

Chairman's letter



I am of the view that more energy with fewer emissions – the dual challenge – can be met if a progressive and pragmatic approach is taken to the energy transition.



\$8.1bn

total dividends distributed to BP shareholders

6.3%

ordinary shareholders annual dividend yield★

6.4%

ADS shareholders annual dividend yield

Dear fellow shareholder,

2018 has been a year of very good operating performance, important strategic progress and continued change. Our teams have delivered strong results across the business and we are well positioned to continue to deliver value as we play our part in the dual challenge of delivering more energy with fewer emissions.

It was an honour to be appointed chairman of BP. I have huge respect for the responsibilities that come with the role and I will do my utmost to provide thoughtful leadership to the board of directors and support for Bob Dudley and his team as we advance BP in a changing energy landscape.

BP's strong position is a great tribute to my predecessor as chairman, Carl-Henric Svanberg. During his nine-year tenure Carl-Henric did an outstanding job of guiding our company through difficult times. On behalf of the board, I want to thank him for his contribution.

It has been a pleasure to get to know my new colleagues on the board, and I believe we have a wide ranging combination of diversity, skills, experience and knowledge that we need to steer the company through a landscape that is both uncertain and presents possibilities. Last year we welcomed Dame Alison Carnwath and Pamela Daley to the board, each with extensive experience gained in a range of executive and non-executive roles in large companies. And this year we say farewell to Alan Boeckmann and Admiral Frank 'Skip' Bowman. Alan and Skip have both made valuable contributions during their tenures, particularly through their leadership and membership of our safety, ethics and environment assurance committee.

Strengthening organizational culture and capability

The work of the board will continue to evolve over time to make sure that BP is best positioned to advance the energy transition, embrace digital disruption and meet society's changing expectations of major companies. In my short time so far at BP I have already seen for myself many examples of the commitment of our people. Their drive and determination have brought BP to where it is today, and I want to thank them for their hard work. It is critically important we continue to strengthen our organizational capabilities – both by developing our people and by continuing to attract the world's top talent. We look forward to doing this by continuing to foster a diverse and inclusive culture, where everyone feels valued.



Our progressive, pragmatic approach to the energy transition

There are two defining priorities for our industry. One is to produce more energy to meet growing global demand as emerging economies develop and provide people with a better quality of life. The other is to play our part in reducing greenhouse gas emissions. I am of the view that more energy with fewer emissions – the dual challenge – can be met if a progressive and pragmatic approach is taken to the energy transition.

In BP we recognize that energy in many forms will be required, produced in ways that are cleaner and better. That is why we see ourselves not just as an oil and gas business but as a global energy business. We also recognize that we must be constantly improving and seeking out new ideas and possibilities. We must be able to learn fast and harness all the potential of the rapid advances in digital and other new technologies.

Earning trust through strong values

Pursuing this approach, BP is guided by its values of safety, respect, excellence, courage and one team. These are values I personally share. I believe they help to build trust with our people, partners, the communities in which we work, and with you, the owners of the company.

Above all, our primary focus has to always be on operating safely and reliably, minute by minute, day after day. Protecting people, the environment and our assets is always our top priority and the bedrock on which success is built. I think of it as having the tightest defence in the league, like a good football team. If you have a strong defence, you can be more forward looking, compete harder and be better positioned to win.

We value the dialogue we have with you and others, sharing our achievements, our challenges and our plans and seeking your views. This report is one of many ways we update you on our activities and progress.

This year, the board is pleased to support a resolution that has been proposed by a group of investors at our annual general meeting in May. The resolution, if passed, will pave the way for additional reporting to help investors better understand how BP's strategy is consistent with the Paris climate goals. We see this as an important opportunity for investors to appraise our progress in responding to the dual challenge. Further details can be found in the Notice of Meeting, to be published in April.

Our clear purpose

Finally, I think it is important for BP's success that we have a clear purpose – one that is strongly linked to society's needs. That is why one of the first things I have done with the board is review our purpose in line with our strategy and values. Our purpose is to advance energy to improve people's lives. Today the world needs more energy than ever but with fewer emissions. To help meet this dual challenge we have to be financially strong and make sure we continue to be an attractive investment through the energy transition.

I look forward to working with Bob and the team as we advance the energy transition, delivering through our strategy, guided by our values and inspired by our purpose. I also look forward to hearing from you, and meeting many of you, in the coming months and years as we look to reward your trust and confidence in BP.

Helge Lund
Chairman
29 March 2019

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