

BP today set a new ambition to become a net zero company by 2050 or sooner, and to help the world get to net zero.

The ambition is supported by 10 aims.

Five aims to get BP to net zero:

1. Net zero across BP's operations on an absolute basis by 2050 or sooner.
2. Net zero on carbon in BP's oil and gas production on an absolute basis by 2050 or sooner.
3. 50% cut in the carbon intensity of products BP sells by 2050 or sooner.
4. Install methane measurement at all BP's major oil and gas processing sites by 2023 and reduce methane intensity of operations by 50%.
5. Increase the proportion of investment into non-oil and gas businesses over time.

Five aims to help the world get to net zero:

6. More active advocacy for policies that support net zero, including carbon pricing.
7. Further incentivise BP's workforce to deliver aims and mobilise them to advocate for net zero.

8. Set new expectations for relationships with trade associations.

9. Aim to be recognised as a leader for transparency of reporting, including supporting the recommendations of the TCFD.

10. Launch a new team to help countries, cities and large companies decarbonise.

To deliver the ambition, BP will fundamentally reorganise to become a more focused, more integrated company, comprising:

- Four business groups to deliver performance and value growth:

Production and operations; customers and products; gas and low-carbon energy, and innovation and engineering.

- Three integrators to identify and maximise opportunities:

Sustainability and strategy; regions, cities and solutions, and trading and shipping.

- Four core enablers to support business delivery:

Finance; legal; people and culture, and communications and advocacy.

BP is committed to performing while transforming.

No change to BP's fundamental commitments:

- To safe and reliable operations.
- To delivering BP's investor proposition, including commitments on:
 - growing sustainable free cash flow and shareholder distributions over long term;
 - maintaining strong financial frame and cost and capital discipline, and deleveraging the balance sheet;
 - delivering 2021 free cash flow targets.

New purpose and ambition

BP's new CEO, Bernard Looney, today announces a new purpose and a new ambition for the company.

BP's new purpose is reimagining energy for people and our planet.

The purpose is underpinned by an industry-leading ambition – for BP to become a net zero company by 2050 or sooner, and to help the world get to net zero – and this ambition is supported by 10 aims.

To deliver all this, BP will fundamentally transform its whole organisation, and maintain its commitment to performing while transforming.

Bernard Looney said: "The world's carbon budget is finite and running out fast; we need a rapid transition to net zero. We all want energy that is reliable and affordable, but that is no longer enough. It must also be cleaner. To deliver that, trillions of dollars will need to be invested in replumbing and rewiring the world's energy system. It will require nothing short of reimagining energy as we know it.

"This will certainly be a challenge, but also a tremendous opportunity. It is clear to me, and to our stakeholders, that for BP to play our part and serve our purpose, we have to change. And we want to change - this is the right thing for the world and for BP."

Helge Lund, BP's chairman, commented: "Energy markets are changing, driven by climate change, technology and societal expectations, and the board supports Bernard and his new leadership team's ambition for BP. Aiming for net zero is not only the right thing for BP, it is the right thing for our shareholders and for society more broadly. As we embark on this ambitious agenda, we will maintain a strong focus on safe, reliable and efficient operations and on delivering the promises we have made to our investors."

BP's new ambition to be a net zero company by 2050 or sooner covers the greenhouse gas emissions from its operations worldwide, currently around 55m tonnes of CO₂ equivalent (MteCO₂e) a year, and the carbon in the oil and gas that it produces, equivalent currently to around 360 MteCO₂e emissions a year - both on an absolute basis. Taken together, delivery of these aims would equate to a reduction in emissions to net zero from what is currently around 415 MteCO₂e a year.

"This is what we mean by making BP net zero. It directly addresses all the carbon we get out of the ground as well as all the greenhouse gases we emit from our operations. These will be absolute reductions, which is what the world needs. If this were to happen to every barrel of oil and gas produced, the emissions problem for our sector would be solved. But of course, the world is not that simple; the whole energy system has to be transformed and everyone has a contribution to make - producers and sellers of energy, policy makers and everyone who uses energy" - Bernard Looney.

Therefore, BP also aims to help its customers reduce their emissions by halving the carbon intensity of the products it sells, again by 2050 or sooner - offering customers more and better choices of low- and no-carbon products.

BP also aims to install methane measurement at all of its existing major oil and gas processing sites by 2023 and then reduce the methane intensity of its operations by 50%.

And over time BP also aims to increase the proportion of investment it makes into non-oil and gas businesses:

"We expect to invest more in low-carbon businesses - and less in oil and gas - over time. The goal is to invest wisely, into businesses where we can add value, develop at scale, and deliver competitive returns" - Bernard Looney.

The ambition also includes a series of aims targeted at supporting the world's progress towards net zero:

- More actively advocating for policies that support net zero, including carbon pricing; stopping corporate reputation advertising and redirecting resources to promote net zero policies, ideas, actions, collaborations and its own net zero ambition.
- Incentivising BP's global workforce to deliver on the aims and mobilise them to become advocates for net zero; increasing the percentage of remuneration linked to emissions reductions.
- Setting new expectations for BP's relationships with trade associations, making the case for BP's

views on climate change, being transparent where views differ, and being prepared to leave those where alignment cannot be reached.

- Being recognised as an industry leader for the transparency of reporting, working constructively with the TCFD and other groups to develop good practices and standards for transparency of reporting. BP today announced its support for the recommendations of the TCFD.
- Launching a new team to create integrated clean energy and mobility solutions and to help countries, cities and corporations around the world decarbonise.

The structure of BP's organisation – and of much of the industry – has been broadly the same for more than a century, split into separate organisations – upstream, downstream, and other businesses. To deliver its new ambition and aims, BP will now undergo a fundamental reorganisation.

"We need to reinvent BP. Our historic structure has served us well but, in order to keep up with rapidly evolving customer demands and society's expectations, we need to become more integrated and more focused. So we are undertaking a major reorganisation, introducing a new structure, a new leadership team and new ways of working for all of us" – Bernard Looney.

Under the plans, BP's existing, largely autonomous business segments - upstream and downstream - will be dismantled and the group reorganised globally into a more focused and more integrated entity, comprising 11 teams. The heads of these teams will make up BP's new leadership team.

Performance and value growth will be delivered by four business groups:

- Production and operations, led by Gordon Birrell, will be BP's new operational centre, bringing its operations together, focused on driving safety, efficiency and value growth.
- Customers and products, headed by Emma Delaney, will focus on customers as the driving force for the energy products and services of the future, and on customer experience and expansion in rapidly changing markets.
- Gas and low-carbon energy, led by Dev Sanyal, will unite energy teams currently dispersed around BP to create focused low-carbon solutions. It will also pursue opportunities in decarbonisation and new value chains such as hydrogen and CCUS.
- Innovation and engineering, headed by David Eyton, will bring added momentum to BP's venturing and Launchpad investments and act as a catalyst for creating value from disruptive opportunities. It will

also house BP's engineering discipline and safety and operational risk team.

Three integrators will be established to find and maximise opportunities for BP:

- Strategy and sustainability, headed by Giulia Chierchia, who is joining BP from McKinsey, will ensure that sustainability is embedded at the top of BP and provide a single groupwide approach to strategy and capital allocation.
- Regions, cities and solutions, led by William Lin, will build relationships with regions, cities and large corporations, aiming to develop integrated energy and carbon solutions that can bring emissions down at scale.
- Trading and shipping, led by Carol Howle, will build on BP's existing deep expertise in its existing business to more effectively help BP capture new commercial opportunities and add value.

Four teams will serve as enablers of business delivery:

- Finance, led by Murray Auchincloss.
- Legal, headed by Eric Nitcher.
- People and culture, headed by Kerry Dryburgh.
- Communications and advocacy, led by Geoff Morrell.

Over the next few months, the new BP leadership team will focus on building their teams and on developing BP's strategy to deliver the ambition.

"Together we will aim to build a more agile, innovative and efficient BP. A purpose-driven, digitally enabled, fully integrated organisation. I'm confident that this new leadership team, together with all our people, have the skill and will to turn BP into a thriving sustainable energy business that is a force for good in a net zero world" - Bernard Looney.

Performing while transforming

Despite the planned groupwide programme of change, BP's fundamental commitments remain unchanged - to safety and to investors.

"BP needs to continue to perform as we transform. As committed as I am to making transformation happen, I am equally committed to some fundamental principles that have served us well. Safe and reliable operations will always underpin all we do, and we remain committed to meeting the promises we have made to our shareholders. We can only reimagine energy if we are financially strong, able to pay the dividend our owners depend on and to generate the cash to invest in new low and no-carbon businesses" - Bernard Looney.

BP's commitment to safe and reliable operations is unchanged with safety as a core value. The new structure is expected to underpin and strengthen safety performance.

BP also remains committed to its investor proposition of growing sustainable free cash flow and distributions to shareholders over the long term. It continues to be committed to a strong financial frame including deleveraging the balance sheet and maintaining capital discipline, to delivering its free cash flow targets for 2021, and to staying focused on costs and pursuing efficiencies.

BP intends to host a capital markets day in September at which the leadership team will set out more information on BP's strategy and near-term plans.