

Annual Meeting of the US Business Leaders

December 13, 2017

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Contents



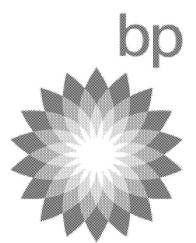
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Agenda



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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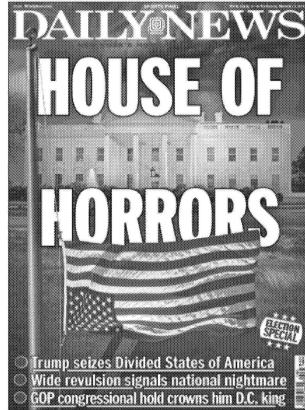
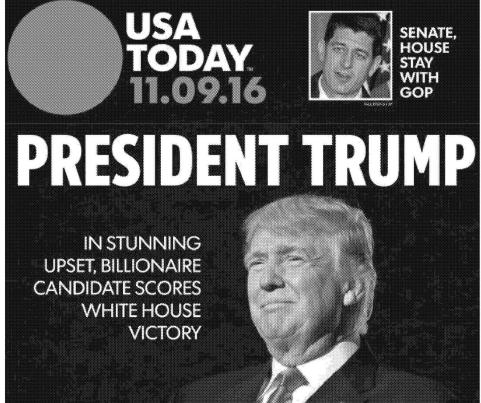


Surprise electoral victory further divides the nation...



TRUMP TRIUMPHS

OUTSIDER MOGUL CAPTURES THE PRESIDENCY,
STUNNING CLINTON IN BATTLEGROUND STATES





...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 Zhirinovsky celebrating Trump's victory with champagne today in the State Duma (via @ru_rbc)
6:01 AM - Nov 9, 2016



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

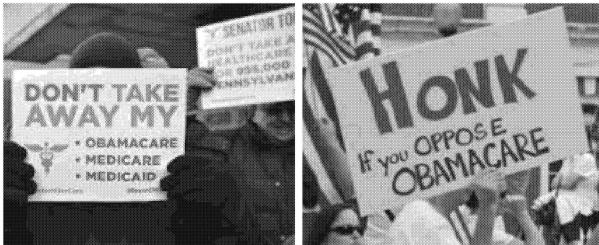


Russian President Vladimir Putin
welcomes Trump's victory.



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

Health Care



Immigration

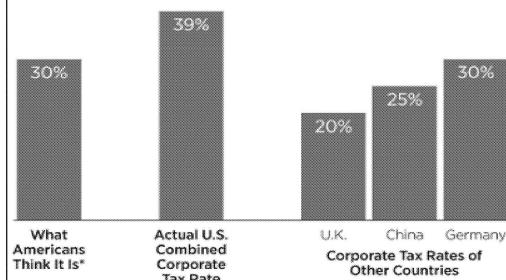


National Security



Tax Reform

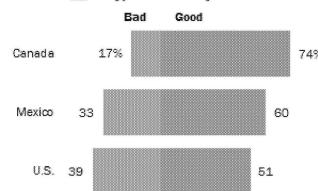
Poll: What Is the U.S. Corporate Tax Rate?



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/3gNz79

4:32 PM - Jun 28, 2017

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BP Confidential

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

BP Confidential



Midterm Elections

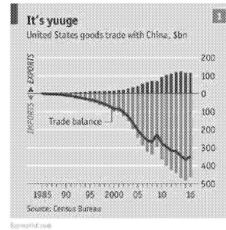
FiveThirtyEight

NOV. 8, 2017

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

The Fundamentals Favor Democrats In 2018

Trade Agreements

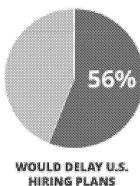
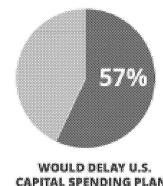


Tax Reform

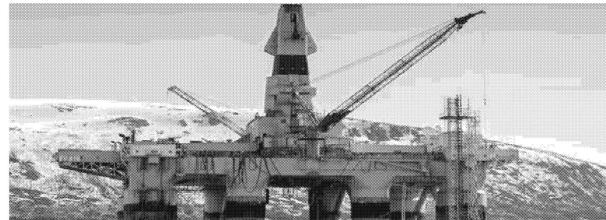
CEOs: If Tax Reform is Delayed

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

Business Roundtable
Most Tax Reforms Delayed



Energy/Environment



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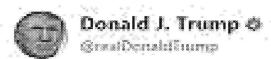


...that are likely to continue to divide the country...

Health Care



Immigration



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



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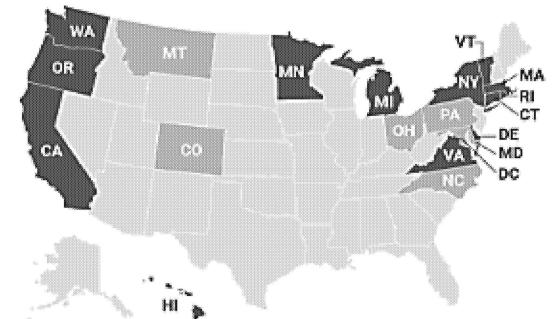


...including energy issues that will shape our industry

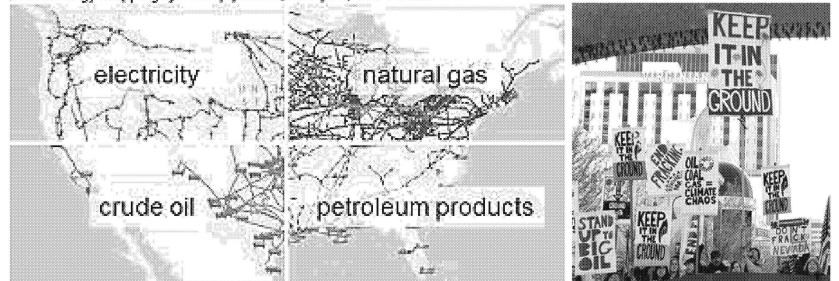
- State/local
 - Response to climate agenda
 - Fracking bans and local control
- Access and Development
 - Opening up new land and offshore for development
 - Infrastructure possibly on 2018 legislative agenda
- Energy Transition
 - Technology/venture push
 - Consumer pull

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

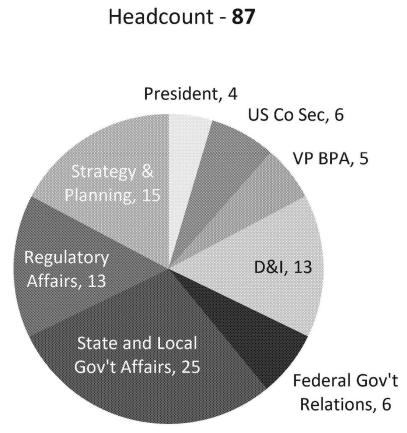
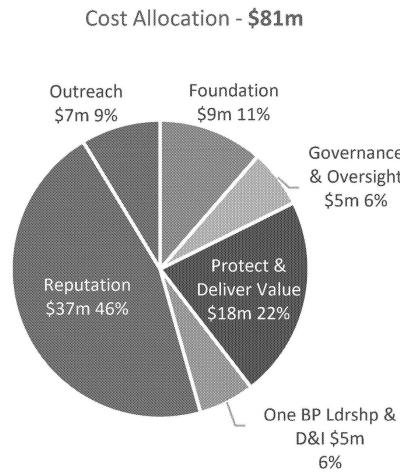
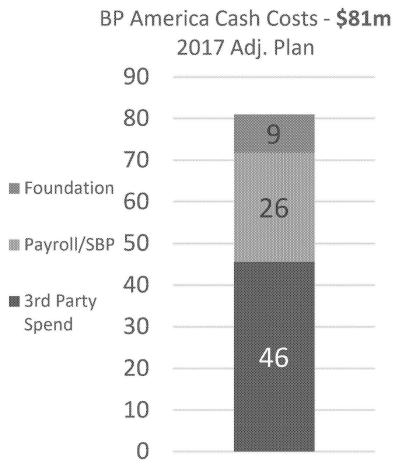
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2018 Priorities

Protect & Deliver Value	Reputation & Outreach	People	
<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Relationships • Maintain BP reputation as 'safe & reliable operator' • Support to Group strategy roll-out • Leverage trades and external events 	<ul style="list-style-type: none"> • D&I Agenda: <ul style="list-style-type: none"> ▪ US Minority Ambition ▪ Supplier Diversity • BP America People Plan: <ul style="list-style-type: none"> ▪ Capability Development ▪ Business Acumen ▪ Leadership Development ▪ Talent Review 	<p>Redacted - First Amendment</p>

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

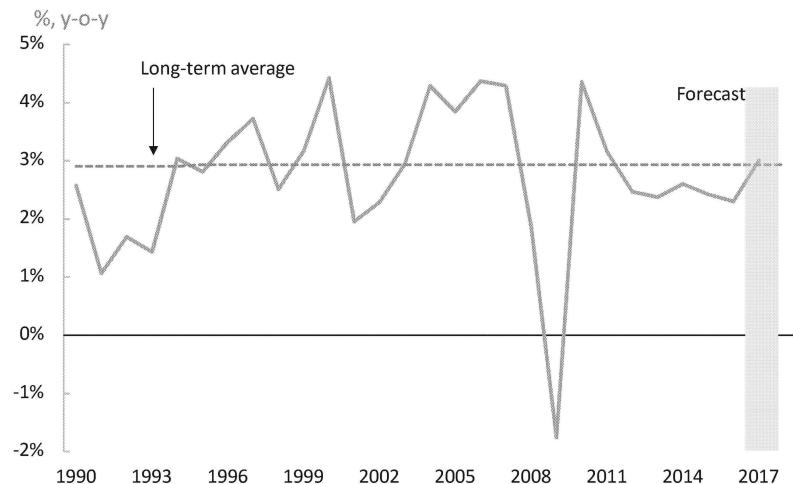


Economics and Energy Market Update

Group Economics – Mark Finley

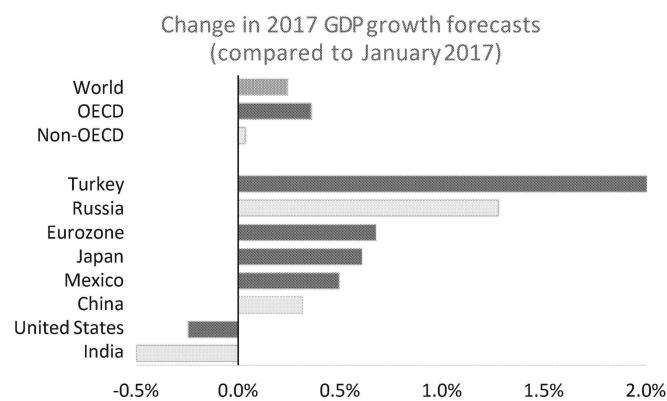
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Global GDP growth accelerates modestly

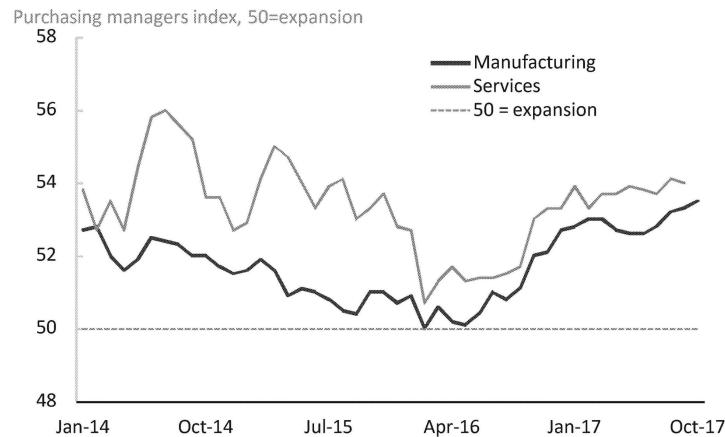




GDP (outside the US) continuing to surprise

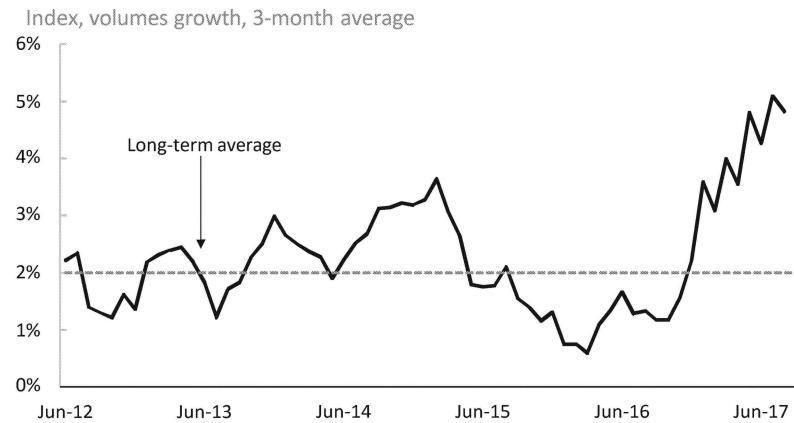


Sentiment indicators are positive



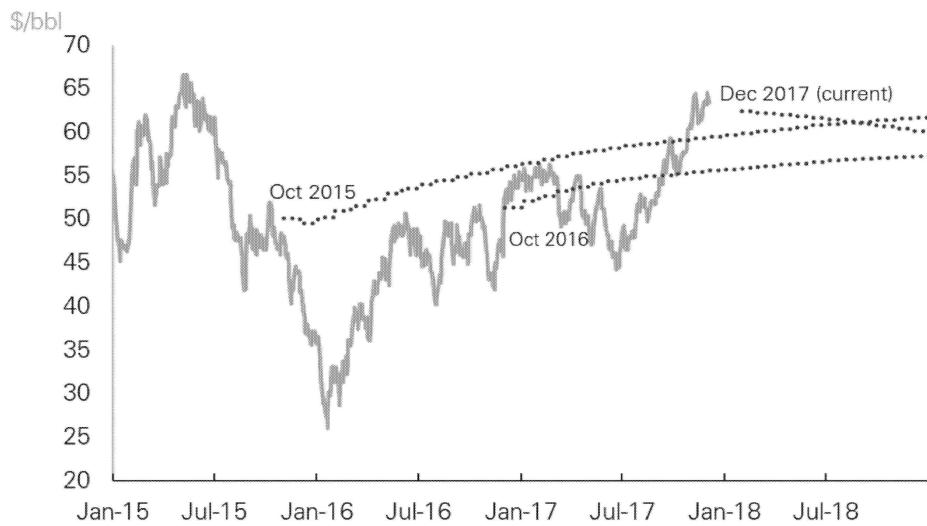
Source: Markit

Trade growing strongly

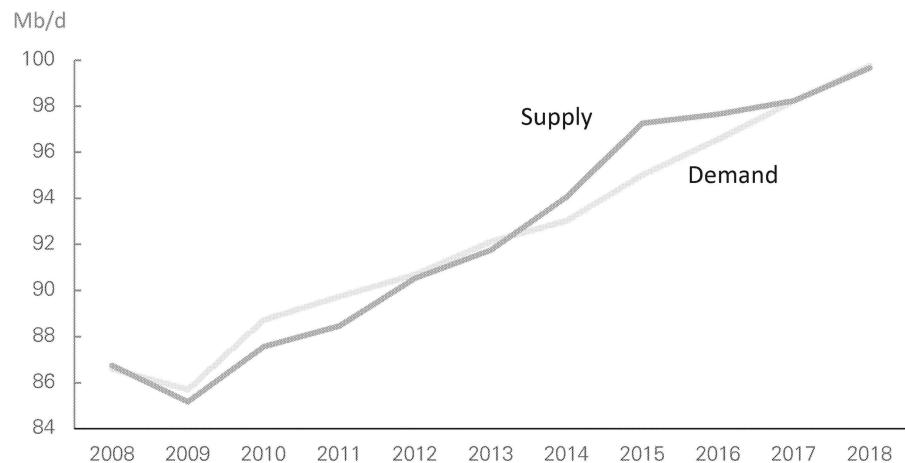


Source: CPB Trade monitor

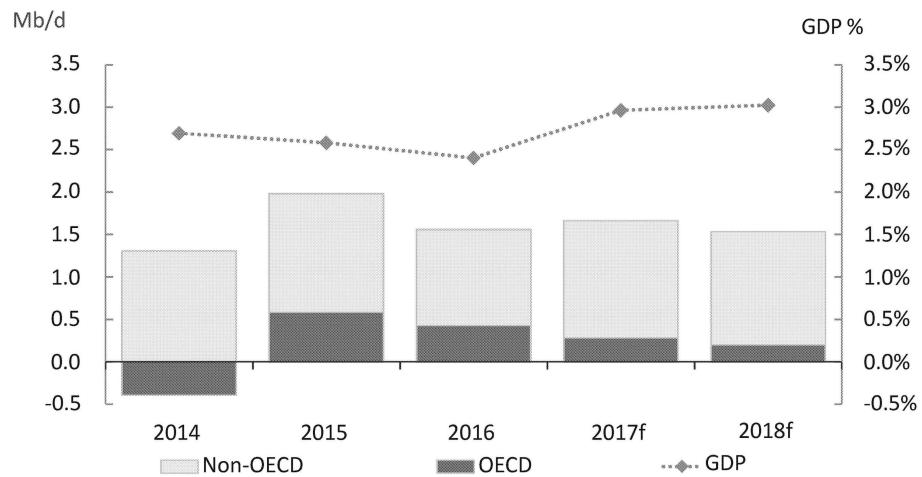
Brent: higher spot prices and backwardation



Oil market tightens after years of over supply

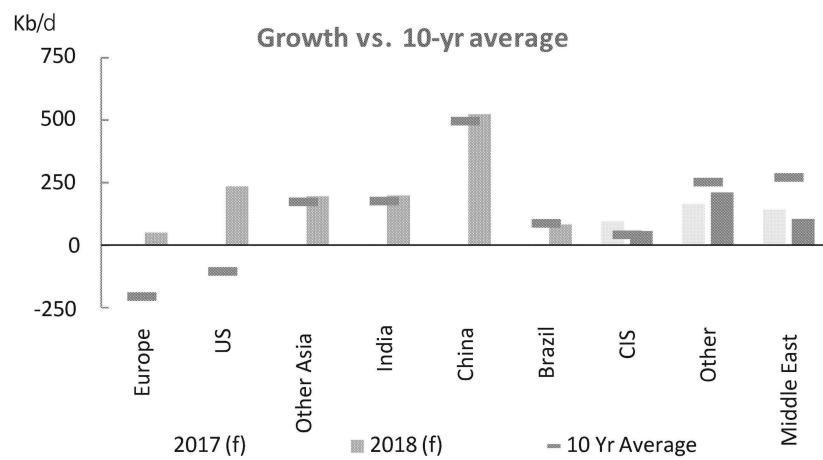


Oil demand growth remains robust



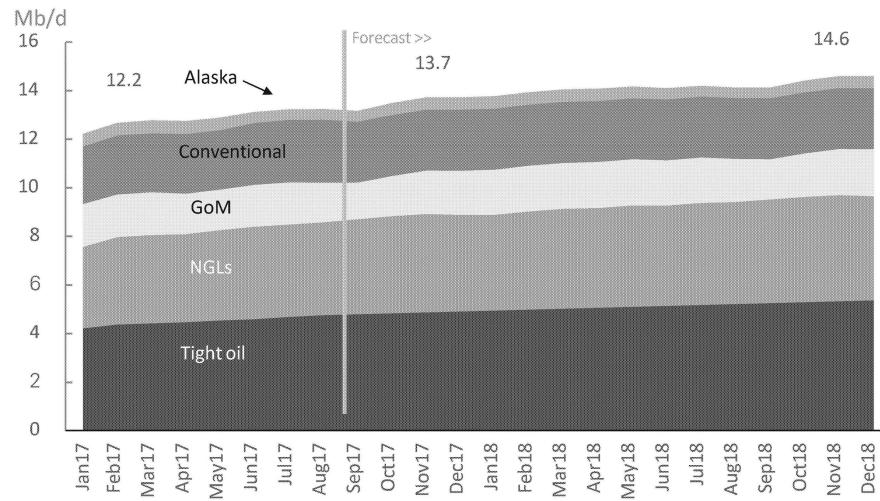


US & Europe drive above-average growth

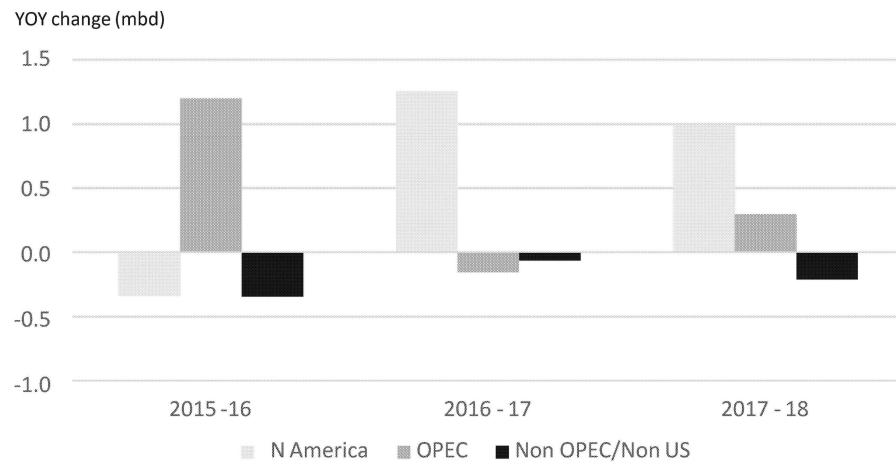




US production increasing due to tight oil and NGLs

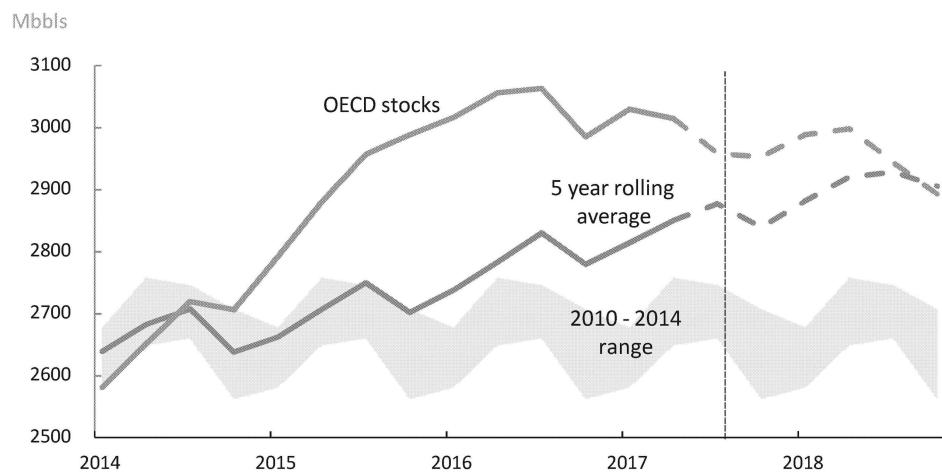


North America lead global supply growth in 2017-18



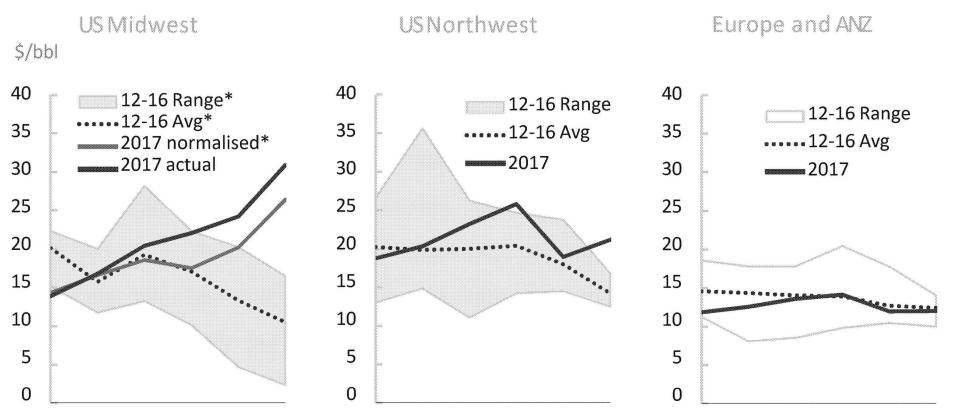


OECD stocks to fall if OPEC discipline holds





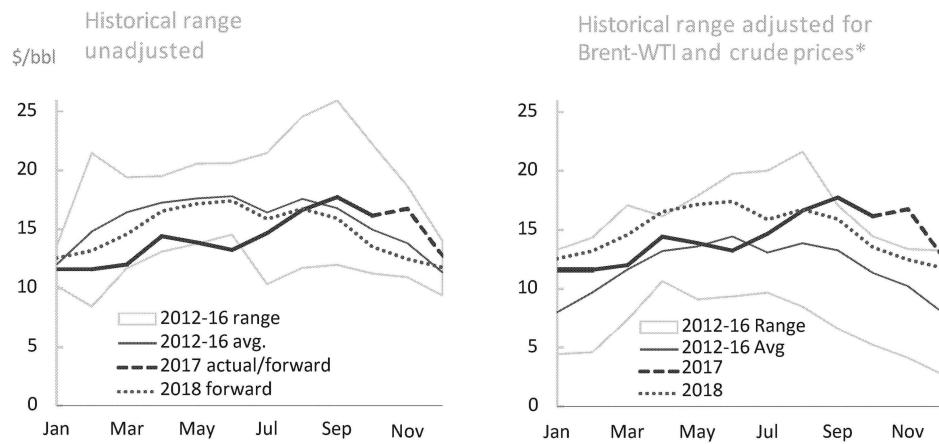
Regional RMMs – strong in US



* Normalised to 1H17 average Brent-WTI differential (\$1.8/bbl)



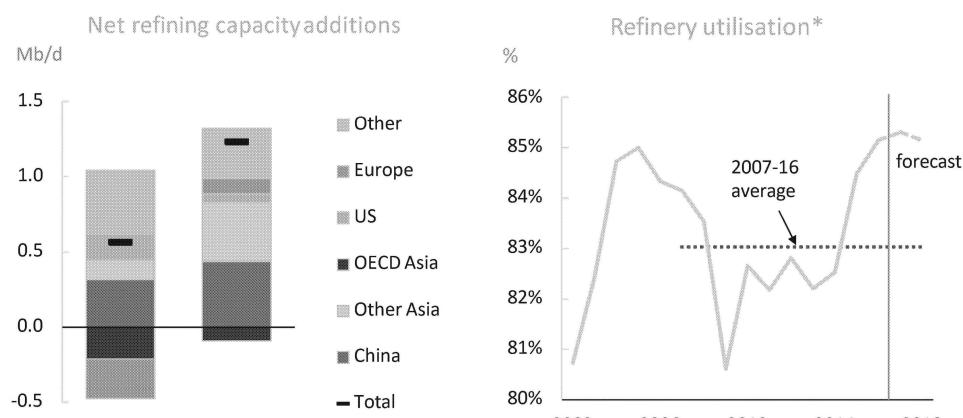
Forward refining margins (BP RMM)



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

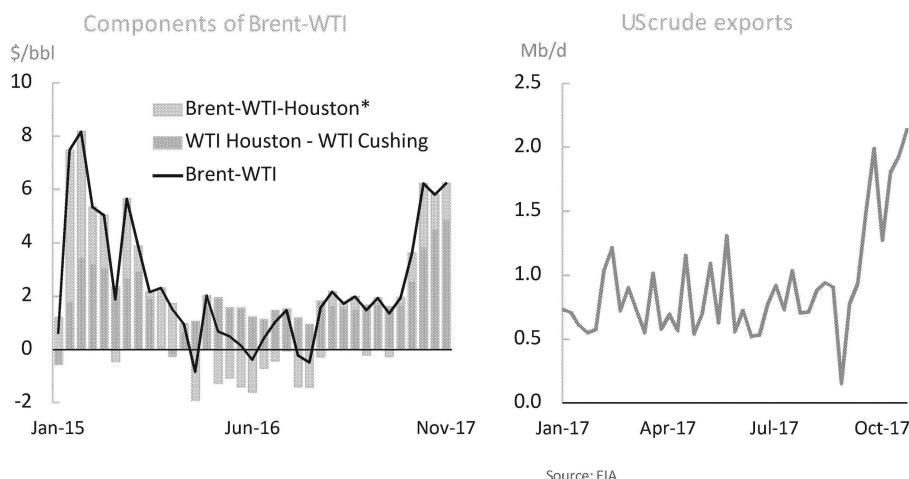


Refinery capacity and utilisation



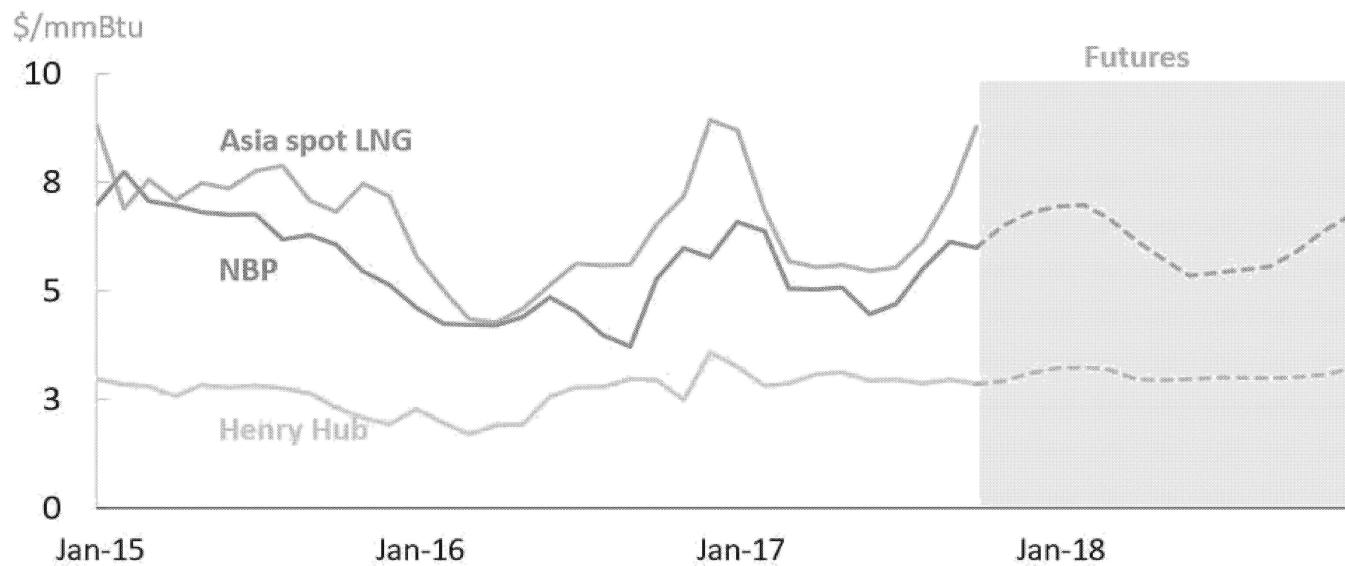


US crude fundamentals





International Gas Prices



Source: includes data from IntercontinentalExchange, NYMEX, and Platts

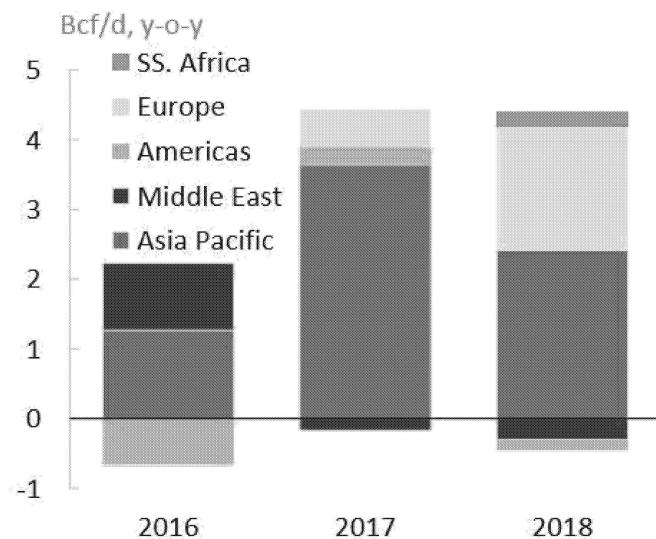
Confidential

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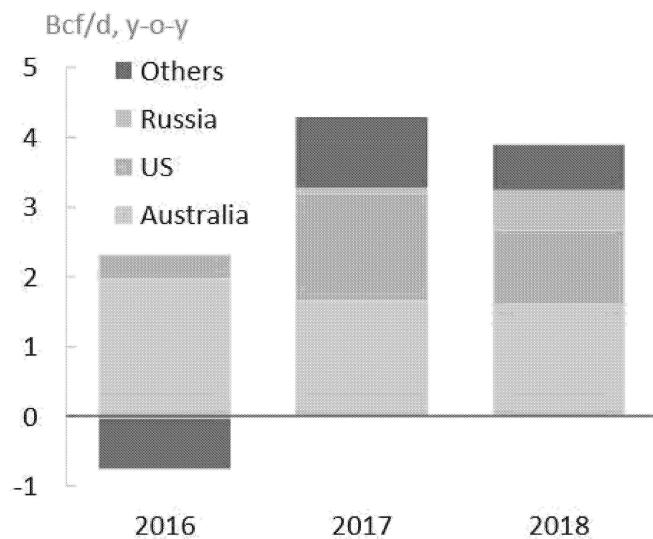
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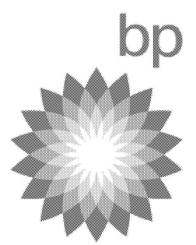
Change in LNG demand



Change in LNG supply



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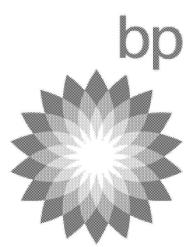


Political Outlook

C&EA – Mary Streett, Joe Ellis

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BP Employee PAC

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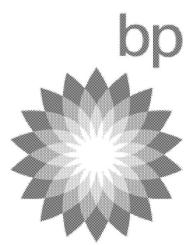
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Break - 10 min

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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.

Deliverables

<ul style="list-style-type: none"> • Delivery of HR Work streams with plans for any modifications 	2Q 3Q 4Q	<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
<ul style="list-style-type: none"> 1. Resourcing 2. Performance Management 3. Talent Management 		<ul style="list-style-type: none"> • Applied IST pilot learnings to implement Rules of Road for gender/ethnicity
<ul style="list-style-type: none"> • Delivery of Consciously Inclusive training program to all US Line Managers and Interviewers 		<ul style="list-style-type: none"> • Incorporating systems modifications to incorporate D&I lens in 9-box grid and succession planning processes in 1Q 2018
<ul style="list-style-type: none"> • Increased participation by MWBEs 	4Q	<ul style="list-style-type: none"> • Course developed, piloted, and now in delivery • Multiple teams completed training in 4Q 2018 • Enrollments to continue into 2018
<ul style="list-style-type: none"> • External recognition for our efforts and outcomes 	4Q	<ul style="list-style-type: none"> • 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

MWBE participation

Supplier Diversity	M/WBE Spend (\$m)			3rd Party Spend (\$bn)			% M/WBE		
	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	\$11,899	\$14,048	3.5%	3.0%	2.7%
Indirect Procurement	\$47	\$37	\$60	\$1,759	\$1,829	\$2,297	2.7%	2.0%	2.6%



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"> Analyze opportunities, create supporting data and education pack for US Gulf of Mexico Top 4 priority areas (royalty, lease terms, suspensions and restricted bidders) identified, key messages/talking points and "if asked" on other issues agreed Develop and implement advocacy plan with key stakeholders, including US administration and regulators, state, and industry support groups 	

Education and advocacy		Stakeholders															
		US Government and Regulators				Trades and Associations				State Govts							
Industry	Industry	DOI	BOEM	RPC	BSEE	Congress	NOIA	API	LMOGA	NAM	US Chamber	Consumer EA	IADC	IAGC	LA Coalition	GC Governors	Local Chamber of Commerce
OTC	Industry	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
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	
• Key messages and education pack detailing history, opportunity and case for change for US GoM	2Q
• Develop advocacy plan with key stakeholders	3Q
• Implement advocacy plan	1Q-4Q

• Priorities identified, GoM story and advocacy materials developed
 • Engagements initiated, beginning with OTC (2Q)

 • Advocacy plan developed
 • State and Federal level advocacy initiated
Education and Advocacy, including:
 • 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:

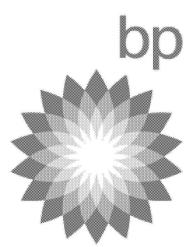
- continually reducing methane emissions
- advancing strong performance across gas value chains
- improving accuracy of methane emissions data
- advocating sound policies and regulations on methane emissions
- increasing transparency

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	Reputation & Outreach	People	
<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Relationships • Maintain BP reputation as 'safe & reliable operator' • Support to Group strategy roll-out • Leverage trades and external events 	<ul style="list-style-type: none"> • D&I Agenda: <ul style="list-style-type: none"> ▪ US Minority Ambition ▪ Supplier Diversity • BP America People Plan: <ul style="list-style-type: none"> ▪ Capability Development ▪ Business Acumen ▪ Leadership Development ▪ Talent Review 	<p>Redacted - First Amendment</p>

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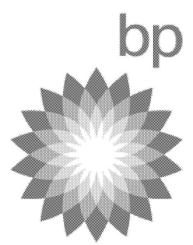
Protect & Deliver Value	Reputation & Outreach
People	Oversight & Governance

BP Confidential



- 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

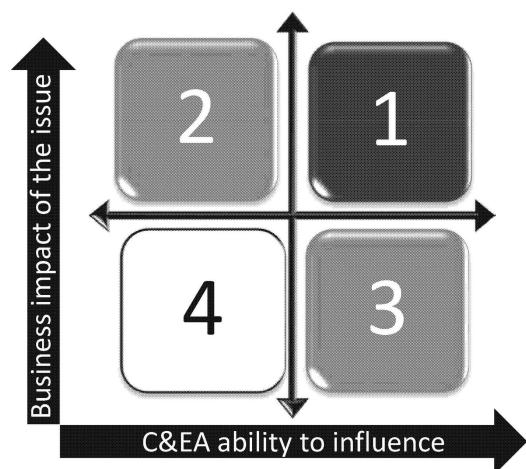
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2018 Entity Objectives

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2018 prioritized objectives



From highest to lowest priority:

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

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