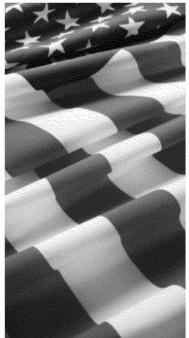




# BP America

## Quarterly Performance Review



June 13<sup>th</sup>, 2017  
8am – 11am

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# BP America

## Agenda



- Introduction/Context (10 min)
- D&I Moment (5 min)
- Risks (10 min)
- KPIs - Safety, 2017 Financials, Headcount, 3 Year Plan (30 min)
- Key priority updates (90 min ~ 6min each)
- Planning and performance management framework (10 min)
- Roundtable / AOB (25 min)

***Houston fire drill at 10am***

# BP America

## Risk management



June 15 <sup>th</sup>	Light touch risk refresh, major changes from prior year only
Aug - Oct	Business/Function full annual risk update
	<ul style="list-style-type: none"> <li><b>BPA LT Risk Review – 22 August</b></li> <li><b>Group Risk submission – 16 October</b></li> </ul>
November	Executive Team review of Group Risks in Group Plan
December	Board review of Group Plan and highest priority Group Risks

### A1. Group-Level Risks\*

Risk Description	Net Risk / Worst Credible Impact	SPA	Commentary	Status
Damage to BP's Reputation	D4 / C	Geoff Morrell	Fundamental controls and contingencies still good. Reputation work plans reflect updated engagement plans.	

### Redacted - First Amendment

Compliance with the EPA Agreement	D2 / C	John Mingé	Compliance Team in place with gatekeepers and SPAs. Monthly reports and quarterly Board updates.	
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### A2. Additional Significant Business Risks (not submitted to Group)

Risk Description	Severity	ELT Owner	Commentary	Status
Failure to effectively transition Ombudsman Activity	E3	Randy Latta	Activities fully transitioned into E&C and BI. Controls and monitoring in place and operating effectively.	
Failure to manage bribery and corruption risks	E3	Abdinasir Ali	Review Community Investment Policy in 2017 to ensure corporate giving is in line with the CoC	
Risk of loss or unavailability of DWH data	E3	Craig Coburn	Controls and contingencies in place and operating effectively.	
Failure to improve diversity and inclusion	E5	Ray Dempsey	New construct for D&I established, Minority Ambition underway	

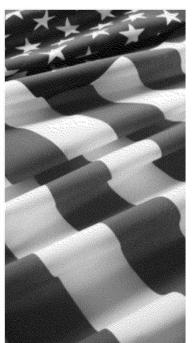
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# BP America

## KPI review



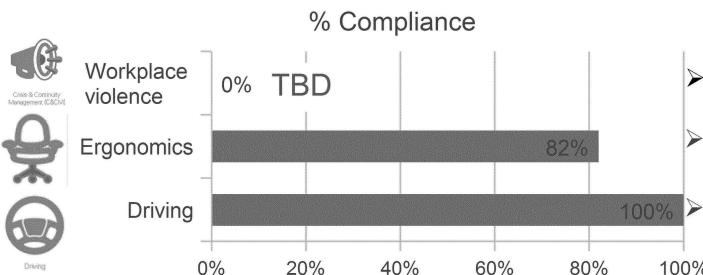
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# BP America

## HSSE program



### Safety Compliance



- Complete workplace violence awareness.
- Assess workstation every three years. Review assessment if experiencing pain or discomfort, or if move desks.
- Complete Driving Safety Questionnaire and appropriate driver training course if drive on company business.

### Safety and Security Management

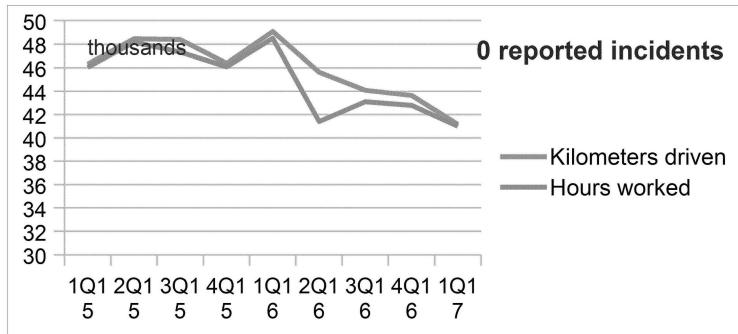
	Q1	Q2	Q3	Q4
Safety walk thru		✓		✓
Digital awareness		✓		
			✓	
IRIS rollout				
	✓			
Offsite events	✓	✓	✓	✓

✓ Complete  
 ✓ Upcoming

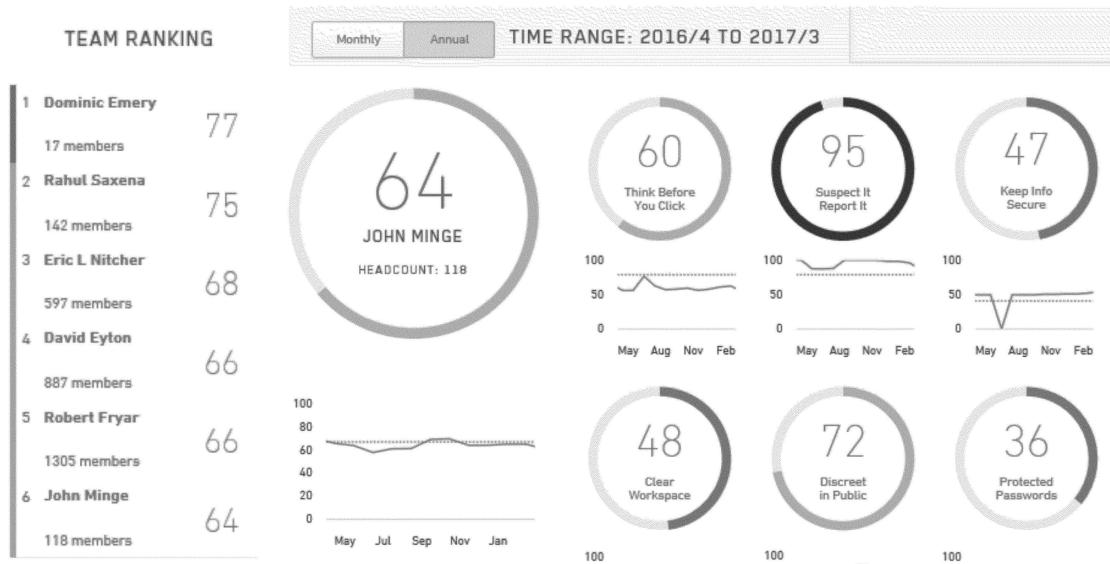
- Know / follow HSSE rules at site and other sites you visit, be aware of surroundings. Know your HSSE Champion / floor warden.
- Understand and follow the digital security policy.
- Know when and how to report incidents and unsafe behaviors or conditions.
- Carry out risk assessment for off-site /ad-hoc events. Communicate risk mitigation to those potentially impacted.

# BP America

## HSSE metrics



- 0 reported incidents on ~ 42,000 hours worked and ~ 42,000 kilometers driven (estimated) each quarter
- Investigating was to improve Cybersecurity scores



# BP America

## Financial Data by Spend Category (\$m)



	2015 Actuals	2016 Actuals	2017 Plan	Adj.*	2017 Adj Plan	Q1 Actuals	% Spend
Staffing Costs	29.3	23.3	22.0	0.7	22.7	6.5	29
Shared Based Payments	2.4	1.8	1.8	-	1.8	0.4	25
Travel & Entertainment	1.7	1.8	2.2	-	2.2	0.6	27
Lobbying, Events, Other Consulting	12.3	7.5	6.8	3.0	9.8	2.3	24
Contributions	6.8	8.2	8.7	(1.4)	7.4	1.9	26
Contributions – BP Foundation	5.7	5.7	9.7	(0.5)	9.2	-	0
USOC Sponsorship / Activation	6.4	5.1	-	1.2	1.2	-	0
Alaska	6.8	5.5	6.9	-	6.9	2.0	29
Membership – API	9.8	8.6	8.5	-	8.5	2.1	25
Memberships- Other	7.3	10.0	6.9	(0.6)	6.3	1.3	21
Rent and Other	4.9	4.6	4.4	-	4.4	1.0	23
Defend BP	0.4	0.0	1.5	(1.2)	0.3	-	0
<b>Gross Cash Costs</b>	<b>93.8</b>	<b>82.0</b>	<b>79.4</b>	<b>1.2</b>	<b>80.6</b>	<b>18.1</b>	<b>22</b>

\* Adj. reflects Plan LE, including +1.2 D&I HR transfer and 0.0 CoSec staff change

2018 Plan mirrors the original 2017 Plan

### Gross cash costs:

- 2017 Plan of 79.4 million is 3% below 2016 actuals – PESC target
- Overall Plan +1.2 for HR D&I budget transfer (+1.4 annualized)
- 2017 Adj Plan reflects re-allocation of “accelerated spend” and Foundation reduction to Defend BP
  - 1.5 original Defend BP budget
  - 3.1 accelerated spend in 2016
  - 0.5 BP Foundation reduction
- 5.1 **Adjusted Defend BP**
  - (0.5) allocation to PIC
  - (1.2) allocation to Paralympics
  - (3.0) allocation to McKinsey
  - (0.1) BPMS150 incentive
- 2.2 Remaining Defend BP

# BP America

## Financial Data by Team (\$m)



	2015 Actuals	2016 Actuals	2017 Plan	Adjust	D&I	2017 Adj Plan	Q1 Actuals	% Spend
President	6.1	6.5	3.2	4.2	-	7.4	1.6	22
US Secretary	1.8	1.4	1.7	-	-	1.7	0.3	19
BPA VP / Oversight	13.2	5.0	2.8	(0.3)	-	2.5	0.9	37
C&EA	57.4	56.2	51.8	(2.2)	(4.6)	45.0	11.6	26
D&I Team	-	-	-	-	5.8	5.8	1.2	21
Shared Based Pay	2.4	1.8	1.8	-	-	1.8	0.4	25
Defend BP	0.4	0.0	1.5	(1.2)	-	0.3	-	0
Alaska	6.8	5.5	6.9	-	-	6.9	2.0	29
BP Foundation	5.7	5.7	9.7	(0.5)	-	9.2	-	0
<b>Gross Cash Costs</b>	<b>93.8</b>	<b>82.0</b>	<b>79.4</b>	<b>0.0</b>	<b>1.2</b>	<b>80.6</b>	<b>18.1</b>	<b>22</b>

Gross cash costs:

- 1.5 original Defend BP
- 2.8 accelerated spend - C&EA
- 0.3 accelerated spend - BPA
- VP
- 0.5 BP Foundation reduction
- 5.1 Adjusted Defend BP**
- (0.5) to CE&A (PIC)
- (1.2) to President (Paralympics)
- (3.0) to President (McKinsey)
- (0.1) to C&EA (BPMS150)
- 0.3 Remaining Defend BP**

2015/2016 Actuals – Defend BP spend of 1.4 million allocated back activities using those funds (e.g. Memberships)

# DWH

## Financial Data by Spend Category (\$m)



	2015 Actuals	2016 Actuals	2017 Plan	1Q Actuals	% Spend
Staffing Costs (incl. contractors)	14.4	6.3	5.5	1.1	20
Travel & Entertainment	0.6	0.3	0.3	0.1	25
Claims support	24.6	21.2	16.6	4.7	28
IT&S	44.3	19.3	22.5	3.4	15
BP Legal/ OB&C charge ins	11.9	12.7	6.5	1.4	22
Rent & Other	4.4	0.9	2.3	(0.1)	0
<b>Gross Functional Cash Costs</b>	<b>100.2</b>	<b>60.7</b>	<b>53.5</b>	<b>10.6</b>	<b>20</b>
Recoveries ( Cat Island, Other)	0.0	(17.2)	0.0	(0.3)	0
<b>RCOP</b>	<b>100.2</b>	<b>43.5</b>	<b>53.5</b>	<b>10.3</b>	<b>19</b>

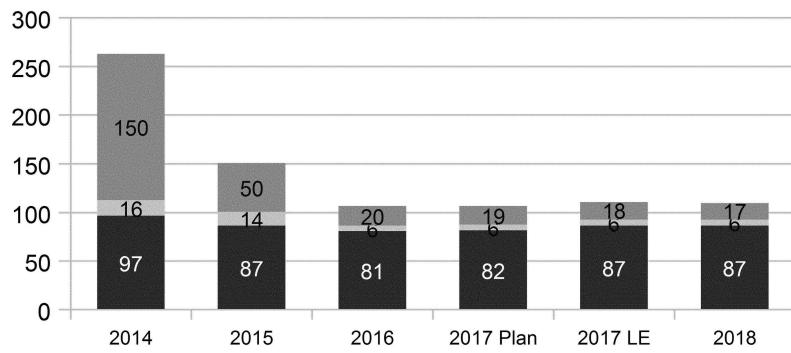
- Expect IT&S costs under Plan, Claims support under review due to recent court ruling

# BP America

## Headcount Data



Numbers represent period ending headcount



President	4	4	4	4	4	4
US CoSec	-	4	5	5	6	6
VP BPA	13	12	7	5	5	5
D&I Team	-	-	-	-	13	13
C&EA	80	67	65	68	59	59
<b>BP Headcount</b>	<b>97</b>	<b>87</b>	<b>81</b>	<b>82</b>	<b>87</b>	<b>87</b>
Contractors	16	14	6	6	6	6
<b>BP America</b>	<b>113</b>	<b>101</b>	<b>87</b>	<b>88</b>	<b>93</b>	<b>93</b>
<u>DWH – BP and contractors</u>	<u>150</u>	<u>50</u>	<u>20</u>	<u>19</u>	<u>18</u>	<u>17</u>

- 2017 latest estimate (LE)  
+4 HR D&I staff transfer  
+1 CoSec FTE
- DWH numbers exclude MSA
- See **Appendix** for additional 2017 FTE information
- 2017 LE includes 5 vacancies
  - 1 Reg Affairs
  - 1 State & Local
  - 1 Fed Affairs
  - 2 D&I

# BP America

## PESC Mid-Term Strategy: Request for data

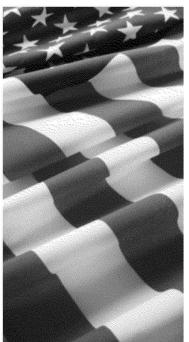


- Ahead of July PESC meeting, Functions to provide high level 3 year plan financials by 30th June
- PESC meetings split between July and September. However, the group planning process still requires that a 2018-20 Gross Cash costs view is collated for July
- The 2018-20 plan financials should provide best estimate as obtained from the benchmarking related project work-streams recommendations feeding into the PESC mid-term strategy review
- It is recognized that the PESC reviews in July and September may require further change to the Function plans submitted above
- **Recommendation** – submit 3 year plan financials at current 2017 LE of \$81 million until advised by benchmark project.



# BP America

## Key priorities review



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# DWH Liabilities

Further resolve outstanding claims (substantially winding up the DHECC) and positioning BP to litigate the remaining 'tail' in the future.

## Key deliverables

- DHECC wind down and agreed structure with PSC and court to support residual activity
- Fit for purpose process for addressing Backend Litigation on Medical Settlement
- Address remaining 'tail' litigation
- Cash flow management
  - Claims payments and related admin expenses
  - Functional costs

## Cash flow management



## Current status

- Petition for Rehearing of 5th Circuit ruling on Policy 495
- Reviewing the 5th Circuit 495 ruling to understand the impact on claims and the program wind down plan
- As of end of May 2017 there are approximately 5,600 BEL claims (net of HQ claims) unresolved

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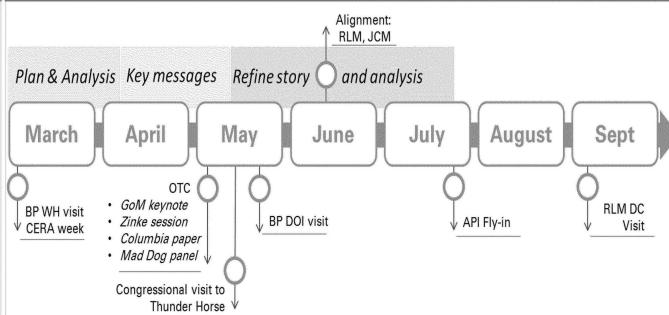
# Access – GoM Challenged Resources

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

## Key deliverables

- Opportunities analyzed and priorities established, agreed with RP Richard Morrison
- Program consists of:
  1. Education and Advocacy, including GoM story
  2. Business Priorities established including:
    - Lease flexibility on suspensions and units
    - Royalty flexibility and calculation
    - Restricted bidders
  3. Talking points on all key GoM issues developed
- Supporting materials developed
- Engagements to date include:
  - Initial White House meeting (March)
  - OTC talks, meetings and press (May)
  - Congressional Offshore trip, Thunder Horse (May)
  - Initial meetings with DoI leadership as appointed
- Business priorities under analysis, early actions taken

## Education and advocacy



### Advocacy to date and forward plan

## Thunder Horse Congressional visit



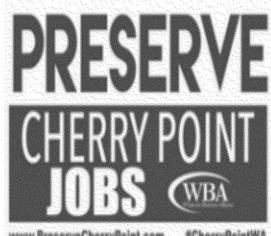


# Defeat Efforts to Restrict Cherry Point Ops

Defeat or significantly mitigate efforts by the Whatcom County Council to restrict Cherry Point's ability to operate and expand while bolstering Cherry Point's standing.

## Key deliverables

- Conduct education meetings with every Cherry Point employee and contractor (1Q)
- Meet with each member of the Planning Commission and County Council (1Q)
- Execute paid media plan (1Q)
- Mobilize all allies to attend public hearings (1Q)



## Current status

- **Strategy session week of June 5<sup>th</sup>**
  - **Updates provided during QPR**

## Recent events

- May 16<sup>th</sup> public hearing

*The Bellingham Herald*

- *Refinery workers, mostly from BP, and representatives turned out in force Tuesday*
- *"Without investment, business decays," said Bob Allendorfer, refinery manager for BP Cherry Point. "We lose jobs and the community suffers."*
- *Supporters of the changes also showed up in big numbers.*
- *Council members approved the measures 6-1 after hours of public comment.*

**Redacted - First Amendment**



# Energy Transitions

Assess current and emerging developments and policies in the US with potential impact on long-term structure of US energy systems and BP businesses in the US.

## Scope

- Assess impact of industry developments and policy reorientation on energy systems and on BP's businesses in the US, including:
  - Hydrocarbon development
  - Competition from other sources of energy
  - Electrification
  - Transport de-carbonisation, penetration of Electric Vehicles (EVs), automation, ride-sharing
  - Digital and technology revolutions affecting energy industries
  - Carbon pricing and emissions trading
  - Social stewardship driven policy, consumer preferences, and energy efficiency

## Key deliverables

- Detailed scope of study, principles, and delivery plan (1Q) - **Complete**
- Internal alignment with Group strategy, LT planning, policy, Group Econ and Group Tech - **Complete**
- Baseline data collection from internal and external sources - **Complete**

## Next steps

- Validate base case with the core team
- Define and assess forces that play a role in shaping the energy systems in the US
- Develop competitive landscape, including non-traditional players
- Develop uncertainties specific to the US, identify common insights and the outlier factors
- Assess findings with core team/consolidate feedback
- Finalize the analysis and share with the team (end 3Q)



# Minority Ambition

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.

## Key deliverables

- Delivery of HR Work streams related to
  - 1. Resourcing (2Q) – Recommendations **Due June 30**
  - 2. Performance Management (3Q)
  - 3. Talent Management processes (4Q)
- Delivery of Consciously Inclusive training program to all US Line Managers and Interviewers (4Q)
- Increased participation by minority and women-owned business enterprises (MWBEs) in our supply chain, leading to increased spend (4Q)
- External recognition for our efforts and outcomes across the D&I portfolio, to include Veterans, STEM education, gender, supplier diversity, BRG programs, etc. (4Q) – **On track**

## MWBE participation

BPA Supplier Diversity	M/WBE Spend (\$m)		3 <sup>rd</sup> Party Spend (\$bn)		% M/WBE	
Segment	2017 1Q	2016 1Q	2017 1Q	2016 1Q	2017 1Q	2016 1Q
Upstream	\$66	\$98	\$1,409	\$2,033	4.7%	4.8%
Downstream	\$40	\$39	\$1,146	\$1,078	3.5%	3.6%
O B & C	\$12	\$12	\$1,105	\$1,108	1.1%	1.1%
<b>Total spend</b>	<b>\$118</b>	<b>\$149</b>	<b>\$3,660</b>	<b>\$4,219</b>	<b>3.2%</b>	<b>3.5%</b>
Indirect Procurement	\$13	\$14	\$644	\$700	2.0%	2.0%

## External recognition

- Named 2017 “**Platinum Top Corporation**” by Women’s Business Enterprise National Council (WBENC)
- Named a 2017 “**Latino 100 Company**”

**Redacted - First Amendment**



# Reputation - Safety Campaign

Continue to improve the perception of BP as a “safe and reliable operator” among target audiences so that we can continue to protect and expand our license to operate in the U.S.

## Key deliverables

- Create new safety content (1Q) - **Complete**
- Improve or maintain safety metrics in polling among target audience in D.C. (1Q) - **Complete**
  - 1Q polling showed significant improvements in safety-related attributes and trust
  - Key broader metrics were stable
- Amplify the new content internally to educate and empower employees (1Q) - **Complete**
  - Employee communication, exec town hall videos, and print ads.
- Decide whether to continue to advertise during remainder of year (3Q)
- Determine 2018 advertising strategy (4Q)

## Additional activities

- New “sponsored content” safety stories
- Radio ads for launch in 2Q and new digital ads on adaptive technology
- New TV spot on safety culture new TV spots on L48 technology and Plant Operations, launch in 3Q.
- Video content for TSA screens at DCA

## Polling results

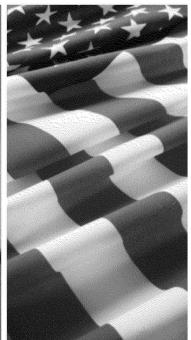
	DC		NATIONAL	
	Jan 2017	Change since July	Jan 2017	Change since July
<b>Advertising Metrics</b>				
Ad Recall (% Seen / Heard BP ads)	42	-2 ↓	38	-4 ↓
Ad Impact (% Positive / Negative)	48 / 9	+7 / 0 ↑	46 / 8	0 / 0
New Information (% yes, ad contained new information)	44	+16 ↑	37	-2 ↓
Familiarity with BP safety messaging (% Familiar, Average across messages)	33	+7 ↑	28	-3 ↓
<b>Attributes (% Net 5 to 7)</b>				
Committed to improving safety	55	+11 ↑	42	-4 ↓
Is using new technology to enhance safety	54	+10 ↑	42	-5 ↓
Is trustworthy	33	+9 ↑	24	-8 ↓

Results among “campaign target” audiences

**Redacted - First Amendment**

# BP America

## Planning and Performance Management Framework



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# BP America

## Mission

Defend and support BP's US businesses to maximize shareholder value through:

- Building and maintaining relationships with government and communities to ensure strong business support
- Mitigating external threats and leveraging opportunities to support business objectives
- Providing connectivity between BP Group and US businesses, overseeing ethics and compliance, US benefits, and diversity & inclusion
- Determining BP's positions and developing key messages on US policy
- Maintaining the corporate governance process, providing oversight of external obligations
- Protecting and promoting BP's reputation as a safe, reliable and a compliant operator with employees, shareholders, and customers
- Providing internal and external coherence across BP's US businesses



### Oversight and Governance

Provide oversight to BP businesses in the US

Assure integrity of the corporate governance process through:

- BP America Board
- Subsidiary boards
- Oversight and assurance of completion of residual DWH agreements and activities
- Oversight for all material obligations

### Support to US businesses

Deliver on top priorities in service of businesses through managing overarching issues and via the embedded teams in:

- GOM
- Alaska
- L48
- Fuels NA
- Petrochemicals
- IST
- BP Wind
- Remediation Management
- BP Shipping

### Communications & External Affairs

Deliver functional support through:

- Federal Government Affairs
- Regulatory Affairs
- State and Local Affairs
- Internal/External Communications
- International Affairs
- Community Investment
- Sponsorships
- Employee Engagement (CAP/PAC)

### External Representation

Leverage BP membership in major trade groups, boards, and participate in events in service of top business priorities:

- API
- US Chamber of Commerce
- NAM
- WSPA
- GHP
- CERAWEEK
- OTC
- Princeton
- Supplier diversity orgs

### BPA People Agenda

Provide oversight for US employee programs, provide leadership to support morale and motivate staff leveraging BP America identity:

- Diversity & Inclusion
- Benefits
- Employee Concern
- Code of Conduct
- Ethics & Compliance
- Values & Behaviors

**Ongoing activities to protect and grow BP's reputation and licence through government, public, employee engagement and corporate social responsibility**

# Governance and Performance Management



## BPA Governance

	Purpose	Inputs	
BPA Board Meetings	Provide oversight for all material risks and obligations, maintain integrity of the corporate governance	<ul style="list-style-type: none"> <li>Business and functional submissions</li> <li>Milestones &amp; risks</li> </ul>	Quarterly
D&I Council	Provide governance to progress US minority ambition	<ul style="list-style-type: none"> <li>D&amp;I Plan</li> </ul>	Quarterly
Benefits Committee	Provide leadership and oversight for US employee benefits programs	<ul style="list-style-type: none"> <li>Pension &amp; retirement plans</li> <li>Health and other employee benefits</li> </ul>	Quarterly
Employee Concern	Review employee grievances, investigations, open talk submissions to Business Integrity	<ul style="list-style-type: none"> <li>Open action items</li> <li>Updates from Open Talk</li> </ul>	Bi-monthly

## BPA Plan and Performance Management

Quarterly Performance Review	Review performance and align objectives	<ul style="list-style-type: none"> <li>AOP</li> <li>Performance update</li> <li>Other input as needed</li> </ul>	Quarterly
People Day	Agree and oversee the implementation of the People Plan for BP America	<ul style="list-style-type: none"> <li>People Plan</li> <li>Milestones</li> </ul>	Quarterly
C&EA business update and milestones review	Review business support plans held by embedded C&EA teams and align on performance objectives and milestones	<ul style="list-style-type: none"> <li>BPA Plans by Business</li> </ul>	Quarterly
GFO/GFR review/submission	Review LE spend and headcount metrics, initiate interventions as required	<ul style="list-style-type: none"> <li>Financial and headcount metrics</li> </ul>	Annual
Risk Review	Review risk register, rankings, and assurance ahead of Group submission	<ul style="list-style-type: none"> <li>RMR submission</li> <li>Risk Action Plans</li> </ul>	Annual

# BP America 2017 Planning Calendar



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>BPA Governance</b> BP America Board meetings		Feb 16			May 18			Aug 24				Dec 13
L48 Board meetings	Jan 27			Apr 20			Jul 27			Nov 9		
D&I Council		Feb 14			May 17			Aug 21				Dec 12
Employee Concerns				Apr 25		Jun 13		Aug 21		Oct 17		Dec 5
Benefits Committee	Feb 15		Apr 17				Jul 13		Sept 21			Dec 14
DWH Quarterly Due Diligence	Jan 23		Apr 24				Jul 20					
<b>BPA Plan and Performance</b> Quarterly Performance Review		Feb 28			Jun 13			Aug 22				Dec 11
People Day			Apr 18				Jul 11			Oct 10		Dec 12
Risk Review								Aug 22				
GFR/GFO Submissions	Jan 12	Feb 27	Apr 12		May 29	Jul 12		Sept 4		Oct 11	Nov 6	
<b>C&amp;EA</b> Weekly Call	x4	x4	x4	x4	x4	x4	x4	x4	x4	x4	x4	x4
Quarterly Milestone review and business update				Apr 19-20			Jul 18-19					
Annual All-Hands	Feb 7-9											
<b>External</b> API Executive Committee			Mar 22-23		Jun 14							Nov 13
US Chamber of Commerce					Jun 8							Nov 9
<b>BP Executive Meetings</b> Upstream - RP/HOF			Apr 4-7							Oct 30 -Nov 2		

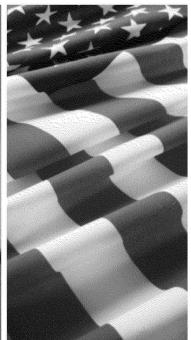
As of 18<sup>th</sup> May 2017

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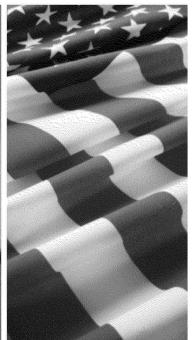
## BP America AOB





## BP America

### APPENDIX – Financial and Headcount Information



# BP America

## Defend BP (\$m)



### By Cost Category

#### 1.5 Original Defend BP budget

##### Sources of Defend BP budget

- 0.3 Lobbying, Events, Other - OTC
- 0.5 Contributions - Chicago Architecture Biennial
- 0.5 Contributions - Student Conservation Assoc.
- 0.3 Contributions - Houston Livestock and Rodeo
- 0.3 Contributions - CERA Week Sponsorship
- 0.3 Contributions - National MS Society (BP MS 150)
- 0.3 Memberships - Western States Petroleum Assoc.
- 0.3 Memberships - Grow Louisiana Coalition
- 0.1 Memberships - Greater Houston Partnership
- 0.2 Memberships - LA Mid-Con O&G Assoc.
- 0.5 Contributions - BP Foundation

#### 5.1 Adjusted Defend BP budget

##### Uses of Defend BP budget

- (0.5) Contributions - Presidential Inauguration
- (1.2) USOC Sponsorship - Paralympics
- (3.0) Lobbying, Events, Other - McKinsey
- (0.1) Lobbying, Events, Other - BP MS150 incentive program

#### 0.3 Remaining Defend BP budget

### By Team

#### 1.5 Original Defend BP budget

##### Sources of Defend BP budget

- 0.3 VP BPA - OTC
- 2.8 C&EA Team - Various
- 0.5 BP Foundation

#### 5.1 Adjusted Defend BP budget

##### Uses of Defend BP budget

- (3.0) President - McKinsey
- (1.2) President - Paralympics
- (0.5) C&EA - Presidential Inauguration
- (0.1) BP MS150 incentive

#### 0.3 Remaining Defend BP budget

# BP America

## 2017 Headcount movements



Team	2017 Plan	2017 Adjusted	HR D&I / CoSec	2017 LE	% Staff
President	4	4	-	4	5%
US CoSec	5	5	1	6	7%
VP BPA	5	5	-	5	6%
D&I	0	9	4	13	15%
C&EA - Ext Affairs	11	0	-	0	0%
C&EA - S&L Affairs	18	20	-	20	23%
C&EA - Alaska	5	5	-	5	6%
C&EA - Reg Affairs	12	13	-	13	15%
C&EA - Fed Affairs	6	6	-	6	7%
C&EA - Strategy & Plan	16	15	-	15	17%
C&EA - USOC	0	0	-	0	0%
<b>Total BP Staff</b>	<b>82</b>	<b>82</b>	<b>5</b>	<b>87</b>	<b>100%</b>
<b>Payroll \$m</b>	<b>22.0</b>	<b>22.8</b>	<b>1.2</b>	<b>24.0</b>	
<b>Total Cash Costs \$m</b>	<b>79.4</b>	<b>79.4</b>	<b>1.2</b>	<b>80.6</b>	

- US CoSec FTE offset with K&E staff reduction
- 2017 Adj. - higher benefit rates primarily driving increased payroll costs of ~ \$0.8m versus Plan
- Annualized total cash cost is \$1.4 million

# BP America

## Team budgets



Totals may not add up due to rounding

2017 Plan Adjusted \$m	President incl SBP	US CoSec	VP BPA	D&I	Strategy & Plan	Federal Affairs	Reg Affairs	State & Local	Alaska*	2016 LE
Staffing Costs	4.2	1.0	1.6	2.8	3.3	2.0	4.4	5.2	1.3	<b>25.8</b>
T&E	0.3	0.2	0.1	0.2	0.6	0.2	0.2	0.5	0.2	<b>2.5</b>
Lobby, Events, Consult	3.2	0.4	0.7	0.5	1.7	1.3	0.4	1.4	1.0	<b>10.7</b>
Contributions	1.5	0.0	0.0	1.2	0.7	0.3	0.5	4.5	3.5	<b>12.1</b>
Contribution – Foundation	0.0	0.0	0.0	9.2	0.0	0.0	0.0	0.0	0.0	<b>9.2</b>
Memberships	0.0	0.0	0.0	0.9	0.1	0.1	3.4	1.8	0.9	<b>7.1</b>
Membership – API	0.0	0.0	0.0	0.0	0.0	0.0	8.5	0.0	0.0	<b>8.5</b>
Defend BP	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	<b>0.3</b>
Rent and Other	0.0	0.1	0.1	0.1	3.8	0.1	0.0	0.2	0.0	<b>4.4</b>
<b>Total</b>	<b>9.5</b>	<b>1.7</b>	<b>2.5</b>	<b>15.0</b>	<b>10.1</b>	<b>4.0</b>	<b>17.3</b>	<b>13.6</b>	<b>6.9</b>	<b>80.6</b>

\* Alaska is a separate line item in the earlier Financials by Spend Category table (Slide 8) so, totals by category will not tie exactly to this table.

# BP America

## 2017 financials and budgets



Lobbying, Events , Consult \$m	2015 Actuals	2016 Actuals	2017 Adj Plan	2018 Plan	Comments
President - McKinsey	0.0	0.0	3.0	0.0	2017 allocation of Defend BP funds – risk project extension
President – Other	0.2	0.1	0.2	0.2	
CoSec	0.8	0.4	0.4	0.4	2016 - 2018 staff augmentation
VP BPA – OTC	1.2	0.7	0.5	0.9	2017 Adj Plan - 0.3 for accelerated spend in 2016
VP BPA – Other	4.8	1.6	0.2	0.2	2016 spend includes offsite storage project
D&I – BRG	0.0	0.0	0.2	0.2	Part of HR D&I transfer
D&I – Other	0.5	0.4	0.4	0.4	
S&P – MS150	0.4	0.3	0.4	0.4	
S&P – NRG/Texans/HLSR	0.1	0.4	0.4	0.4	
S&P – Other	0.6	0.8	0.9	0.9	
Federal Affairs	1.3	1.3	1.3	1.3	
Regulatory Affairs	0.5	0.4	0.4	0.4	
State & Local Affairs	1.9	1.2	1.4	1.4	
<b>Sub-total</b>	<b>12.3</b>	<b>7.5</b>	<b>9.7</b>	<b>7.1</b>	
Alaska	1.0	0.6	1.0	0.7	
<b>Total</b>	<b>13.3</b>	<b>8.1</b>	<b>10.7</b>	<b>7.8</b>	

Totals may not add up due to rounding

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# BP America

## 2016 Financials and budgets – BP America Function



Contributions / USOC \$m	2015 Actuals	2016 Actuals	2017 Adj Plan	2018 Plan	Comments
President – USOC *	6.4	5.1	1.2	0.0	2017 allocation of Defend BP funds
President - Other	0.1	0.3	0.3	0.3	
D&I – BP Foundation	5.7	5.7	9.2	9.7	2017 reduced by 0.5
D&I – Other	1.2	1.0	1.2	1.2	2017 includes 0.2 US Hispanic Chamber of Commerce
S&P – PAC matching	0.3	0.4	0.4	0.4	
S&P – National MS (BP MS150)	0.2	0.6	0.0	0.3	2017 Adj Plan -0.3 for accelerated spend in 2016
S&P – HLSR	0.0	0.6	0.0	0.3	2017 Adj Plan -0.3 for accelerated spend in 2016
S&P – CERA	0.0	0.6	0.0	0.3	2017 Adj Plan -0.3 for accelerated spend in 2016
S&P – Other	0.5	0.3	0.3	0.3	
Federal Affairs	0.5	0.3	0.3	0.3	
Regulatory Affairs	0.8	0.5	0.5	0.5	2017 includes 0.2 NAC for Minorities in Engineering
S&L - Chicago Arch. Biennial	0.0	0.5	0.5	0.0	2017 Adj Plan -0.5 for accelerated spend in 2016
S&L Student Conservation Assoc.	0.0	0.5	0.0	0.0	2017 Adj Plan -0.5 for accelerated spend in 2016
S&L - Presidential Inauguration	0.0	0.0	0.5	0.0	2017 allocation of Defend BP funds
S&L – Other	3.1	2.7	3.5	4.5	2016 underspent against Plan, offset with Memberships
Other C&EA	0.0	0.0	0.0	0.4	
<b>Sub-total</b>	<b>18.9</b>	<b>19.0</b>	<b>17.8</b>	<b>18.5</b>	
Alaska	2.9	2.7	3.5	3.5	
<b>Total</b>	<b>21.8</b>	<b>21.7</b>	<b>21.3</b>	<b>22.0</b>	

\* 2015 and 2016 include amounts from C&EA budgets

Totals may not add up due to rounding

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# BP America

## 2016 Financials and budgets – BP America Function



Memberships \$m	2015 Actuals	2016 Actuals	2017 Adj Plan	2018 Plan	Comments
D&I	0.6	0.6	0.9	0.9	Includes 0.3 HR D&I transfer
Strategy & Planning	0.1	0.1	0.1	0.1	
Federal Affairs	0.1	0.1	0.1	0.1	
Reg Affairs – API	9.8	8.5	8.5	8.5	
Reg Affairs – US Chamber	2.0	2.0	2.0	2.0	
Reg Affairs – Nat'l Petrol Council	0.3	0.2	0.2	0.2	
Reg Affairs – Grow Louisiana Coal	0.3	0.6	0.1	0.4	2017 Adj Plan -0.3 for accelerated spend
Reg Affairs – NAM	0.7	0.9	0.5	0.5	
Reg Affairs – Other	0.4	0.6	0.6	0.6	
S&L – WSPA	0.9	1.6	1.3	1.7	2017 Adj Plan -0.3 for accelerated spend
S&L – Texas Litigation Reform	0.0	0.6	0.0	0.0	2016 charge includes funding over next several years
S&L – LA Mid-Con O&G Assoc.	0.3	0.6	0.0	0.2	2017 Adj Plan -0.2 for accelerated spend
S&L – Greater Houston Ptnshp	0.1	0.2	0.0	0.1	2017 Adj Plan -0.1 for accelerated spend
S&L – Other	1.6	2.0	0.5	0.4	2016 overspent vs Plan offset with reductions in Contributions
<b>Sub-total</b>	<b>17.1</b>	<b>18.6</b>	<b>14.8</b>	<b>15.7</b>	
Alaska	0.6	0.2	0.9	0.9	
<b>Total</b>	<b>17.7</b>	<b>18.8</b>	<b>15.6</b>	<b>16.6</b>	

Totals may not add up due to rounding

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# BP America

## 2016 Financials and budgets – BP America Function



Rent and other \$m	2015 Actuals	2016 Actuals	2017 Adj Plan	2018 Plan	Comments
DC Office - Rent, etc.	3.0	3.3	3.3	3.3	
Legal charge ins	0.9	0.5	0.5	0.5	
Other	1.0	0.8	0.6	0.6	
<b>Total</b>	<b>4.9</b>	<b>4.6</b>	<b>4.4</b>	<b>4.4</b>	

Totals may not add up due to rounding

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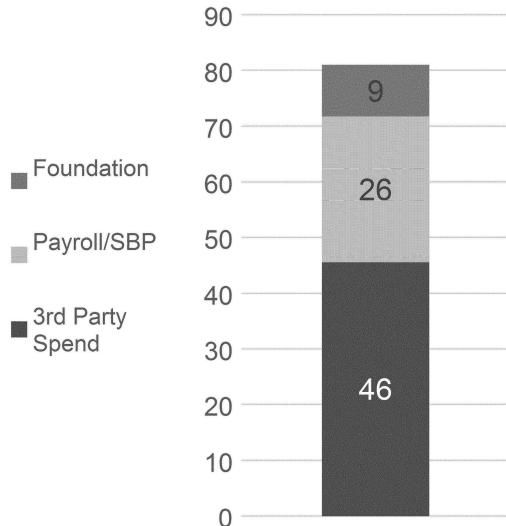
# BP America

## Cash costs and AOP resource allocation

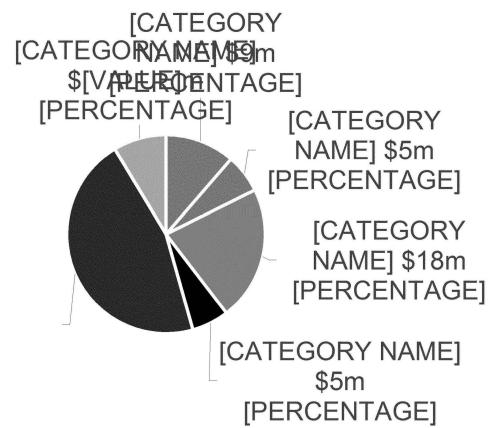


BP America's Plan cash costs of \$79.4 million are increased by \$1.2 million to a total of \$80.6 million for HR D&I and CoSec activity transfers

BP America Cash Costs - \$81m  
2017 Adj. Plan



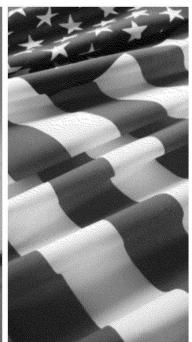
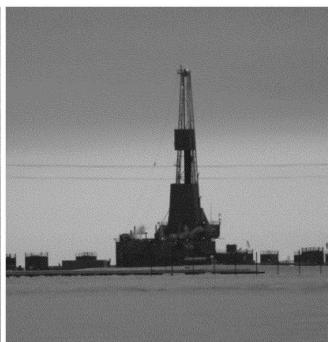
Resource Allocation - \$81m



- Estimated view of BPA's total cash costs aligned to the 2017 priorities as listed on the Area Operating Plan (AOP)
- Each team provided estimated allocation of 3rd party spend to each priority
- Some larger expenditures (e.g. API) allocated across multiple priorities reflecting broad support provided
- Payroll and SBP, along with rent/other allocated to AOP priorities on same basis as the 3rd party spend



## BP America Risk Management Information



# 2016 BP America Group-Level Risks

**1) Damage to BP's Reputation** – BP America's license to operate and its ability to advocate on issues are at risk should we fail to continue strengthening BP's reputation while also anticipating and addressing new threats to it. Key stakeholders include the media, key legislators, relevant regulators and other opinion leaders in Washington, D.C., and near our assets.

Such threats to BP's reputation include operational/safety incidents, ethical lapses and compliance issues. Although DWH is increasingly less of a drag on reputation, other litigation issues present risk to our public standing. Overall negative sentiment about the oil and gas industry also threatens to drag down BP's reputation. The policy and politics of climate change is dealt with in the separate risk statement regarding US Regulatory policies.

These risks have the potential to undermine not just our public standing and credibility but also investor confidence in the company. And without a solid reputation, BP also risks any number of initially small issues or incidents ballooning into significant problems that affect the bottom line.

**SPA: Geoff Morrell. Net Risk: D4. Worst Credible Impact: C**

**2) Harmful New US Regulatory and Tax Policies** – BP's ability to operate and grow its US businesses could be threatened by failure to effectively address the potential negative impacts of new federal, state and local regulations and policies, including climate, environmental, safety, and tax policies.

**SPA: John Mingé. Net Risk: D6. Worst Credible Impact: C**

**3) Compliance with the EPA Agreement** – An event occurs that causes the suspension and debarment officer to find that BP has failed to comply with the terms of the Agreement or the ethics monitor determines that BP is out of compliance. This could lead to a re-suspension of BP's US businesses from contracting with the US government.

**SPA: John Mingé. Net Risk: D2. Worst Credible Impact: C**

See Appendix for additional details, including controls, contingencies and monitoring.

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## Other significant BPA business risks (not submitted to Group)

**4) Failure to effectively transition Ombudsman Activity** – Following closure of the Office of the Ombudsman (OOM), failure to effectively transition and embed the related activities into BP's E&C organization, resulting in a concern being raised but not effectively or timely addressed. **SPA: Randy Latta, Net Risk E3**

**5) Failure to manage bribery and corruption risks** – The nature of the activity set for BP America staff, particularly Office of the Chairman and C&EA involves significant interaction with Government Officials. Failure to effectively manage the actual or perceived bribery and corruption risks could lead to regulatory enforcement, significant financial penalties and damage to BP's reputation. **SPA: Abdinasir Ali, Net Risk E3**

**6) Risk of loss or unavailability of DWH data** – The potential loss or unavailability of GCRO and third-party data and/or data management infrastructure could significantly affect the ability to support legal and financial needs. **SPA: Craig Coburn, Net Risk E3**

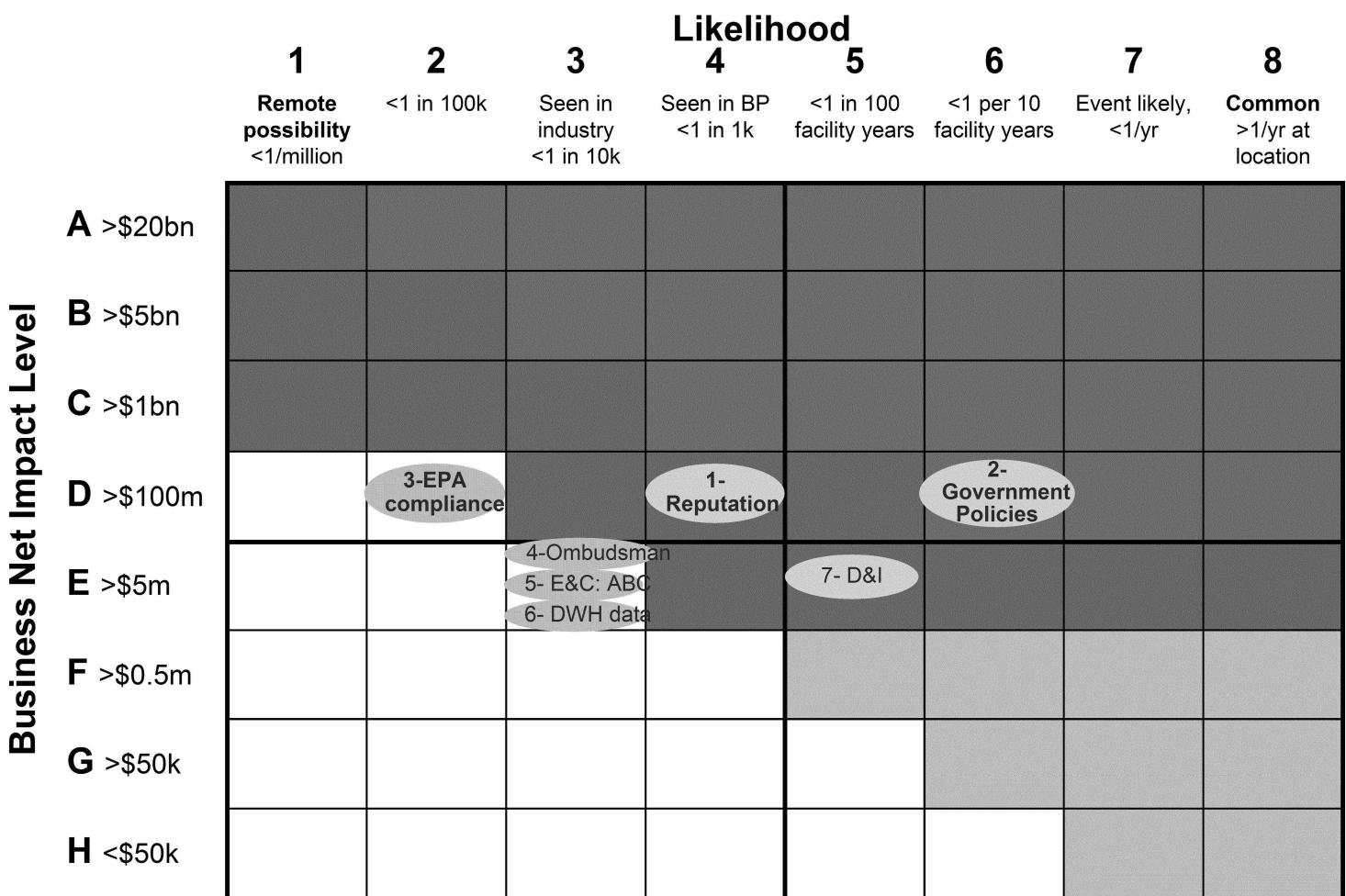
**7) Failure to improve diversity and inclusion** – An insufficiently diverse and inclusive BP America will lead to business opportunity loss. Lack of inclusive culture lead to low employee engagement and potential retention issues.  
The major area of risk in BPA relates to D&I BP America failure to improve and progress ethnic representation in alignment with external and internal availability; our underpinning people processes including hiring practices, performance management and separation must be meritocratic. **SPA: HR Function – Ray Dempsey, Net Risk E5**

See Appendix for details related to controls, contingencies and monitoring.

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## BPA 2016 Risks Matrix



Plotting all risks on a single Risk Matrix provides a visual representation of the assessment of risk. It should not be interpreted as prioritising the allocation of resources for the management of one risk over another, as each risk is different, has specific consequences and requires the appropriate consideration of required Risk Management Activities and

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