

# Group chief executive's letter



Our strategy is delivering value for you, our shareholders, while being flexible and agile for the energy transition underway.



## Advancing the energy transition

The deals we made and the strategy we have in place are evidence that BP is a forward-looking energy business. One that is already playing an active role in advancing the energy transition.

That's why we are making bold changes across our entire business to reduce emissions in our operations, improve products to help customers reduce their own emissions, and to create new low carbon businesses. This is our 'reduce, improve, create' (RIC) framework which we are backing up with clear targets. I am pleased to report we are making good progress against these targets.

BP is also working with peers on a range of fronts, in particular to tackle methane emissions and create opportunities for carbon capture, utilization and storage. You'll see this in our work with the Oil and Gas Climate Initiative, which I chair, and whose members now represent 30% of global oil and gas production.

As well as action across the industry, at BP we understand that meeting our own low carbon ambitions is a shared responsibility across our entire business. That's why we are now incentivizing around 36,000 employees who are eligible for an annual cash bonus to play a role by linking their reward to one of our emissions reduction targets.

## Dear fellow shareholder,

I am pleased to report that 2018 was another remarkable year for BP. Our safety performance continued to improve overall, helping to create record operational reliability, which led to strong production, and record refining throughput.

## Strength in numbers

This ultimately contributed to us maintaining a healthy balance sheet as we more than doubled our underlying profit, nearly doubled our return on average capital employed, and significantly increased operating cash flow.

It was a year in which we secured our biggest deal in 20 years, acquiring BHP's world-class unconventional oil and gas onshore US assets. We also made progressive moves in mobility, such as the acquisition of the UK's leading electric vehicle charging network to create BP Chargemaster.

BP is in good shape. Our strategy is delivering value for you, our shareholders, while being flexible and agile for the energy transition underway.

- We continued to focus on advantaged oil and gas in the Upstream, delivering new supplies of gas from four of our six new major projects brought online in 2018. We are also expanding our LNG portfolio and developing new markets in transport and power.
- In the Downstream, we expanded our retail offer, as seen by more than 25% growth in our convenience partnerships, to around 1,400 sites worldwide.
- As we pursue venturing and low carbon across multiple fronts, Lightsource BP doubled its global solar presence to 10 countries.
- And we underpinned all this by continuing to modernize our plants, processes, and portfolio by harnessing the potential of digital and new technologies to provide greater efficiencies, reliability and safety.

## Possibilities everywhere

We will continue to be open and transparent about our ambitions, plans and progress, recognizing that the trust of our shareholders and other stakeholders is essential to BP remaining a reliable and attractive long-term investment. And only by ensuring we remain a world-class investment, can we most effectively play our part in advancing a low carbon future.

As a global energy business with scale, expertise and strong relationships around the world, we don't just believe we have an important part to play in the dual challenge, we see value-generating opportunities for BP throughout the energy transition.

We're making good progress delivering our strategy while flexing and adapting to an environment that is changing fast. We have a great team at BP and I would like to thank them all for their continued dedication and relentless commitment to advancing the energy transition.

**Bob Dudley**  
Group chief executive  
29 March 2019

### GAAP equivalents

Profit attributable to shareholders: \$9.4bn (2017: \$3.4bn)

Average capital employed: \$165.5bn (2017: \$159.4bn)