BP’s contribution to Australia

December 2016
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A message from Andy Holmes

Over the past 100 years Australia has developed as a nation and BP has had a presence here for most of that time, in more ways than many people may realise.

The founder of BP, William Knox D’Arcy, was a British lawyer who lived in Australia and funded exploration in the Middle East in 1901 from money made in Rockhampton gold mines. Some 20 years later, BP formed a joint venture with the Australian Federal Government to build Australia’s first oil refinery in Laverton, Victoria. Like Australia, BP’s business has evolved over time but our core purpose has remained the same and so have our values. We produce and deliver energy for heat, power and transportation; and we do it with safety, respect, excellence, courage and one team, at the fore.

As one of the largest businesses operating in Australia, over many years we have contributed to society and the economy. We have directly employed thousands of people, paid substantial taxes, invested significant capital and worked with Australian businesses and suppliers. Between 2011 and 2015, we invested capital of more than $3.25 billion across our downstream and upstream businesses. Through the North West Shelf (NWS) project, in which BP is one of six participants, more than $12 billion was invested in various projects. And BP expanded on our existing commitment in this area in 2016 by entering into a number of new permit areas relating to exploration activities.

Our downstream business has invested in strengthening our BP branded retail network across Australia, with some of our largest sites valued at more than $30 million each. In 2017, we will carry out our largest ever turnaround activity to upgrade Kwinana Refinery, spending more than $80 million.

BP is investing for the long-term future of Australia and its people through our dedicated work with Indigenous suppliers and a two-year funding agreement to support Indigenous business owners. And in 2017, we will launch our third and most ambitious Reconciliation Action Plan (RAP).

Being part of the bigger BP Group enables us to share global expertise, research and development with our Australian business partners and customers. Specialist BP teams develop advanced technology for exploring and producing oil and gas, test the next generation of fuels and lubricants, and project worldwide energy and economic trends as far into the future as 2035.

We are also focused locally on developing innovative, market-leading products and offers for customers, such as the first ever smartphone payment app for fuel in Australia. Our aim is to be the leading fuels retailer in the country, enabling our customers to experience modern convenience across our network.

Strong relationships and partnerships have been essential to success in every part of our operations. We work with approximately 30,000 small-to-medium businesses and operators of more than 1,000 independent retail sites. So beyond supplying energy, our activities benefit our loyal customers, employees, partners, communities, other businesses and even shareholders, across Australia. And we have been making this valuable contribution for a very long time – since before the introduction of Vegemite in 1922 and prior to the construction of the iconic Sydney Harbour Bridge in 1929.

We continue to see opportunities to invest in our upstream and downstream businesses here, which is only made possible by the continued strengthening of the Australian economy and policy settings.

I am delighted to play a role in continuing to lead our business on this path and to further build on our very long history and investment in Australia.

Andy Holmes
Head of Country, Australia and COO, Fuels AsPac and Air BP

Timeline of BP in Australia

• 1919: The Commonwealth Government formed a joint venture with Anglo-Persian Oil (BP’s predecessor company) which then constructed Australia’s first ever oil refinery in Laverton, Victoria in 1924. The joint venture, Commonwealth Oil Refineries, sold fuel under the COR brand in Australia.

• 1952: BP purchased the Commonwealth Government’s share of Laverton Refinery from the Menzies Government and continued to sell fuel under the COR brand until 1959. BP also began the construction of the Kwinana Oil Refinery in Western Australia, which started operations in 1955.

• 1971: BP increased its footprint by expanding into the offshore oil and gas sector. We joined the Woodside-operated Browse Development (Browse) in the Browse Basin, located approximately 425 kilometres north of Broome, Western Australia. The same year the Browse project discovered the Torosa field.

• 1982: Building on our presence off the coast of Western Australia, BP joined five other companies in the North West Shelf (NWS) project operated by Woodside. The project is located in the North West Shelf basin, in the Indian Ocean, approximately 140 kilometres north-west of Dampier.

• 1984: Bulwer Island Refinery was bought by BP in 1984 from Amoco, which built the refinery on reclaimed land and began operations in 1965. During operations, the refinery had a capacity of around 102,000 barrels per day and produced petrol, diesel, kerosene, aviation fuel, heating oil and Liquefied Petroleum Gas (LPG).

• 2000: BP acquired Castrol’s operations globally, including in Australia. Castrol continues to be a world-leading manufacturer, distributor and marketer of premium lubricating oils, greases and related services to automotive, industrial, marine, aviation, oil exploration and production customers across the world.

• 2005: After working with government and Aboriginal and Torres Strait Islander communities, BP launched Opal Fuel, a low-aromatic fuel designed to reduce petrol sniffling. Since that time low-aromatic fuel has helped to reduce petrol sniffing by 88 per cent in affected communities.

• 2010: BP’s acquisition of regional fuel distributor Reliance Petroleum was successfully approved by the competition regulator, the Australian Competition and Consumer Commission (ACCC). Through the transaction, we acquired approximately 200 Reliance sites across every Australian state, except the Northern Territory.

• 2014: BP renewed its commitment to the Australian market by announcing plans to convert Bulwer Island Refinery in Queensland into a jet import terminal and to invest significantly in expanding its BP branded retail network.

• 2015: BP continued to focus on growing its retail business. To support this, we formed joint ventures with new partners, including Lowes Petroleum Service, Great Southern Fuel Supplies, Toll and UGL, and launched market-leading offers for consumers including our loyalty partnership with Velocity Frequent Flyer.
BP’s contribution to Australia

How BP operates: downstream and upstream

BP delivers energy products and services to people through two main operating divisions. Through upstream and downstream the company finds, develops and produces essential sources of energy, turning them into products that people need.

Finding oil and gas
First, we acquire exploration rights, then we search for hydrocarbons beneath the earth’s surface.

Developing and extracting oil and gas
Once we have found hydrocarbons, we work to bring them to the surface.

Transporting and trading oil and gas
We move hydrocarbons using pipelines, ships, trucks and trains and we capture value across the supply chain.

Manufacturing fuels and products
We refine, process and blend hydrocarbons to make fuels, lubricants and petrochemicals.

Marketing fuels and products
We supply our customers with fuel for transportation, energy for heat and light, lubricants to keep engines moving and the petrochemicals required to make a variety of everyday items.

Upstream
Our upstream segment manages exploration, development and production activities.

Downstream
Our downstream segment operates hydrocarbon value chains covering three main businesses – fuels, lubricants and petrochemicals.

Generating renewable energy
We operate biofuels businesses and other renewable energy businesses.
Our business in Australia today

BP has a proud history of operations in Australia that reaches back almost 100 years, having arrived here in 1919.

BP is the only oil and gas company engaged in the Australian market from well to bowser – from exploration and production of crude oil and natural gas (upstream), to refining and marketing of petroleum products (downstream). We employ more than 5,700 employees and long-term contractors across every state and territory in Australia, which includes some of our main offices in Perth (upstream) and Melbourne (downstream).

**Upstream**
Our upstream oil and gas production interests are focused on the giant NWS project (BP share 16.7 per cent) and Browse (BP share 17.33 per cent).

The NWS project is Australia’s largest resource development, producing gross annual LNG production of 16.3 million tonnes and accounting for more than 40 per cent of Australia’s oil and gas production. Browse includes the Calliance, Brecknock and Torosa fields, which have proven reserves of approximately 15 trillion cubic feet of gas and condensate; the participants are working on how to develop the fields to be globally competitive.

Other interests include an exploration permit (WA-525-P) in the NWS in which we have 100 per cent equity and an option to acquire 42.5 per cent equity in a separate permit (WA-359-P) owned by Cue.

**Downstream**
In downstream, our vision is to be the leading fuels retailer in Australia and we have been launching innovative products and offers to deliver on our promise to customers.

Our BP branded retail network comprises more than 1,400 service stations, including some specially-designed truck-stops on major trucking routes. We provide premium fuels, as well as world-class lubricants through our Castrol brand. We also operate a substantial wholesale business, B2B bulk businesses, and distributor businesses that supply mining and rural customers largely in Western Australia and Queensland.

We own energy infrastructure in Australia, including 67 depots and terminals, with the operation of these assets managed through joint venture arrangements with trusted partners. The largest joint venture arrangement, Australian Terminals Operations Management (ATOM), is with UGL and comprises the management of 17 terminals.

BP’s Australian midstream business works closely with our global traders to leverage our significant expertise in this area. Through this business, we are able to best serve Australian commercial customers and be sharper, faster and deliver better returns.

BP is proud to operate Australia’s largest refinery, Kwinana Refinery, and continues to provide secure, reliable and competitively-priced fuels. At maximum capacity, Kwinana can process up to 146,000 barrels of crude oil in one day into products including LPG, petrol, diesel kerosene, jet fuel and heating oil. Through this, we provide about 80 per cent of fuel to Western Australia, and beyond that to South Australia and Tasmania.

**International businesses**
BP also has a number of successful international businesses operating in Australia, including Air BP, BP Marine and BP Shipping.

Air BP is a specialised aviation division with customers including: private and corporate aircraft owners; commercial airlines; airport operators; and the Australian Defence Force. On average, we refuel 45 aircraft each hour.

BP Marine sells marine lower sulphur fuels, biodegradable lubricants and trading solutions. We are the only physical supplier of marine fuel on the east and west coasts of Australia, and we make approximately 800 port calls each year.

Our BP Shipping business largely moves crude oil and refined product into and around Australia’s coastline.
Making a direct contribution to Australia’s economy

BP’s different business operations in Australia create direct economic impacts, especially in terms of employment and taxes.

BP employs more than 5,700 people across Australia.

“We employ just over 3,000 people at our BP-owned retail outlets, who serve more than 60 million customers each year.

Our people are the backbone of the company and I love working with such a great bunch of individuals who are invested in making a difference.”

Amanda Woollard
General Manager, Retail

Despite Australia’s 26 years of continuous gross domestic product (GDP) growth, the health of the Australian economy and employment consistently rank among the top priorities for Australians.

As a long-standing participant in the Australian market and a major energy producer and supplier, BP makes a contribution to the Australian economy and employment, both directly and indirectly.

Employment
BP directly employs more than 5,700 people across Australia, in both downstream and upstream businesses. Our professionals are employed in fields including sales and marketing, science and engineering, information technology, health and safety, and supply chain.

In the five years up to 2016 we recruited more than 100 graduates into our business, in the areas of sales and marketing, engineering and science, and commercial business. Graduates have varied opportunities to extend their skills, knowledge and people experience, while completing interesting and valuable on-the-job training.

We also invite talented interns to join us for 12 week paid internship programs in a wide variety of areas including marketing, engineering, sales, finance and analytics. Since 2013, more than 90 interns have worked with us across our Australian fuels, lubricants, information technology, global business services (GBS) teams and upstream.

Diversity and inclusion
Diversity and inclusion is a vital part of our culture and our business because we believe it adds significant value. We remain as committed as ever to building diversity of thought, experience, perspective and gender within the organisation.

We are working hard at all levels of the business to achieve this, with a goal globally to have 30 per cent of female senior-level leaders by 2020. Locally, approximately 42 per cent of our Australian employees are women.

As part of BP’s commitment to building a workforce representing the communities in which we operate, we are working hard to ensure Aboriginal and Torres Strait Islander people represent 2.5 per cent of our employee population by 2020. In addition, in July 2012 we became a signatory to the Australian Employment Covenant (AEC), committing to 300 job opportunities for people of Aboriginal and Torres Strait heritage over ten years.

Approach to tax
BP recognises that the taxes we pay and collect form a significant part of our economic contribution to the countries in which we operate. Our business activities, both in downstream and upstream, generate a substantial amount and variety of taxes in Australia.

We pay corporate income taxes, royalties, production taxes, stamp duties, employment and other taxes. In addition we collect and pay employee taxes, as well as indirect taxes such as excise duty.

BP is committed to complying with tax laws in a responsible manner and to having open and constructive relationships with tax authorities.

We support efforts to increase public trust in tax systems, and engage in initiatives to simplify and improve tax regimes to encourage investment and economic growth.

Our code of conduct sets out what is expected of everyone at BP and our approach to tax aligns with that. Specifically, our BP values – safety, respect, excellence, courage and one team – guide our conduct in respect to complying with tax laws.

“BP’s upstream business is a dynamic environment where I contribute to the forefront of exploration using the latest technology and best practices. I have opportunities to work in multi-disciplinary teams where I am challenged and develop my skills and knowledge through global connections”.

Georgina Vlassco
Senior Subsurface Information Specialist
BP’s contribution to Australia

More than 60 years’ operating Kwinana Refinery

BP Kwinana Refinery first started operations in 1955 and was the very first industrial facility to be built in Western Australia – chemical plants and other facilities were developed around the site.

For over 60 years, our refinery has contributed to the WA economy both directly and indirectly, through providing jobs, economic activity, taxes and support for community activities. In steady state operations, the refinery employs approximately 700 people.

In early 2017 the refinery, the largest oil refinery in Australia, will invest approximately $80 million in our largest ever maintenance activity to upgrade the facility. During the six-to-eight week turnaround up to 1,800 additional people will join the refinery team. This will provide an additional boost to the local economy, with an influx of workers visiting the area daily and benefits for local businesses through the supply chain.

By undertaking turnarounds, BP has the opportunity to inspect, clean and maintain the refinery kit and make targeted investments to continue to operate the refinery safely and at its best.

Our approach to tax and our commitment is underpinned by relationships with governments, transparency, tax risk management and governance.

Between 2011 and 2015 our effective tax rate in Australia averaged 28 per cent. Over this time, our income tax payments were more than $1.8 billion; we also collected and paid more than $21.4 billion in fuel excise.

For more information on the principles that underpin BP’s approach to tax, visit www.bp.com/tax

Average annual financials ($m) 2011-2015

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
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<tr>
<td>Expenditure</td>
<td>(20,202)</td>
</tr>
<tr>
<td>Accounting profit before tax</td>
<td>873</td>
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<tr>
<td>Tax charge</td>
<td>(235)</td>
</tr>
<tr>
<td>Cash tax rate</td>
<td>43%</td>
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<tr>
<td>Effective tax rate</td>
<td>28%</td>
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Average annual taxation ($m) 2011-2015

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxable income</td>
<td>1,421</td>
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<tr>
<td>Income tax paid (PAYG)</td>
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<tr>
<td>Tax paid</td>
<td>370</td>
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<tr>
<td>Other taxes collected and/or paid</td>
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<tr>
<td>Upstream production taxes</td>
<td>348</td>
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<tr>
<td>Excise</td>
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<tr>
<td>GST</td>
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<tr>
<td>Payroll tax</td>
<td>23</td>
</tr>
<tr>
<td>Fringe benefits tax</td>
<td>6</td>
</tr>
<tr>
<td>Total of other taxes</td>
<td>6,251</td>
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</tbody>
</table>

* Taxable income is derived from accounting profit before tax adjusted for differences required for tax purposes.
Contributing indirectly to Australia’s economy

BP’s businesses also have an indirect economic impact through their spending on goods and services with Australian businesses and by making capital investments.

Our total capital investment in Australia was more than

$3.25\text{bn}$
in 2011-2015

Approximately

$1.77\text{bn}$
spent directly with more than 1,900 businesses in Australia in 2015

Case study

North West Shelf (NWS) project

The Woodside-operated NWS project, in which BP is one of six participants, constitutes one of Australia’s largest oil and gas developments and represents an investment of more than $34 billion. It is also one of the world’s largest liquefied natural gas (LNG) producers, supplying both Australian and international markets.

Since 1989, the NWS project has delivered more than 4,000 LNG cargoes. It has contributed to Australia’s economic prosperity through investments in employment, the supply chain and community. Through production, the project contributes more than $5 billion in taxation and royalties annually and more than $900 million annually to the Australian economy and with businesses through payroll, operating costs and capital expenditure.

Participants in the NWS project have continued to invest in developing infrastructure, including approximately $6.8 billion between the Oil Redevelopment Project in 2011 and the North Rankin Redevelopment Project in 2013. Further recent developments with a total investment of $6.2 billion included the Greater Western Flank Phase 1 Project, the Persephone Project and Greater Western Flank Phase 2 Project.
Supply chain spend
BP has a large economic footprint across many parts of Australia. Each year we spend significantly with businesses that provide goods and services needed for our operations, either directly or through our joint venture arrangements.

Directly, in our downstream business in 2015 we spent approximately $1.77 billion with more than 1,900 businesses in Australia. Of these, more than 600 were small-to-medium businesses and over 175 supplied merchandise to our retail sites. These businesses’ activities, including the salaries paid to employees, generated further value for Australia’s economy.

On average, our 10 key logistics vendors, many of which are well-known Australian companies, travel 40 million kilometres each year to deliver fuel to our customers, which is equivalent to 50 return trips to the moon.

Third-party contractors
BP works with a range of third-party contractors. These contractors supply products for retail sale in our sites, deliver education and training outcomes for our employees, and provide office products and retail product packaging. Over 121 contractors support our Australian marketing and retail business.

We value the health and safety not only of our own BP employees, but also of the people working as contractors in our supply chain. In 2016, more than 200 third-party contractors participated in BP’s safety screening program and joined over 15 safety awareness sessions.

Indigenous suppliers
We are proud to have relationships with a diverse range of Australian suppliers, including Indigenous suppliers. Our Reconciliation Action Plan and targeted Indigenous procurement strategies have helped us to exceed our target of $600,000 spend on Indigenous suppliers in 2016. We aim to increase this spend to $1.1 million in 2017.

BP’s own Indigenous Business Development Program led us to engage new suppliers through our membership with Supply Nation, Australia’s leading Indigenous supplier diversity organisation.

BP and Supply Nation expanded this partnership in 2016 through the launch of an Indigenous fuel card available to almost 1,000 Supply Nation Indigenous suppliers. The card provides successful applicants with access to a fuel discount of 4 cents per litre, as well as technology and online systems that provide convenience, security and flexibility to help run an efficient business.

BP’s first tier contractors and suppliers also support our Indigenous procurement strategy through the employment of Indigenous personnel and the engagement of Indigenous suppliers or contractors, in both work for BP and indirectly through work for other clients.

Capital investment
BP invested capital to underpin the evolution of our business in Australia between 2011 and 2015. Our total capital investment during this period was more than $3.25 billion in our downstream and upstream businesses.

Our investment in upstream activities was largely focused on maximising the value of Australia’s largest oil and gas project, the NWS project. As part of BP’s share of the project (16.7 per cent), we contributed to overall investment of more than $13 billion in the five years up to 2015.

In support of developing Browse, BP invested capital of $388 million between 2011 and 2015. In the coming years, BP will start exploring potential investment activities related to its new interests in the NWS, individually and with partner Cue Energy, acquired in 2016.

During 2016 we also established new onshore oil and gas exploration infrastructure with partners in South Australia, including a marine supply base in Adelaide, fuel bunkering facility in Adelaide and an aviation base in the coastal town of Ceduna.

To underpin our downstream growth in Australia, we invested more than $1.6 billion over the five years up to 2015.

Approximately $150 million was spent annually to expand our BP branded retail network – during 2015 and 2016 we opened eight new BP operated sites and refreshed eight sites. BP Baldivis North and South, valued at approximately $40 million in total, are the first dual travel centres in Western Australia.

Similarly, BP’s Eastern Creek was opened in western Sydney in late 2016, supported by an investment of approximately $30 million – the site was built and is operated by BP’s long-term partner Rampage.

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Investment in Port Adelaide infrastructure
BP and Flinders Ports invested close to $8 million in infrastructure in Port Adelaide in 2016 to establish a state-of-the-art bunkering facility in Port Adelaide’s inner harbour. Connected directly via pipelines from the nearby Largs North Terminal, the fuel bunkering facility enables safe, efficient and simultaneous refuelling of vessels and receipt of fuel into the terminal.

The fuel bunkering project provided opportunities for local contractors and generated more than 20 job opportunities to support various stages of work, from engineering and pipeline design to the berth upgrade. Bunkering facilities at BP’s Largs North Terminal include new dedicated filling pumps with full automation, metering skid and bunker hoses.

The existing berth, known as N-Berth, is owned and operated by Flinders Ports and had been unused for over 10 years. The upgraded berth can now receive vessels up to 120 metres in length. Prior to this, vessels requiring fuel in Port Adelaide’s inner harbour were supplied by fuel truck.

Highest spend with suppliers by top four states in 2015

<table>
<thead>
<tr>
<th>State</th>
<th>Spend</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSW</td>
<td>$650.9 mn</td>
<td>37%</td>
</tr>
<tr>
<td>VIC</td>
<td>$552.5 mn</td>
<td>31%</td>
</tr>
<tr>
<td>WA</td>
<td>$316.5 mn</td>
<td>18%</td>
</tr>
<tr>
<td>QLD</td>
<td>$192.2 mn</td>
<td>11%</td>
</tr>
</tbody>
</table>

Source: BP
Partnerships have been essential to our operations across Australia since inception, and continue to be central to our ability to invest, grow and innovate for the benefit of our customers.

For a long time, trusted partnerships have been an important part of our upstream and downstream business in Australia.

We continue to maintain and grow long-standing commercial partnerships with small-to-medium business owners for more than 1,000 BP branded sites. We provide the opportunity for these operators to access discounted products and services, leveraging the buying power of BP. Some of these operators have been a part of our BP branded network for many, many years, as long as 46 years in the case of one highly valued partner.

We also have valuable commercial partnerships related to the operation of our terminals and logistics businesses and with suppliers, who we rely on to provide goods and services. Through our supply chain, we work with more than 600 small-to-medium businesses.

Joint venture arrangements, which are commercial partnerships that can take a range of forms, have been very important to our upstream business in Australia. BP continues to be a participant in the NWS and Browse projects, which are operated by Woodside.

Our partnerships with Australian businesses in regional and rural areas ensure we can reach valued BP customers across the country. Trusted partners Lowes Petroleum Service and Great Southern Fuel Supplies, which have been proud Australian businesses since the mid 1970s, as well as Toll, help to manage BP depots and fuel distribution.

Through a joint venture arrangement with engineering services company UGL, Australian Terminals Operations Management (ATOM) operates our network of 17 terminals in Australia.

BP also has relationships with approximately 30,000 small-to-medium-sized business customers in Australia. Our fuel card and expense management system, BP Plus, has been an important tool for many Australian businesses for over 20 years – it provides control, convenience, security and flexibility to operate a fleet of vehicles.

There were more than 18 million BP Plus card transactions in 2015. In 2016, we were awarded the Canstar Blue Most Satisfied Customer award for small business fuel cards in Australia.

BP works with ~30,000 small-to-medium businesses
BP’s contribution to Australia

Bringing together our strengths

BP formed a successful partnership with Australian-owned Lowes Petroleum Service (Lowes) in September 2015 to market and distribute BP fuels and lubricants to customers in regional Queensland, New South Wales and Victoria.

We are proud to work with a business that is equally committed to providing quality products and a high standard of support for local customers. By bringing together our unique strengths, we have been able to reach more than 30,000 customers working in primary production, commercial, mining, marine, construction and infrastructure.

Lowes is a family business, led by Don McRae, and in 2017 will celebrate its 40th anniversary of operations – Don first acquired a share in the business in 1977. Lowes has come a long way since its humble beginnings with one truck and one driver in the small town of Boggabilla, NSW, to now spanning the east coast of Australia.

Today, through the partnership, Lowes operates 48 depots, 27 outdoor 24 hour payment terminals and 12 retail sites, with opportunities to further grow the business in the future.

Case study

A partnership of 46 years

One of BP’s longest-standing partners in Australia is AA (the initials of Andreas Andrianopoulos), a Victorian retail service station operator. We have been working together for 46 years and AA operates 54 BP branded sites across Victoria, which includes 15 truck-stops and service centres.

AA is an Australian family-owned business which was started by father of four Andreas Andrianopoulos, who continues to lead the business today. Our relationship with Andreas and his team has been successful over many years because AA looks to BP not only as a valued partner, but as part of its family.

During 2016 AA redeveloped BP Doveton and BP Box Hill South, and refreshed nine sites across Victoria with BP’s bright green look and feel. AA has a similar plan for site redevelopments and refreshes in 2017. We will work closely with them as they continue to look for new opportunities to grow and improve their existing business.
Fuelling the market and consumers

BP believes the ongoing supply of secure, reliable and competitively-priced fuel for Australian consumers relies on continued integration with competitive international and domestic fuel markets, operating within a stable government policy framework.

We operate in a downstream fuels market which has highly diverse sources of fuel, domestic refineries, flexible import and distribution networks, and various, competitive fuel importers and suppliers.

There is also a wide range of businesses competing to market and sell fuel products to customers – approximately 54 per cent of the Australian fuels market is operated by independent businesses. BP’s own branded network comprises more than 1,000 independently operated sites, which are managed by many small-to-medium sized business owners.

BP continues to contribute to Australia’s supply network through our supply chain across the country: our depots and terminal infrastructure, refining products at Kwinana Refinery and the sale of fuel at more than 330 BP owned and operated sites. At any one time we have significant amounts of fuel supply travelling via secure shipping lanes to Australia, also contributing to increased domestic supply reliability.

Government policy that provides stable regulation, removes barriers to investment, improves access to resources and modernises tax structures will encourage the necessary ongoing investment in Australia’s supply network and energy security. BP believes that any new policy should drive efficiency, be fair and equitable, and not materially upset the basis on which previous investment decisions were made.

This shift in consumer behaviour has driven the importance within the fuels industry of a modern retail experience.

BP is striving to be the leading fuels retailer in Australia and is focused on rewarding consumers for visiting our sites by offering competitively-priced premium fuels, convenient food and beverage choices, and innovative and distinctive offers.

Changing consumer behaviours

Australian consumers are at the heart of today’s fuels market and similar to many other industries, their behaviours have changed over time – consumers are busier than ever and seeking more value for their money.

This shift in consumer behaviour has driven the importance within the fuels industry of a modern retail experience.

BP is striving to be the leading fuels retailer in Australia and is focused on rewarding consumers for visiting our sites by offering competitively-priced premium fuels, convenient food and beverage choices, and innovative and distinctive offers.

We adapted our business between 2014 and 2016 to ensure it could deliver on its promise to consumers and remain competitive into the future.
Bringing global expertise, research and development

Innovation lies at the core of BP’s activities, in the form of distinctive technologies, products and services.

“After five years of research and development, and thousands of kilometres of testing, we perfected our unique patented formulation to produce the latest BP Ultimate fuels – these are our best ever dirt busting fuels, which restore and maximise engine performance.”

Garry Whitfield
BP’s Fuels Technical Expert, Australia

BP’s innovation is driven through the expertise of our staff, including over 2,000 scientists and engineers and seven major technology centres in Germany, South Africa, the United Kingdom and the United States. We work with a network of strategic partners – universities, national laboratories and other companies – as well as through our corporate venturing business.

Between 2013 and 2015 we invested approximately $US1.7 billion globally in research activities which covered areas as wide ranging as ice-crystal formations in ice cream, paint properties and chocolate. Our $US100 million research centre, the BP International Centre for Advanced Materials (BP-ICAM), aims to advance the fundamental understanding and use of materials across a variety of energy and industrial applications.

Technology programs
In the upstream, BP’s strengths in exploration, deep water, giant fields and gas value chains are underpinned by BP’s technology leadership positions in seismic imaging, enhanced oil recovery and increasingly in unconventional – we have carried out upstream technology programs in these areas. For example, we lead the industry in enhanced oil recovery, with our technologies delivering more than 10 per cent of the world’s conventional enhanced oil recovery production.

Technology underpins all that we do across the downstream business: enhancing safety, optimising production, increasing operational efficiency and creating innovative solutions. In particular, we focus on longer-term trends and underpinning research to deliver differentiated fuels and lubricants that provide distinctive and tangible benefits for our customers.

BP launched its latest generation of premium fuels in 2016. The fuels, such as BP Ultimate, were subjected to more than 50,000 hours of testing in engines and vehicles over a five year period, which is equivalent to 1.6 million kilometres. Significant data sets and independent testing facilities have demonstrated that the new fuels remove dirt and help vehicles run more efficiently and drive more smoothly.

Research insights
For many years our annual BP Statistical Review of World Energy and our Energy Outlook have aimed to make a contribution to the debate about how best to shape a secure, affordable and sustainable energy future.

BP’s Statistical Review of World Energy, published for 65 years, provides high-quality objective and globally consistent data on world energy markets. It is one of the most widely respected

BP Marine enhancements supply into Fremantle

BP Marine carried out an extensive review in 2015 of its supply into the Port of Fremantle, Western Australia, to benefit customers and the overall market.

Significant changes which stemmed from the review included the closure of BP’s North Fremantle Terminal, the removal of redundant and ageing product pipeline systems, and the replacement and introduction of a new BP Marine time-chartered barge.

The fuel bunker barge, named Vacamonte, holds approximately 4,000 tonnes of fuel oil and 2,000 tonnes of gas oil. With this extensive capacity, it refuels a wide range of vessels including cargo, cruise, livestock, navy, and oil and gas support vessels.

The evolution of the business in this area has contributed to improved product supply chain security and reliability, and a more integrated partnership with BP’s Kwinana Refinery and broader supply network.

BP Marine plans to continue its long history of supplying quality marine fuels in this market into the future.

2,000+ scientists and engineers
and authoritative publications in the field of energy economics, used for reference by the media, academia, world governments and energy companies.

The BP Energy Outlook reflects our best effort to describe a “most likely” trajectory of the global energy system, based on our views of likely economic and population growth, as well as developments in policy and technology.

For many years at BP we have also regularly assessed energy technology developments, looking back to learn lessons and looking forward to anticipate the trends that will shape our industry and others. Launched in 2016, our Technology Outlook marked the first time we have shared the outcomes of our analysis with the wider world. It outlines today’s trends and the implications those trends may have for future governments, businesses and wider society – in particular, how technology can help the world face difficult challenges into the future.

In 2015 BP’s Castrol business launched Nexcel, a revolutionary technology that marked one of the most significant oil change innovations in automotive history.

The Nexcel oil cell is an easy-to-change unit containing both engine oil and filter. It’s been designed to reduce tailpipe CO2 emissions, to improve vehicle servicing and to increase the recycling of used oil for road cars of the future.

Between 2013 and 2015 we invested approximately $US1.7bn globally in research and development.

Fast fact

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Case study

Making customers’ lives easier

BP recognises the potential that technology and digital innovation offers to help make our customers’ lives easier.

In mid-2016, we launched the Australian fuel industry’s first smartphone payment app, known as BPMe. Using the latest technology, customers can use BPMe to refuel faster and easier, from the comfort of their vehicle. The app also provides customers with an option to track their odometer, store electronic fuel receipts and locate nearby BP service stations.

We were able to work closely with digital experts to leverage the understanding that more than 18 million Australians own smartphones, which is one of the highest rates of penetration in the world.

During the initial pilot phase, targeted at a small group of BP Plus card users, the app was downloaded more than 4,500 times and is providing valuable insights that will help us to further improve and expand our offering for BP customers.
Investing in our communities

BP believes that societies and local communities where we work should benefit from our presence. We strive to make a positive difference through investment in a number of ways, in organisations both small and large.

BP has demonstrated over many decades a commitment to communities in Australia through supporting a wide range of initiatives.

Indigenous commitments
Our commitment to Indigenous communities has been largely formalised through our Reconciliation Action Plan (RAP). Our 2014 RAP focused on four areas: improving cultural awareness; developing supplier diversity; pathways to employment; and continuing to supply Opal Fuel. In 2017, we plan to launch our third RAP.

As part of our RAP focus on employment, BP has contributed $1 million through a five-year partnership with the Australian Indigenous Education Foundation (AIEF). The AIEF is a non-profit organisation that enables Indigenous students to attend leading Australian schools and universities, and gain access to mentoring and career support.

BP is also proud of its two-year partnership with Melbourne Business School—an investment of $100,000 is supporting the MURRA Indigenous Business Masterclass program over 2016 and 2017. Each year the MURRA program provides 20 to 30 Indigenous business leaders with an opportunity to participate in three intensive, four-day modules over a single year, focusing on developing leadership, strategy, business acumen and negotiation capabilities.

BP developed Opal low-aromatic fuel to help tackle petrol sniffing. After consultation with 10 Aboriginal and Torres Strait Islander communities across Central Australia, Opal was introduced in 2005 into 37 remote communities.

Low-aromatic fuel is now available in over 125 remote communities and BP is a proud supplier of the fuel in a number of areas, including South Australia, Central Australia and the Western Australia Goldfields region. Since its inception, low-aromatic fuel has reduced the incidence of petrol sniffing by up to 88 per cent in affected communities.

McGrath Foundation
For four consecutive years, BP has been a loyal partner and supporter of the McGrath Foundation, one of Australia’s leading breast cancer support and education charities. We aim to assist in funding a new McGrath Breast Care Nurse each year – nurses offer vital emotional support and friendship to patients and their families during extremely difficult times.

BP and its customers reached a record of over $1 million in donations to the foundation between 2013 and 2016. These donations were generated through a portion of all BP fuel sales during the first week of October and encouraging customers to donate in return for a forecourt refuelling service.

Science, technology, engineering and maths (STEM)
BP believes that for Australia to realise its potential as a nation, we need to equip our children with the skills necessary to be relevant in the 21st century.

We were a participant in the 2016 21CM Accelerator Program, led by PricewaterhouseCoopers (PwC). The collaborative program aimed to unearth, grow and scale Australia’s best STEM education initiatives to build a pipeline of innovators and problem solvers. It supported 20 of Australia’s best social change initiatives through an intense and bespoke acceleration process, assisting them to achieve sustainable growth and scale.

BP formed a partnership with
Adelaide-based STEM Sista’s in 2016, which included providing mentoring and an investment of $15,000. The organisation leads a personal development program for girls in years 9 to 12, which helps students to achieve their goals in STEM related careers. Through intensive mentoring and access to companies such as BP, the students gained first-hand experience of a STEM industry and a potential career.

Both individually and with leading energy company Statoil, BP has provided education grants to secondary schools in South Australia and Western Australia in recent years. The grants, valued at between $5,000 and $10,000, were awarded to schools with activities focused on STEM areas of study, from robotics engineering to sustainable trout farming. The grants enhanced students’ learning opportunities and helped to build their passion for science and technology.

Native ARC

BP supports local communities through a number of environmental programs across Australia that cover conservation, monitoring threatened fauna species and wildlife rehabilitation, including Native ARC and Coastcare in Western Australia.

We have been actively involved with Native ARC since 2010 and have committed to spending $30,000 annually between 2016 and 2018. This funding will go towards ongoing upgrades and the construction of a variety of wildlife enclosures for turtles, joeys, marsupials and birds of prey. Native ARC is also exploring new projects for the future.

“STEM is at the heart of all that we do at BP, from exploration, project delivery, operation of assets and transportation to the refining and marketing of oil and gas. By participating in the 21CM program and working with the appfEDude team, I have been able to support the development of an app which helps students early in their education in the STEM subject areas.”

Craig Lines
Product Services Manager, GPO, Upstream

Great Australian Bight Research Program

BP has been proud to invest in The Great Australian Bight Research Program (GABRP), a four-year, $20 million research program which is helping to improve understanding of the environmental, economic and social values of the Great Australian Bight.

The GABRP is a collaboration between BP, CSIRO, the South Australian Research and Development Institute (SARDII), the University of Adelaide and Flinders University. The study brings together multi-disciplinary research teams comprising more than 100 of Australia’s scientists and technical staff who are leaders in their field, focused on seven major research themes.

The aim of the program is to build the first integrated model of how the biological and physical systems of the Bight are linked and influenced by the surrounding environment. It is also intended to balance human activity and sustainability, to ensure future developments co-exist with the area’s environment, industries and the community.