

Progressing With purpose

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Helge Lund
Chair

4.8%

annual dividend yield ★ **ordinary share**
(2020 7.9%)

\$4.3bn

total dividends distributed to bp shareholders
(2020 \$6.4bn)

\$4.15bn

buybacks announced from 2021
surplus cash flow ★

Dear fellow shareholders,

In uncertain times, one of bp's primary roles is to maintain the safe, secure supply of the energy on which societies depend. The importance of that role has rarely been clearer than in recent weeks – a period marked by worldwide energy shortages, record prices and volatility. The causes are complex, but they include the disruptive legacy of the pandemic and Russia's act of aggression against Ukraine.

At the same time as maintaining secure supplies, bp must pursue its emissions targets and aims, while continuing to increase its supply of energy from low carbon sources.

I believe bp's strategy gets the balance right. But recent events have demonstrated why, alongside pursuing its strategy, bp must have the agility necessary to make adjustments. Following Russia's attack on Ukraine, the bp board undertook a thorough review of bp's involvement with Rosneft in Russia. After careful consideration, the board concluded that bp's continuing involvement would be inconsistent with our business and strategy. As we said at the time, the board believes that these decisions are in the best long-term interests of all our shareholders.

Importantly, our decision to end bp's involvement with Rosneft in Russia did not mean that any changes to our strategy, financial frame or shareholder distributions guidance were required. We remain confident that the impact of this decision can be accommodated within the plans we have laid out and refined over the past two years.

Meanwhile, global action on climate remains vitally important. Despite progress at last year's COP26 in Glasgow, the world remains on an unsustainable path and has yet to move decisively towards a net zero society. Doing so will require building a global energy system capable of delivering affordable, secure and increasingly clean energy, and with energy demand and supply moving in tandem. Building such a system will require collaboration, within the right policy framework, between business, government, academia and civil society.

Achieving all of that will be complex. But that complexity is precisely why purposeful companies need to get involved. Climate change can be addressed more forcefully if the world is able to draw upon high-performing businesses' capacity to innovate, allocate capital, scale technology and drive efficiency.

Strategic progress – performing while transforming

As we have said before, the energy transition will be a multi-decade process. It is unlikely always to proceed smoothly and may involve periods of turbulence for reasons that are outside of bp's control. But throughout the transition, our goal will be to maintain the high performance and steady progress we have shown since our transformation journey began in 2020.

Indeed, in 2021 that progress allowed the company to further reduce debt, increase its dividend, and begin share buybacks – all in accordance with a considered financial frame. Most important of all is that safety performance improves, and bp's safety record is showing improvements. We continue the constant pursuit of our goal of no accidents, no harm to people, no damage to the environment.

Confidence in bp's team

Every one of bp's people deserves credit for the achievements of 2021, especially given the disruption imposed by the pandemic. On behalf of the board, I offer them all my sincere thanks.

The confidence I have in bp's people extends fully to its leadership. For what is still a relatively new team, it has achieved a lot – steadily leading bp through a period of volatility and change. I particularly thank Bernard for his commitment to bp and for his leadership.

Adjusted aims

Confident in bp's strategy, performance and people, the board concluded in February 2022 that bp should accelerate its net zero ambition. I hope that these changes – set out in detail on page 51 – demonstrate that in a fast-moving, complex environment, bp is evolving in a responsive, dynamic way. And I am pleased that bp intends to provide shareholders with the opportunity of an advisory vote on its net zero ambition at its 2022 AGM.

Purposeful engagement

Even ahead of that opportunity, we are pleased that shareholders increasingly express their support for the transition that bp is making – recognizing that the company is able to meet both the risks and the opportunities that the energy transition presents.

In fact, the board's engagement across all of bp's stakeholders is deeper and more extensive than ever before, whether through drop-in sessions with bp teams, consultation with governments, or meetings with shareholders.

During these conversations, we often hear suggestions for how we can improve. I am always grateful for those suggestions; after all, bp began this transformation journey after listening to friends and critics who told us that bp needed to change. I am glad we listened. We will continue to do so as your constructive criticism makes bp better.

My thanks

In our complex world, bp's guiding light remains its purpose – reimagining energy for people and our planet. To succeed, we must continue to win and grow the trust of our stakeholders, including our shareholders.

I am deeply grateful to everyone who has stood by bp – and equally grateful to the many new shareholders who have joined us on the journey. The past two years have shown that it won't always be easy, but I am confident that, with your support, bp will continue performing while transforming. The energy transition has already given bp a huge opportunity. Now, we are on our way. Thank you for your support.



Helge Lund

Chair
18 March 2022

