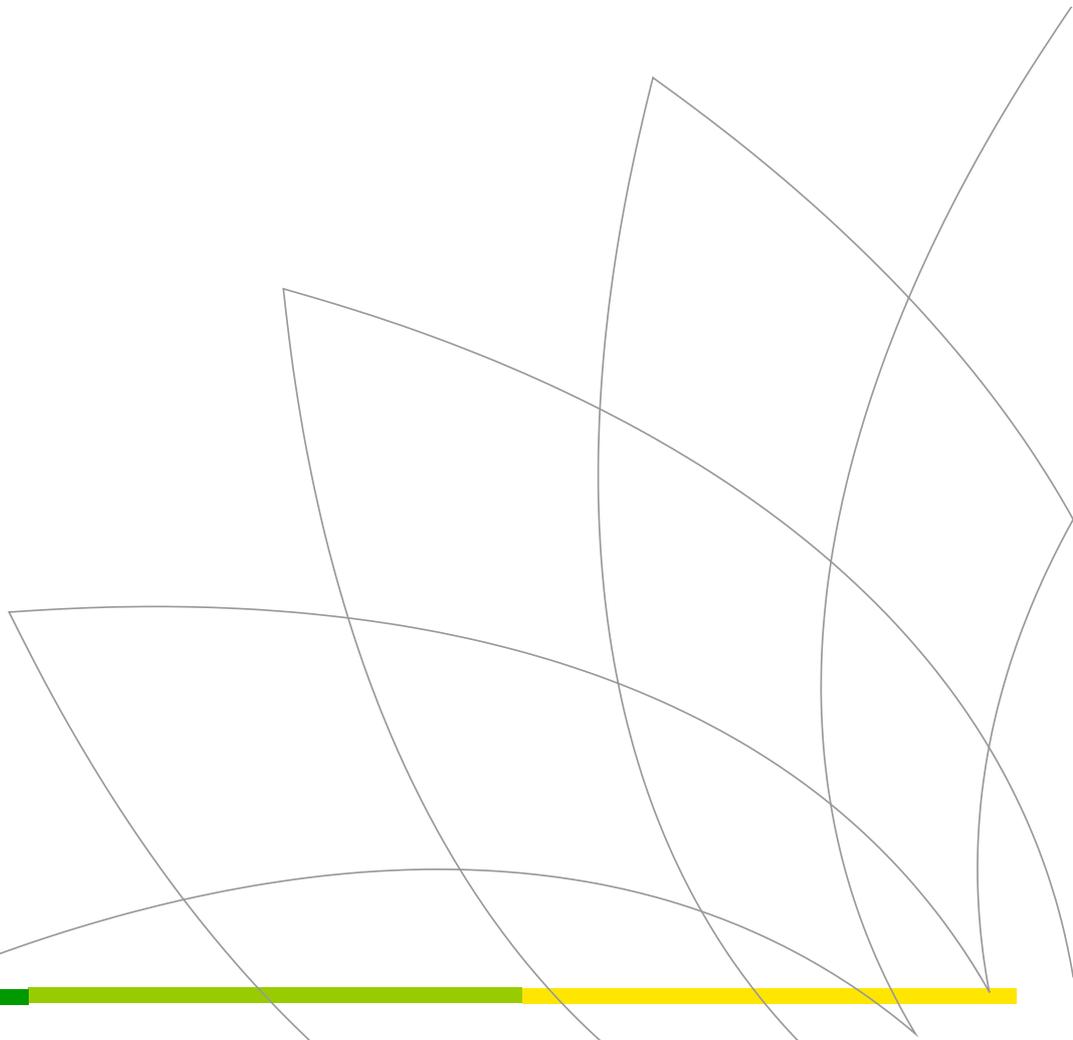




2020 Annual General Meeting: Q&A transcript

27 May 2020



bp Annual General Meeting

This transcript from the 2020 bp AGM held on 27 May in London reflects the questions and answers covered in the meeting, and addresses other questions received.

Transcript of questions and answers

Ian Davis: The first question is from Tom Gowers, an ordinary shareholder based in Australia. **Can bp still deliver the ambition and aims it set out on the 12 February?**

I would like to ask Helge to comment on this from the perspective of the board first, before handing to Bernard.

Helge Lund: Thank you Ian.

As a board we are focused on the governance of the company.

And we've been meeting weekly since the COVID-19 crisis started, mindful of the exceptionally challenging circumstances. The effects of the pandemic have hit hard, really hard, and we want to help where we can. We are taking action to help those in need, and what you see is bp people putting our purpose to action.

I believe this unwavering focus on our purpose is crucial as we work to deliver our net zero ambition.

Bernard, is there anything you would like to add?

Bernard Looney: Thank you Helge. And thank you Tom for the question.

It is a good question – one I have heard a lot recently.

Before the pandemic, people all over the world were wanting the same thing – reliable, affordable energy that is cleaner. And the pandemic is offering all of us a look at what a different path might look like – clearer skies, cleaner air in cities.

So, to Tom's question, does the pandemic crisis deepen or weaken our commitment to the ambition we set out in February? For me, and for the board, it deepens it – it can accelerate our transformation.

And as a leadership team, Tom, we remain focused on delivering those plans for the reinvention of bp and building of new business models to meet those changing demands. As an example we just recently announced the next stage of our reorganization.

So in summary – we remain absolutely committed to what we set out on the 12th February.

Ian: The next question, from Charanjit Singh Kooner, asks how will bp change its remuneration packages for senior employees, as well as its contribution to society to keep pace with the 'new normal'?

I'd like to invite the chairman to answer the first part of the question.

Helge: At this stage, our focus is on the safety of our workforce, suppliers and customers, and on lending our support where we see greatest need.

Remuneration matters will be considered at the appropriate time as the impacts of the pandemic become clearer and we understand more fully the implications of any 'new normal'.

Until that clarity emerges, a decision on remuneration packages would be premature.

Of course, the decisions we take will be made in line with our remuneration policy, which though it was designed pre-COVID-19, is adaptable to changing external factors such as the pandemic. And critically the remuneration committee will exercise oversight and judgement in all decisions.

Bernard, you might want to address the second part of the question?

Bernard: Thank you Helge.

As I said earlier, I am in, really, in awe of how my colleagues have been responding to the crisis.

We've got thousands of good-hearted people and they are doing amazing things, I think, for their communities around the world.

I think it is important to say that as a company, we're not doing this because we feel under pressure to do so, we're doing it but because it's the right thing to do. It's how we live our purpose.

There are many examples of bp people stepping up:

- Providing free fuel and discounts to emergency services, vehicles and workers.
- As you saw in the video [at the meeting], donating PPE to health services.
- Donating use of our supercomputer in Houston to aid researchers.
- And donating ethanol from our biofuels production for sanitizers.

I believe strongly that how companies support their communities really matters. And that is not just over the coming weeks and months – it is for the long term as we rebuild and recover during what is being talked about as you said the ‘new normal’.

So, we are thinking really hard about your question of how we can contribute to building back better – greener and more resilient.

Ian: Thanks both. I would like to add personally that, although not related to our remuneration policy, both Helge and Bernard have pledged to donate 20% of their salaries for the remainder of 2020 to mental health charities of their personal choice.

In addition, bp has confirmed that it will pay all directly employed UK retail employees the Real Living Wage, with effect from 1 August 2020. This rate is set by the Living Wage Foundation. I believe this recognizes the importance bp places on its front-line employees, who serve millions of customers and bring the purpose and values of bp to life day in day out.

I’d now like to turn to our next question, **which concerns bp’s environmental remediation provision. Andrew Evans asked what this provision covers?**

Bernard perhaps you could you respond to this.

Bernard: Thanks Andrew for your question.

And just for those who may not be familiar with what remediation is – it is about the places where we have been active and it’s about restoring them.

As it says on the identification-badges here at work, that all of us have at bp, our safety and environmental goals are: ‘no accidents, no harm to people – and no damage to the environment.’

In terms of the activities covered by remediation, it ranges from removing soil or pumping out groundwater that might have become contaminated, to using biological processes or settling ponds to target and degrade pollutants.

In 2019, Andrew, our provision utilization for remediation was just over \$250 million across the 1,200 sites that we are responsible for – which is less than a third of the number in 2006 – mostly as a result of closing old operational sites.

Of that \$250 million:

- Just under two-thirds went towards progressing sites to closure.
- 20% went to remedial investigation at new and existing sites.
- And about 15% went to the monitoring of operations and maintenance of current sites.

I hope that helps Andrew.

Ian:

Our next question is from Robert Gerasimas, who asks if bp will follow Royal Dutch Shell by reporting renewable energy losses as a separate line in the quarterly earnings release?

Bernard, over to you.

Bernard: Thanks Robert for the question. Firstly, it is not really for us to comment on other companies' reporting. I think you can understand that.

But what I can say is that we set out in February on a multi-year journey.

One that will see us investing more and more in renewables over time and less and less in oil and gas as we position ourselves for the future and reinvent bp.

As part of that process, we are reviewing how we will report, to answer your question, how we will report externally to reflect our new organizational structure. With the aim of doing so from first quarter 2021.

And of course, our disclosures will continue to comply with IFRS8 'Operating Segments'.

Ian: A number of shareholders asked about the bp dividend.

Firstly, Benjamin George asked, will bp cut the dividend?

Helge, can I ask you to respond to please.

Helge: Yes I will respond to this one Ian.

The board reviews the dividend each quarter in the context of the circumstances and outlook at the time. The factors that we consider include the environment, underlying business performance, the financial outlook and other factors which may vary quarter to quarter.

We are also mindful of our broader responsibilities to multiple stakeholders, including staff, society, shareholders.

The 1Q dividend was reviewed as usual in full and the decision was supported by the underlying performance of the business in 1Q, and the strength of actions we are taking to strengthen our finances. The board will take the same approach when reviewing and making the decision for future dividends.

Ian: Thank you Helge.

There is another question here that you may want to answer from an ADR holder, Robert Johnson, **why was the scrip programme abandoned?**

Helge: Thank you for your question Mr Johnson.

The board decided to suspend the scrip programme for the third and fourth quarter 2019 and first quarter 2020 interim dividends. This reflected our continued progress but also our commitment to completing the buyback programme we announced in October 2017 to manage the dilutive effect of the scrip programme.

That buyback programme was completed in early 2020.

Any decisions with respect to future dividends will be made by the board following the end of each quarter.

Whether a scrip alternative is available will be announced for each dividend and a notice will be published on our website.

Ian: We now have two questions from shareholders regarding share dealing.

Sujoy Sen, an ordinary shareholder, has asked when would bp enable shareholders from outside UK, for example in India, to sell their shares online?

I think Ben, it would be best if you addressed this one.

Ben: Thank you Ian, I would be delighted to.

Shareholders resident in the UK, EEA, Channel Islands or Isle of Man may be able to use the dealing service offered by our registrar. For other jurisdictions, it is not as straightforward and so I recommend shareholders with similar questions refer to the more detailed response on our AGM Q&As which will be hosted on our website¹.

Ian: And we have another question here that you may also want to address.

Mark Higginbottom would like to ask if bp will re-instate the Dividend Re-invest Plan (DRIP) for non-UK shareholders.

Ben: Any decisions with respect to future dividends, including whether to offer a scrip alternative, will be made by the board following the end of each quarter.

In instances where the board elects to offer a DRIP dividend we continue to work with our registrar to expand the list of countries for which DRIP is available. I would

recommend that you visit mybpshares.com for a full list of countries where this option is currently available².

Ian: Thank you Ben.

Our next question is from Amnesty UK and relates to human rights and whether bp is integrating climate change into its human rights policy and has addressed climate-related human rights impacts of its activities.

Helge, would you be happy to address this question?

Helge: Yes, and let me begin by saying that say we welcome the challenge of others to help us make a positive and sustainable difference to people's lives.

No matter where in the world we do business we aim to do so responsibly, respecting the rights of our workforce and our neighbours. We believe that to be central to fulfilling our purpose – reimagining energy for people and our planet.

As I stated at last year's AGM, we support the UN Guiding Principles on Business and Human Rights.

For people all over the world, their human rights safeguard much of what is most precious to them and their families – their freedom, their way of life, even their identity. If those rights are abused, the personal toll can be terrible. And companies have a part to play in preventing that.

And I am pleased to say that our human rights policy, which we have updated this week, sits alongside our net zero ambition and aims. Those set out the ambitious contribution we want to make to help the world get to net zero, and which we believe is the right way for us to help address the global issue of climate change.

We also want to contribute to sustainable development and are working to do more to support the delivery of the UN Sustainable Development Goals.

And we recognize the importance of a just transition as envisaged by the Paris Agreement – one which delivers decent work, quality jobs and supports the livelihoods of local communities.

We aim to actively advocate for policies that support net zero. This includes encouraging the use of finance and revenues from carbon pricing to support the just transition.

Ian: I will move on to our next set of questions which relate to bp's role in the energy transition. A number of our shareholders have asked:

Does bp's net zero ambition fall short of being consistent with the Paris goals?

I would like to ask Helge again to respond to this first before passing on to Bernard.

Helge: First, let me say that we, as a board, are looking forward to working with Bernard and his executive team to meet our new net zero ambition. We remain focused on it, even in these uncertain and challenging times.

And it is important that we are transparent about the consistency of our strategy with the Paris goals. Those who were with us at last year's AGM might remember that we supported the Climate Action 100+ resolution requiring us to describe, among other things, the strategy that the board considers in good faith to be consistent with the Paris goals. We did so in this year's Annual Report and I think it marks a major step forward for bp.

We want to continue to enhance our disclosures in this area and plan to provide an annual review of progress against the elements of the resolution in next year's corporate reporting documents.

Bernard: It is an enormously important question. Let me just give an example that illustrates how much this issue really does matter, this question of consistency.

A few weeks ago, I was on a Teams call to the team at our refinery in Toledo, in the US. This is during the pandemic – so with prices down and demand right down, with people with lots of worries. Our net zero ambition was part of the conversation and one of the members of the team thanked me for what we laid out on 12 February around the energy transition. I asked why? He said, 'given a choice, I choose my grandchildren every time.'

It matters to people that we get this right.

We believe that our net zero ambition – and the 10 aims that underpin the ambition – set out a path that is consistent with the Paris goals. It is important to take the ambition and the aims together.

Being consistent with the Paris goals is not just about emissions. It is about a company's overall contribution to getting the world to net zero. That includes activities like advocating for net zero policies. It includes engaging with trade associations to make sure our views on climate change are clear and pursuing opportunities to work collaboratively with those who share the same views.

This bigger picture is why we disagreed with an assessment earlier this month by an organization called the Transition Pathway Initiative (TPI). In its report, the TPI suggested that our net zero ambition is not consistent with the Paris goals. We

respectfully disagree. The TPI's analysis focuses heavily on one measure – it's called carbon intensity.

But by itself, we don't believe that carbon intensity is a reliable single measure of progress towards the Paris goals. This is because total emissions can rise even as carbon intensity falls – if the amount of energy supplied and used grows faster than the pace at which the intensity is reduced.

That's a problem because what the world does need is total emissions, absolute emissions to come down.

That's why we at bp are aiming to become a net zero company through absolute reductions – to net zero – in our Aims 1 and 2. And it's why our Aim 3 – to halve the carbon intensity of our marketed products – is supplementary to our absolute reduction aims.

We know that many people want to know more, and we will – as we said in February – come back in September with the next level of detail.

Ian: Thank you for that explanation Bernard.

I will come back to you with a question from Sarasin & Partners, which is a bit more technical, if you are happy with that.

They have effectively asked **why the board believes \$70/bbl and \$4/mmBtu are the 'best estimates', when they are not consistent with the global agreement to cap temperature increases to well below 2°C and why the company has not disclosed what the impact would be on the balance sheet of using a Paris-consistent price set of \$50/bbl, \$2/mmBtu and \$11/bbl (refining market margin) as set out in the strategic report?**

Bernard: It's a good question Ian, and thanks to Sarasin & Partners for submitting it. The current situation is reminding us, if we needed reminding, how hard it is to predict what the price of oil is going to be. None of us imagined at the start of the year that the price would be around \$30 a barrel in the middle of the year.

When we published our Annual Report in March the effects of COVID-19 were not well known or understood – they are still not well known or understood – and they probably won't be for some time.

COVID-19 has made an uncertain environment even more uncertain. Our assessment – at the time of publishing the Annual Report – was that there was uncertainty over the pace of transition to lower carbon supply. And that there was uncertainty about demand and the social, political and environmental actions that will be taken to meet the Paris goals.

And as is disclosed in the Annual Report, we considered forecasts and scenarios in which Paris goals are met and those in which the goals are not met. In applying International Accounting Standard 36, we are required to apply our best estimate of prices when performing impairment tests. And so the prices we applied reflected this uncertainty.

Deloitte noted that these prices were reasonable when compared against a range of third-party forecasts that represent those forecasters' best estimates. In order to demonstrate the effect of lower price assumptions on the group's assets we also provided two sensitivities.

We have always regularly reviewed our price assumptions to ensure they remain appropriate. And we do so more than ever now, given the current circumstances.

Regarding the second part of the question.

We do not consider there to be a single Paris-consistent price set. Indeed, I think we'd all agree, there are many different pathways to achieve the Paris goals, each of which could result in different prices for oil and gas and refining margins.

The prices detailed in the strategic report are those that we used to evaluate the consistency of new material capital investments with the Paris goals during 2019.

As you would expect, they represented management's view at that time of a low case for long-term assumptions.

Back to you Ian.

Ian: Thanks Bernard. Sarasin & Partners also asked if the board could confirm **how executive bonuses would be impacted if the financial statements were drawn up in a way consistent with the Paris Agreement?**

Helge could you address this question please?

Helge: As I have mentioned in my previous answer, the annual bonus is determined in line with performance in a number of areas, including environmental measures. The remuneration committee reserves the flexibility to consider the performance measures and their weightings over the three-year term of our new remuneration policy.

We believe our strategy is consistent with the Paris goals. We see opportunities in helping the world decarbonize through new business models and creating cleaner cities – areas that help form part of our short-term and longer-term executive reward packages.

We plan to provide more information on our future strategy and near-term plans at our capital markets day in September 2020.

Ian: Continuing on this theme, the Follow This group have contacted us and said, in 2020, they are asking the same two questions to every oil major, in order to offer shareholders transparency and clarity about the medium-term impact of their climate ambitions:

The questions from Mark van Baal on behalf of Follow This³ are:

Firstly, will your climate ambition lead to an absolute emissions reduction (for your total yearly Scope 1, 2, and 3 emissions) by 2030?

And secondly, will your climate ambition lead to a fundamental shift in investments away from fossil fuels to renewables of at least 50% annually by 2030?

Bernard, could you address these questions please.

Bernard: Well thank you Mark for your questions. And indeed, thank you for your challenge, which makes us better.

And Mark, I look forward to continuing the helpful dialogue we have going with you and your supporting investors.

And I look forward to bp engaging with you on a possible shareholder resolution for next year's AGM.

So, while I can't give you the answer right now, as we've discussed, you will be aware this is something we have been and are working on. And, as I have said, we expect to set out more detail on our near-and-medium term plans for the next decade at a capital markets day in September.

This is a journey that is going to play out over decades – and we will have more of the answers to your questions as we go along that journey. But we will provide the next level of detail and we look forward to sharing it with shareholders who can take it into consideration at next year's AGM, so thanks Mark.

Ian: Thank you Bernard.

We have had two questions on behalf of Climate Action 100+.

Firstly, could the chair confirm that in bp's capital markets day in September, it will give more clarity on its short and medium-term targets aligned to the announcement of its net zero ambition, and can the company confirm that this will cover the following areas:

- **Planned levels of investment in traditional oil and gas and low carbon technologies.**
- **Greenhouse gas emissions targets for energy produced and sold (scopes 1-3).**
- **And the links of its various targets to remuneration?**

We've also had two related questions on remuneration from Rachel Mander from ShareAction.

She asks: **will BP reassure its shareholders that the annual bonus will not include any direct or indirect growth metrics that incentivize increased fossil fuel production? And will BP explain how it will measure the energy transition metric?**

Helge, could I ask you to address the first question, and touch on the specific points raised by ShareAction, and then I will come back to the second CA100+ question which maybe Bernard could address.

Helge: First, I'd like to thank Climate Action 100+ and its co-leads – Bruce, Iancu and Sora of EOS at Federated Hermes, LGIM and Aviva for their very constructive challenge and engagement over the past 12 months.

As Bernard has set out, we expect to give more detail on our near-and-medium term plans for the next decade at a capital markets day in September.

It will be an important step in setting out our plans and as you can imagine there is a large amount of work underway across the organization to prepare for it.

The board is involved in this work, but it is premature for us to talk about the details at this stage.

In terms of the questions relating to remuneration. At this stage I would also like to thank Rachel Mander from ShareAction for her questions.

Let me say, on behalf of the remuneration committee, that we welcome all dialogue on elements of our remuneration policy.

Indeed, our engagements at the end of last year with shareholders highlighted that we should consider balancing our contribution to the energy transition with delivering shareholder returns and that we should use meaningful and transparent measures to reflect our progress in this area. These measures are reflected in the 2020 remuneration policy proposal.

In terms of growth metrics, we have no direct measures that incentivize fossil fuel production. Our indirect measures are influenced by two measures: profit and free cash flow.

As we wait for further detail on our strategy, the remuneration committee reserves the flexibility to consider the performance measures and their weightings over the three-year policy term.

The annual bonus is determined in line with performance in a number of areas, including environmental measures.

We have communicated that the weighting of the environment target in our 2020 annual bonus scorecard will be doubled to 20%, and that will be combined with fewer measures overall.

Shareholders can read more about this in our 2019 Annual Report.

We don't publish in-year performance targets as they are commercially sensitive. But we do publish retrospectively in each annual report – and therefore we will include further detail in our 2020 Annual Report.

Ian: Thank you for that Helge.

Bernard if you are happy to address the second question from CA100+. They state that they welcome bp's new capex test to evaluate each new material capex investment for consistency with the Paris goals and that this is critical to avoid the significant financial risks of investing inconsistent with the Paris goals, as well as preserving bp's wider 'licence to operate'.

They ask: Given the possibility that the COVID-19 crisis may have brought forward peak oil, could the chair confirm that the assumptions currently used, including a test of long-term oil price of \$50/bbl, will be kept under careful review by the board and also indicate if this capex test could be evolved to include a test of how capex is also consistent with finite carbon budgets aligned to bp's journey to net-zero emissions?

Bernard: Let me start by echoing Helge's earlier comments and my thanks to the representatives of Climate Action 100+ – whose challenge and support, has, again, made us better.

And let me also reiterate what I have already said about the huge amount of uncertainty around prices. I learned very early in my career that trying to predict the oil price was a fool's errand. And it does not get any easier the longer you are in this job.

So the price ranges used for our investment governance process inevitably reflect considerable use of judgement. The ranges are reviewed and updated as necessary – typically on an annual basis – as our understanding and judgement about the energy transition evolves.

So, I can confirm that – in answer to the question – the price assumptions used will continue to be kept under review. Indeed, as our 2019 Annual Report made clear, more

generally as our approach matures with experience, we may adjust or supplement these.

I cannot say at this point how our approach will evolve, but I can confirm that we look forward to continuing our engagement with Climate Action 100+ and the investors it represents, which will give us an opportunity to take account of their views on these matters.

Ian: Our next question is regarding bp's contribution to the arts. Dr Chris Garrard has asked the following by proxy: **bp announced that it would stop "corporate reputation advertising" and "redirect resources to promote net zero policies"**.

Will the company now also be reviewing its sponsorship of the arts?

And as a related point, he has also asked, with the Royal Shakespeare Company and National Galleries Scotland recently ending their relationships with bp, is the board concerned that a failure to address concerns has damaged the company's social licence to operate?

Helge, could I ask you to address these questions please.

Helge: Dr Garrard thank you for your question. You're right that we announced on the 12 February that one of our net zero aims is to more actively advocate for policies that support net zero.

We also announced that we will stop corporate reputation advertising campaigns and redirect resources to promote well-designed climate policies.

We are proud of our long-standing investment in UK arts and culture over the past 50 years. Our arts programme aims to give access to people and communities across the UK and further afield, in ways that would not be possible without our support. Indeed, to-date, some 53 million people have engaged with bp-supported programmes.

As we said in October last year, we were disappointed that the RSC ended our successful partnership early. And similarly, in November, when the National Galleries of Scotland ended their association with the bp Portrait Award.

bp shares many of the same concerns that have been raised and which apparently led to these decisions. We know that the world is on an unsustainable path, which is one of the reasons that led us to develop our ambition and aims – for bp and the world to get to net zero – in February this year.

I believe that companies such as bp, who have shown a commitment to be part of the transition to net zero, have an important contribution to make to the arts and it is important that we continue to do so.

Ian: We've had a number of questions from Mr Barrett. So we'll address his question about **our approach to political donations** now and respond to the other matters on our website⁴.

Bernard, can I ask you to respond to this one please.

Bernard: Sure. Thanks for your question Mr Barrett.

While we do exercise our right to make our position known on relevant issues, we don't contribute to political candidates or political parties. And we prohibit the use of bp funds or resources to support any political candidate or party.

We do recognize the rights of our employees to participate in the political process. But employees who do this must make it clear that personal views and actions are not those of bp.

For more information, you can read the bp code of conduct on our website.

Ian: We received the same questions from five shareholders on behalf of ClientEarth related to two of our net zero aims. They have asked: **Given bp has faced criticism in the past for its approach to its advertising, public advocacy and political lobbying, how will the company ensure transparency around its future advocacy spending and activities. And demonstrate publicly that any advocacy is in line with goals of the Paris Agreement?**

Bernard, you made the announcement that bp would end the 'Possibilities Everywhere' advertising campaign in February, would you like to respond to these questions?

Bernard: Yes thank you. Certainly.

We did state publicly on the 12 February, that one of our aims would be to more actively advocate for policies that support net zero. As you rightly say, Ian, and I believe Helge referenced it earlier. We've also said that we will stop corporate reputation advertising campaigns and redirect these resources to promote well-designed climate policies. We are focused now on delivering against these aims and want to be transparent in our approach.

In terms of alignment with bp's climate policy, including support for the Paris goals – and demonstrating transparency – I was pleased that earlier this year we published the results of our detailed review of 30 trade associations' position on climate change. In fact this was something that Helge committed to do at last year's AGM.

For me, this was a tangible step in another of our aims to set new expectations for our relationships with trade associations around the globe.

We want to work with organizations who share our ambitious approach towards the energy transition and if we can't reach alignment in our views, we are prepared to leave.

Ian: Thank you Bernard. We now turn to our final question today.

Kathy Mulvey acting as proxy for Hannah Gilbert, has asked about **bp's position on the American Petroleum Institute's position on rolling back health and safety regulations in the US. And, what if any, time limit bp has set on its efforts to change API from within?**

Bernard, I know this is something others have asked in recent weeks, could I ask you to respond please?

Bernard: Thanks Ian. And thanks Kathy and thanks Hannah.

You're right that this is a topic that I have received many emails about. I recently responded to all those emails, so let me summarise this for our shareholders listening today.

COVID-19 and the challenges it presents does not distract us from our commitment to safe and compliant operations. The safety of our people and the communities where we operate obviously remains our core value. With this in mind, we do not read API's position as seeking to suspend regulations.

Rather, we see API asking for some flexibility in the event normal operations are impacted as companies and workers adhere to US CDC guidelines and state-level orders to protect people and communities.

It's important, this largely resembles steps taken to manage the US fuel and energy system during other major crises, such as hurricanes.

In terms of the question about our timeline and ability to influence API, as part of our recent trade association review, bp noted that API recently took steps to revise its climate position. Their new position and corresponding climate policy principles have shifted, and the association is now more closely aligned with bp.

We are encouraged by this and believe that we can remain a positive influence within API. We will, of course, continue to monitor this.

Other questions not addressed in the meeting

Kathy Mulvey: How much is bp counting on taxpayers to fund the development and large-scale deployment of technologies such as carbon capture and storage?

Although CCUS requires significant upfront investment, over time its deployment at scale can be expected to bring costs down. A third party study in the UK found that for every £1 invested in carbon capture, the payback to the national economy is almost £5.

We work with partners to promote carbon capture, use and storage (CCUS). It is a proven technology, but government support is needed to commercialize it, deploy it at scale, and bring down costs. We believe that a well-designed carbon price is a priority to make CCUS more competitive against emissions-intensive technologies and that other policy measures may be required to encourage demonstration and scale-up, such as transitional incentives or other targeted policies.

Ambitious and collaborative approaches between government and industry are necessary to accelerate CCUS deployment. These can include:

- In the US: 45Q tax credit, which rewards underground storage of CO₂.
- In the UK: new Contracts for Difference, which would support revenue for selling low-carbon electricity from power stations with carbon capture technology.
- In the UK: a regulated revenue model structure for transportation and storage of CO₂, supporting a CO₂ storage fee for the infrastructure provider.

Mr Barrett: With regard to capital investment, which ones short-term and long-term, would you defer while there is a need to conserve cash and maintain credit rating [in the current climate]?

BP has previously announced that 2020 organic capital spending is expected to be around \$12 billion, a reduction of around 25% on full-year guidance given in February.

In the Upstream, most of the interventions are being made in areas not expected to have a significant impact on 2020 cash generation at lower prices. These include delaying exploration and appraisal activities and curtailing development activities in lower margin areas, as well as rephasing or minimizing spend on projects in the early phases of development.

In Downstream, interventions are primarily related to growth projects and are also not expected to have a significant impact on operating cash in the short term. Examples include project deferrals in manufacturing and a slow-down in the pace of retail site growth. BP expects to continue to invest around \$500 million in low-carbon activities in 2020.

Footnotes from the transcript

1. Please note that bp does not offer a share dealing service itself. Shareholders resident in the UK, EEA, Channel Islands or Isle of Man may be able to use the dealing service offered by Link Market Services, which is an affiliate business of the bp Registrar but bp is unable make recommendations on which brokers to use.

Most overseas banks and stockbrokers will have representation in the UK via a custodian or nominee arrangement. Your bank or stockbroker should liaise with their own CREST or Euroclear custodian/nominee service in order to transfer the shares from certificated form to enable them to be sold.

We would recommend that any shareholders wishing to buy or sell shares should consider obtaining independent financial advice.

2. We appreciate that some shareholders value the flexibility in how they receive their dividend. bp continues to work with our registrar to expand the list of countries for which DRIP is available. We are pleased that as at 26 May 2020, ordinary shareholders can join the DRIP if you are based in any of the following eligible countries; Austria, Belgium, Bulgaria, Columbia, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Gibraltar, Greece, Guernsey, Hong Kong, Hungary, Iceland, India, Irish Republic, Isle Of Man, Israel, Italy, Jersey, Latvia, Liechtenstein, Lithuania, Luxembourg, Malaysia, Malta, Netherlands, Northern Ireland, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and United Kingdom.

We are working with the bp Registrar to enable shareholders in other countries to participate in the DRIP, if they choose, as well. Visit the bp share centre, mybpshares.com to find terms and conditions and download DRIP dividend FAQs for ordinary shareholders.

A similar programme is available for ADS holders. Holders directly registered with the depositary can join the Global Invest Direct (GID) Dividend Reinvestment Plan. Please read the terms and conditions on the bp share center, adr.com/bp, for full details of eligibility.

3. In addition, Melanie Strickland from ShareAction has asked a similar question related absolute emission targets over the short, medium and long term.
4. Where we are able, the questions asked by Mr Barrett are answered within the opening speeches and responses to other shareholder questions. The outstanding question is answered in the section above.