

Chairman's letter

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We enter a new decade with a new company purpose: to reimagine energy for people and our planet."

Our investor proposition

Growing sustainable free cash flow and distributions to shareholders over the long term.

\$8.3bn

total dividends distributed to BP shareholders (2018 \$8.1bn)

6.9%

annual dividend yield★ ordinary share (2018 6.3%)

Dear fellow shareholders,

As I write, the world is facing an unprecedented set of challenges. The coronavirus pandemic (COVID-19) is spreading rapidly, with tragic consequences for many people across many geographies. Global efforts to stop the virus are also having significant economic consequences. And in an oil market where demand has fallen, supply has sharply increased.

Though unprecedented, a global energy company like BP should be prepared for such challenges.

BP is indeed prepared. Our global operating structure and long time-horizons are intended to mitigate the effect of near-term shocks. That is how BP has approached shocks and volatility in its 110-year history, and that is how we will approach this storm too. In particular, the past decade has given BP unique experience in successfully handling crises – and we enter this one even better prepared.

But in this world of change, BP itself is also changing. We enter a new decade with a new company purpose: to reimagine energy for people and our planet. We have also set a new ambition: to become a net zero company by 2050 or sooner, and to help the world get to net zero. And to lead and deliver on both we have a new chief executive officer, Bernard Looney, who took on the role on 5 February 2020.

Evolving for an uncertain world

This is a new direction for BP, and it is only possible because of the foundation laid by Bob Dudley. Bob served as BP's group chief executive with distinction for almost a decade, and he and his team deserve our considerable thanks for guiding BP to a position of operational and financial strength and deepened resilience.

At these times, BP's 110-year history of navigating uncertainty is also reassuring. Your company has anticipated and responded to change many times over. Indeed, throughout 2019 your board has

focused on evolving BP's strategy and portfolio to address the challenges of tomorrow. This focus has included ensuring the smooth transition in leadership from Bob to Bernard, followed by regular engagement by the board with Bernard and his new leadership team to develop BP's purpose and net zero ambition. This is a process which has been supported by our dialogue with investors, governments, employees and other key stakeholders.

Our enduring commitments

BP is now set for a future that is different to its past, but some things won't change. BP's values-based culture will be maintained and further developed. BP's purpose and ambition reflect its culture, and together they position BP well to develop as an increasingly sustainable company.

Our commitment to safe and reliable operations will remain paramount. BP's safety performance has seen near continuous improvement since 2010, and we must continue to learn and improve. We believe that the new organizational structure BP set out last month will help to reinforce this commitment.

As well as our enduring commitment to safety, BP's commitment to its relationships and partnerships will not change, including with governments around the world. BP intends to use its energy market experience, skills and technology to help countries, cities and corporations decarbonize, while at the same time building a thriving, lower carbon energy business.

BP's new ambition also gives us extra reason to maintain the capital discipline and focus that has served the company so well. We can only reimagine energy if we generate the cash needed to manage the balance sheet, invest in new low carbon businesses, and continue to pay the dividend on which you, our owners, depend. That is how we will meet our ambition. It is something that I, together with the BP board, look forward to working on with Bernard and his executive team.

Our focus throughout 2020

One of the focal points for the board in 2020 will be BP's capital markets day in September, when Bernard and his leadership team will lay out more detail about the strategy, near-term targets and ways to measure progress. It will be the moment the vision and ambition set out in February becomes much more concrete. We will do this while ensuring that we maintain a strong focus on high quality and efficient operations and on delivering the promises we have made to our investors

My thanks to you all

In addition to thanking Bob, two other departing senior leaders deserve a special mention – chief financial officer Brian Gilvary, who has decided to step down from the board in June after eight years in the job, and Downstream chief executive Tufan Erginbilgic, who leaves BP at the end of March. On behalf of the board, I extend my thanks and my deep appreciation for the profound contributions they each made during an important period for the company.

Of course, each of our employees has a very important role to play in BP's progress, and they should be recognized. On behalf of the board I extend my sincere thanks to all our people for a job well done in 2019.

Today, BP's engagement with its customers, suppliers, shareholders, employees and others is wider and deeper than ever, but it has to further develop as we progress on our journey. I therefore want to use this opportunity to thank you, BP shareholders, for your continued support and engagement during 2019, including through your votes at our AGM in May. Your challenge and input have been important in our effort to set a new strategic direction. I look forward to continuing our dialogue.



Helge Lund
Chairman
18 March 2020