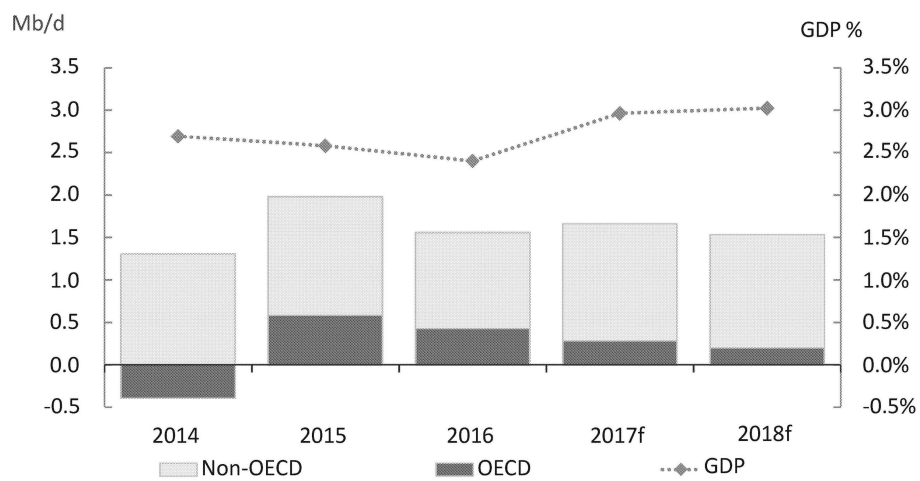
Brent: higher spot prices and backwardation



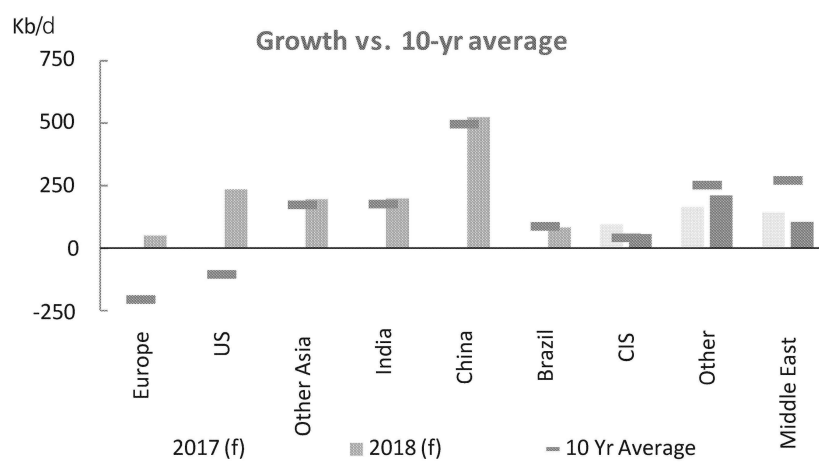
Oil market tightens after years of over supply



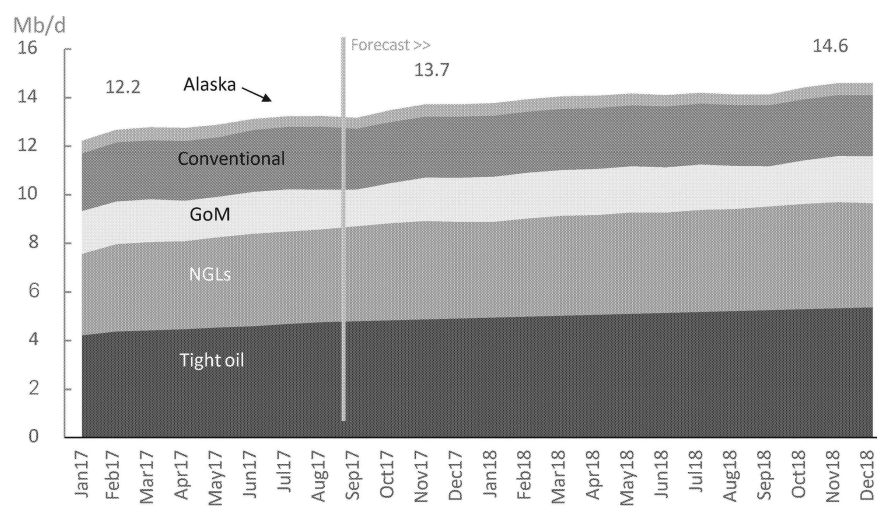
Oil demand growth remains robust



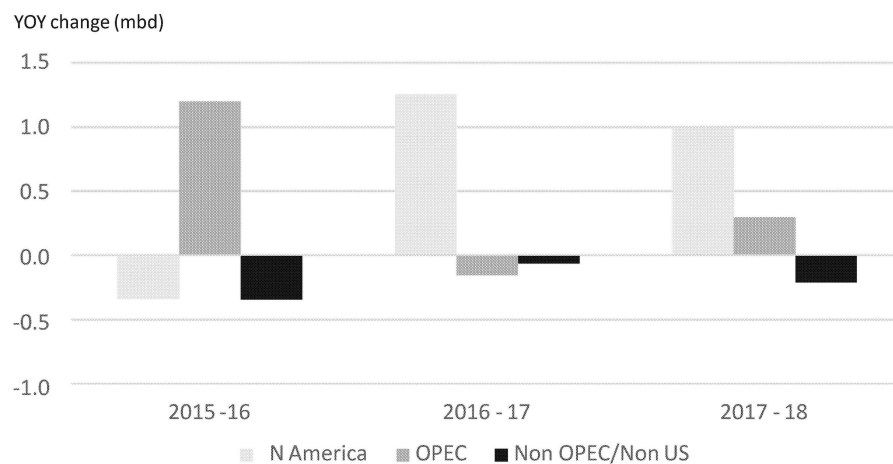
US & Europe drive above-average growth



US production increasing due to tight oil and NGLs

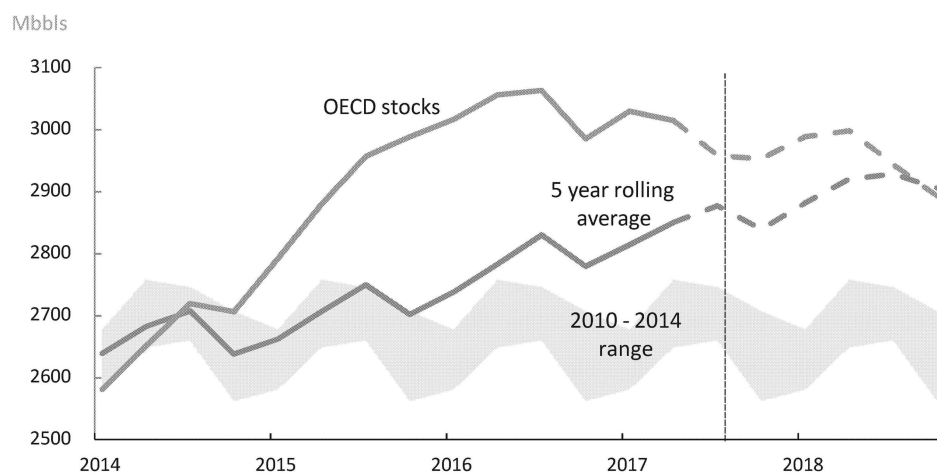


North America lead global supply growth in 2017-18

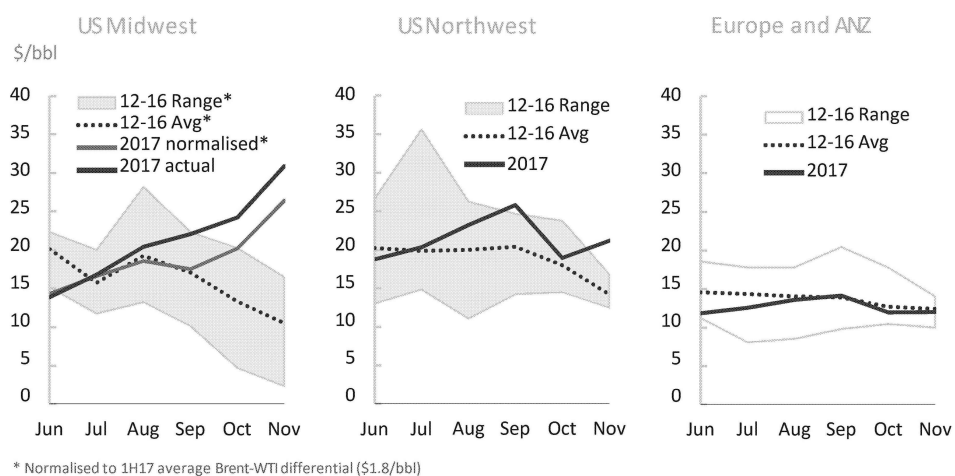




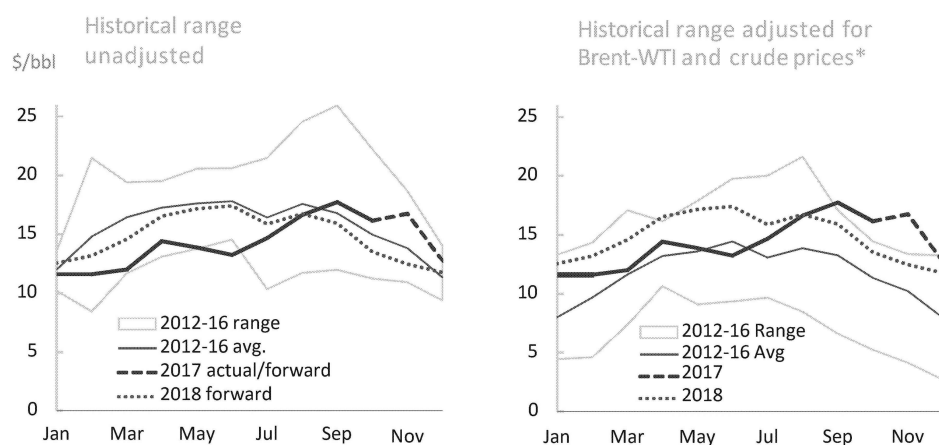
OECD stocks to fall if OPEC discipline holds



Regional RMMs – strong in US

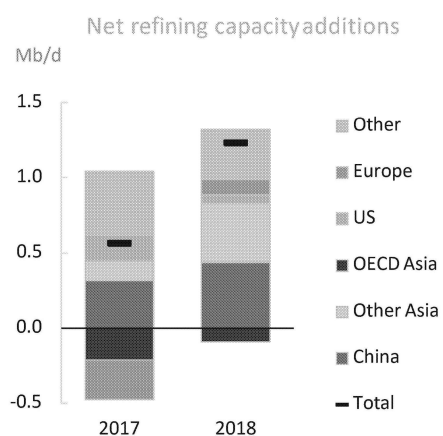


Forward refining margins (BP RMM)

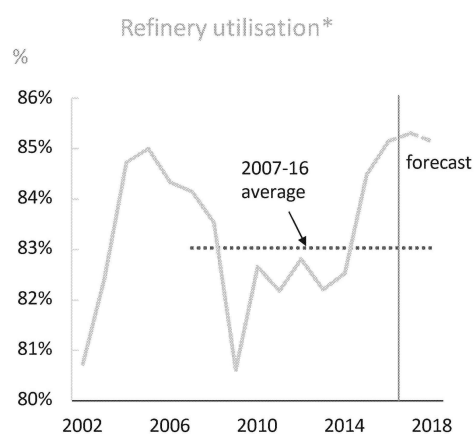


*Adjusted to \$55/bbl Brent and 1H17 Brent-WTI (\$1.8/bbl) using historical relationship

Refinery capacity and utilisation

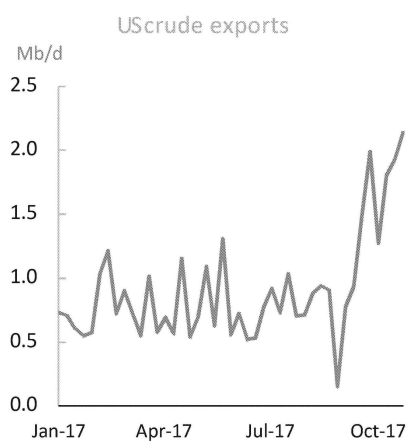
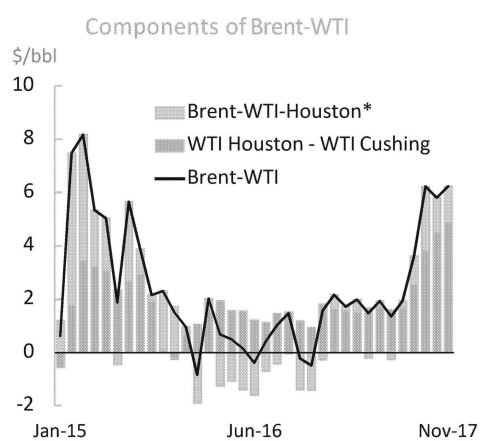


Source: includes data from EIA and ICIS



*With capacity adjusted for estimated downtime

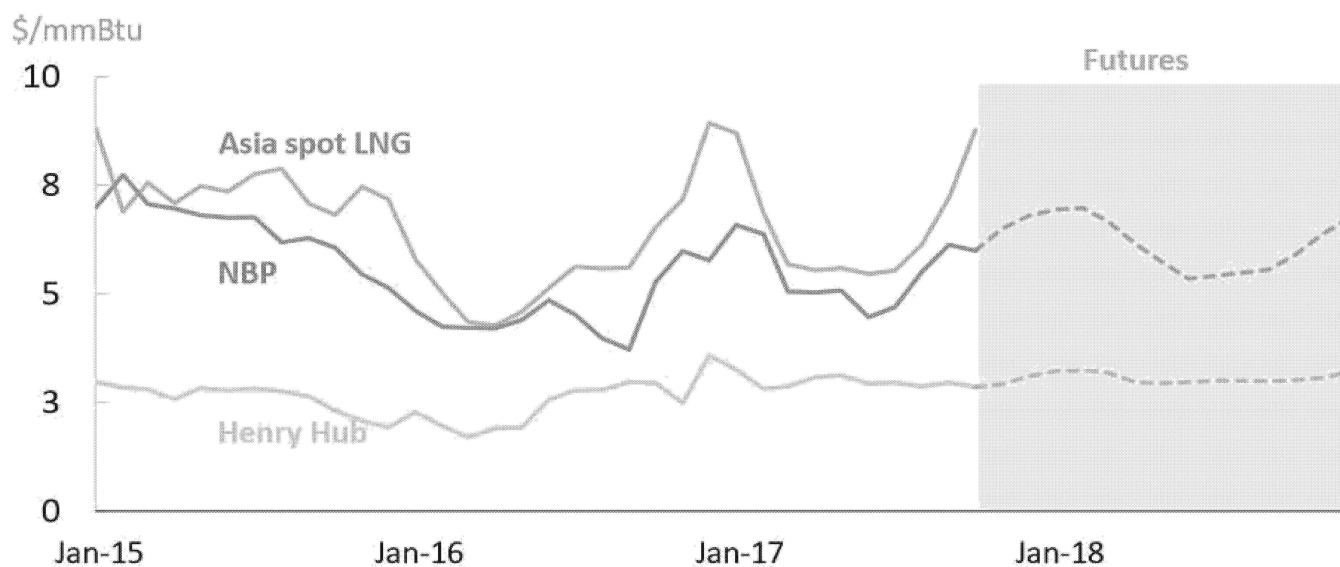
US crude fundamentals



Source: EIA

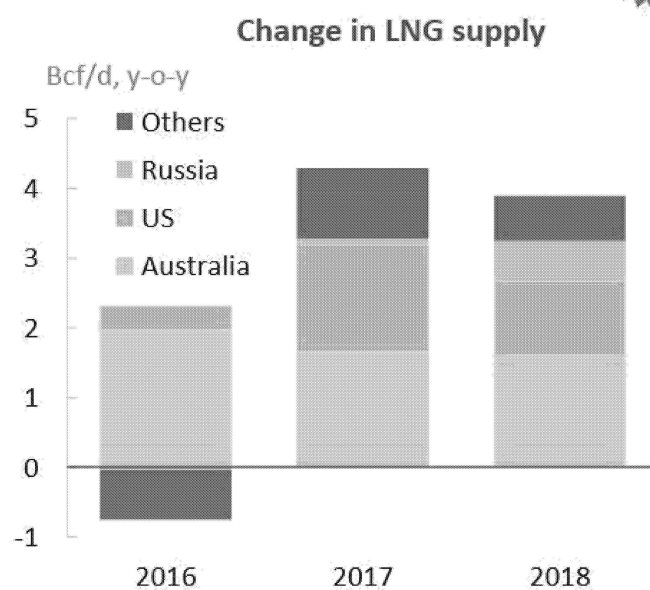
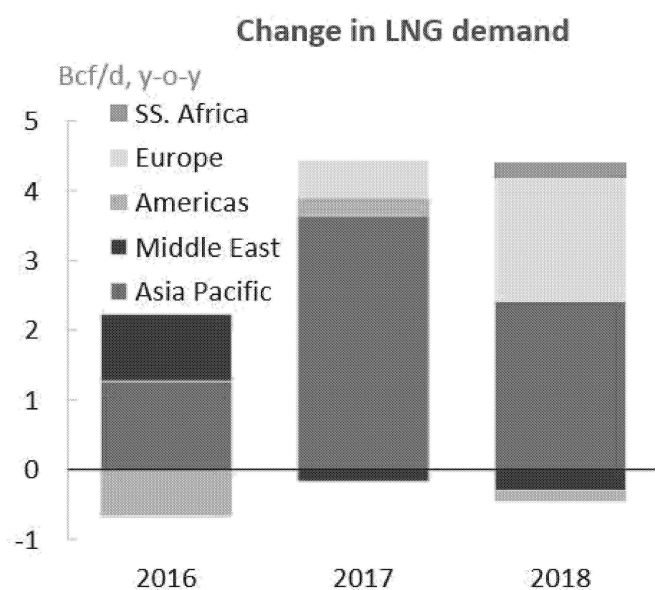


International Gas Prices

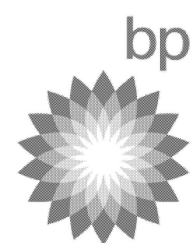


Source: includes data from IntercontinentalExchange, NYMEX, and Platts

Confidential



Confidential



Political Outlook

C&EA – Mary Streett, Joe Ellis

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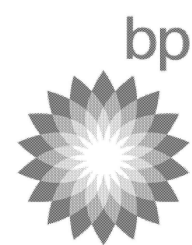
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BP Employee PAC

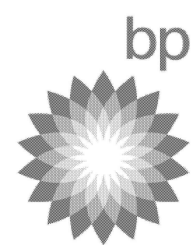
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Break - 10 min



2017 Plan Delivery

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7 Diversity & Inclusion

Priorities

1. Improve our US minority representation by 2025, increasing from nearly 26% to 30% at levels G-J and from 17% to 20% at GL and SLL.

MWBE participation

Supplier Diversity	M/WBE Spend (\$m)			3 rd Party Spend (\$bn)			% M/WBE		
Segment YTD	3Q17	3Q16	3Q15	3Q17	3Q16	3Q15	3Q17	3Q16	3Q15
Upstream	\$203	\$189	\$239	\$4,373	\$5,234	\$7,285	4.6%	3.6%	3.3%
Downstream	\$119	\$130	\$88	\$3,201	\$3,385	\$3,692	3.7%	3.8%	2.4%
OB&C	\$40	\$34	\$53	\$3,364	\$3,200	\$3,071	1.2%	1.0%	1.7%
Total spend	\$362	\$353	\$380	\$10,938	\$11,819	\$14,048	3.3%	3.0%	2.7%
Indirect Procurement	\$47	\$37	\$60	\$1,759	\$1,829	\$2,297	2.7%	2.0%	2.6%

Deliverables

- | | | |
|--|---|--|
| <ul style="list-style-type: none"> • Delivery of HR Work streams with plans for any modifications <ol style="list-style-type: none"> 1. Resourcing 2. Performance Management 3. Talent Management • Delivery of Consciously Inclusive training program to all US Line Managers and Interviewers • Increased participation by MWBEs • External recognition for our efforts and outcomes | <p>2Q</p> <p>3Q</p> <p>4Q</p> <p>4Q</p> <p>4Q</p> <p>4Q</p> | <ul style="list-style-type: none"> • Implemented D&I lens for performance rating calibrations, included required systems modifications and process led by segment HR VPs • Applied IST pilot learnings to implement Rules of Road for gender/ethnicity • Incorporating systems modifications to incorporate D&I lens in 9-box grid and succession planning processes in 1Q 2018 • Course developed, piloted, and now in delivery • Multiple teams completed training in 4Q 2018 • Enrollments to continue into 2018 • Continued growth in percentage spend - projected at 3.5% by year end • Named 2017 "Platinum Top Corporation" by Women's Business Enterprise National Council (WBENC) • Named a 2017 "Latino 100 Company" • Recognized as 2017 "Corporate Stand Up for STEM" by Million Women Mentors |
|--|---|--|



8 Access – GoM Challenged Resources

Creating flexibility on progressing challenged resources in GoM. Increase value for BP from the US Gulf of Mexico through education and advocacy.

Priorities	
<ol style="list-style-type: none"> 1. Analyze opportunities, create supporting data and education pack for US Gulf of Mexico 2. Top 4 priority areas (royalty, lease terms, suspensions and restricted bidders) identified, key messages/talking points and “if asked” on other issues agreed 3. Develop and implement advocacy plan with key stakeholders, including US administration and regulators, state, and industry support groups 	

Education and advocacy	
Stakeholders	
Industry	US Government and Regulators
OTC	DOE
✓	✓
Q2	Q3
2Q - present	
Q3 - Q4	
Program to continue into 2018: 1Q focus on BP RP MoC, Industry alignment, API study and continued DOI interactions	

Deliverables	
<ul style="list-style-type: none"> Key messages and education pack detailing history, opportunity and case for change for US GoM 	2Q
<ul style="list-style-type: none"> Develop advocacy plan with key stakeholders 	3Q
<ul style="list-style-type: none"> Implement advocacy plan 	1Q-4Q

<ul style="list-style-type: none"> Priorities identified, GoM story and advocacy materials developed Engagements initiated, beginning with OTC (2Q) 	
<ul style="list-style-type: none"> Advocacy plan developed State and Federal level advocacy initiated 	
<p><i>Education and Advocacy, including:</i></p> <ul style="list-style-type: none"> Engagement with trades (including NOIA, API, IAGC, LMOGA) initiated API Upstream staff engagement and DC Fly-in (Jul) Discussion and alignment with BP GoM co-owners (Aug) and Offshore Operators BP Executive Leadership sessions (Sep-October) with Regulators 	

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11 Reputation/License to Operate (cont'd)

Regulatory Affairs

Guiding Principles document - Convened cross function coordination group to assist L48 with implementation. Document focuses on:

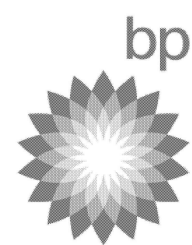
- continually reducing methane emissions
- advancing strong performance across gas value chains
- improving accuracy of methane emissions data
- advocating sound policies and regulations on methane emissions
- increasing transparency

Other activity sets

Sustained coordinated response to **Hurricane Harvey**, and other natural disasters, through participation in HAT in Chicago and remotely to include executive team support, and communications to employees, state, local, and federal elected officials.

Obtained speaking roles for most of the ET and a number of US business leaders to share the BP story, and **Energy Transition** narrative, to leading O&G audiences.

Successful participation with multiple businesses in their LTO **crisis drills**.



2018 Priorities

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2018 Priorities

Protect & Deliver Value

- Major tax, legislation, or trade agreement
- Regulatory Reform
- Methane
- Role of Gas
- State and Local laws/rules
- 'Keep-it-in-the-Ground' movement
- GOM Access
- Deliver Entity Plans

Reputation & Outreach

- Relationships
- Maintain BP reputation as 'safe & reliable operator'
- Support to Group strategy roll-out
- Leverage trades and external events

People

- D&I Agenda:
 - US Minority Ambition
 - Supplier Diversity
- BP America People Plan:
 - Capability Development
 - Business Acumen
 - Leadership Development
 - Talent Review

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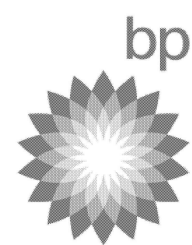
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Protect & Deliver Value	Reputation & Outreach
People	Oversight & Governance

- Diversity & Inclusion:
 - Progress the US minority ambition
 - Strengthen D&I performance in the workforce
 - Supplier Diversity
- Deliver BP America People Plan:
 - Capability Development
 - Business Acumen
 - Leadership Development
 - Talent Review

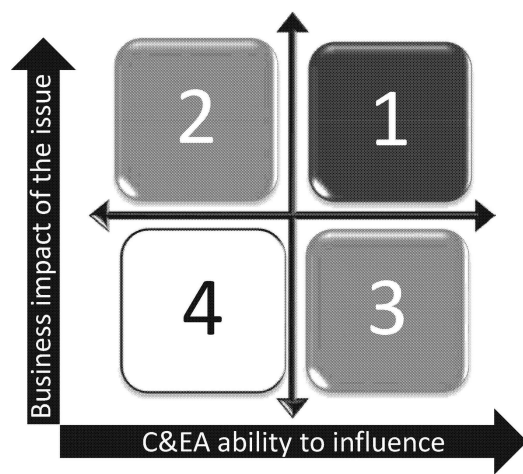
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2018 Entity Objectives

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2018 prioritized objectives



From highest to lowest priority:

1. Blue
2. Orange
3. Grey
4. White

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