



Rooting our new strategy in sustainability

Bernard Looney,
chief executive officer,
March 2022



Purpose is a company's north star. In recent weeks, our purpose has guided bp's response to the military aggression in Ukraine. It has helped us to fundamentally rethink our position in Russia – and drives us to support the humanitarian efforts in the region. As I write this letter, our thoughts remain with everyone affected by what is happening.

Sustainability, resilience and safety

As well as embedding sustainability across our strategy, we designed it to be resilient across a wide range of scenarios. As recent events heighten uncertainty and global energy security concerns, we are positioned to help keep the energy flowing that the world desperately needs.

We do this recognizing that nothing is more important than safety. While we have seen some improvements in our safety performance over the past year, tragically a bp contractor died in an accident at our Castellon refinery in Spain. We have more work to do to eliminate accidents and injuries so that everyone goes home safe to their loved ones every day. Nothing is more important.

Leaning into greening

The strategic progress we have made so far, and the pace at which society has been moving on sustainability, has given us confidence to accelerate the greening of bp. We now expect that by 2025, more than 40% of our capital expenditure will be in our transition growth businesses, and around 50% by 2030.

We have also increased our net zero aims.

On aim 1, we are now aiming to cut our operational emissions in half by 2030 (up from 30-35%). And on aim 3 (covering the lifecycle emissions for the energy products we sell) we now aim to reduce carbon intensity to net zero by 2050 or sooner – up from 50% – and have increased the volume of emissions covered by this aim, which now includes physically traded sales of energy products. Uniquely among our peers, we are aiming to be net zero across operations, production and sales.

Diversifying and decarbonizing

We have a lot more to learn, but our experience so far is that our purpose – reimagining energy for people and our planet – can help us diversify and decarbonize bp and at the same time create real value and returns for our shareholders. What does that mean in practice?

It means that by doubling down on five transition growth engines where we have real strengths – bioenergy, convenience, EV charging, renewables and hydrogen – we can grow as a company and at the same time advance towards our aim of net zero on the products we sell (aim 3).

Or take our aim 4, which is to install methane measurement at all our major oil and gas processing sites by 2023. While we work towards that, our methane intensity has come down by more than 40% since 2019 (from 0.12 to 0.07%). This includes reduced operational methane emissions, and more bp-produced gas available to sell to our customers.

And at our Gelsenkirchen sites in Germany, we have reduced our Scope 2 emissions by more than half-a-million tonnes in 2021 (in line with aim 1), helped by our trading team's long-term arrangement to purchase renewable energy.

Focused on delivery

With our direction set, and the major organizational changes behind us, we are now fully focused on delivering our strategy and the sustainability aims that underpin it.

Thank you for your support and challenge – it has been vital. We could not have made this progress so far without you – and look forward to your continued backing.

Thank you.