From IOC to IEC

bp

bp full year & fourth quarter 2021 financial results & update on strategic progress

8 February 2022

Craig Marshall
svp investor relations

Good morning, everyone, and thank you for joining Bernard, Murray and I today.

Agenda

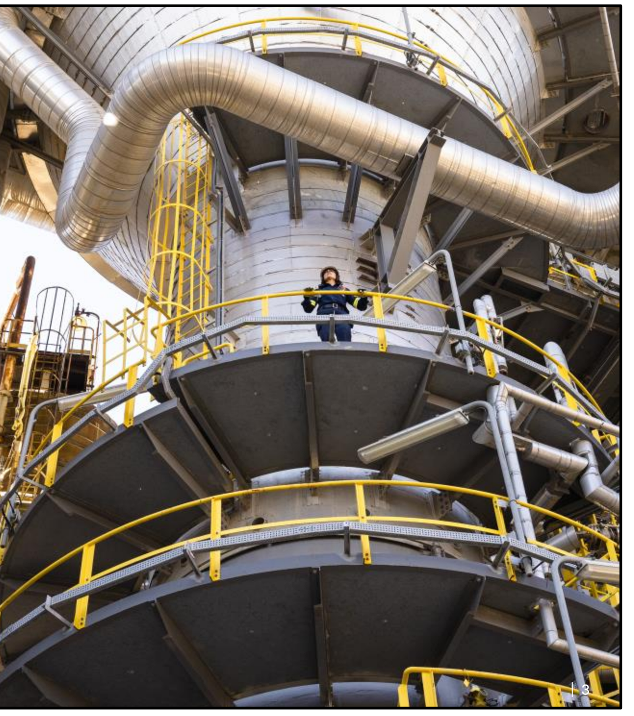
Full year and fourth quarter 2021 results

Strategic progress

Financial frame

Investor proposition

Q&A



We have a slightly extended presentation today.

In a moment I'll hand over to Bernard to introduce and cover the full year highlights, and Murray will take you through our fourth quarter results.

Then we will turn to strategy, and Bernard and Murray will update you on our progress and financial frame. Following that we'll make sure we leave plenty of time for your questions.

Cautionary statement

In order to utilize the 'safe harbor' provisions of the United States Private Securities Litigation Reform Act of 1995 (the 'PSLRA') and the general doctrine of cautionary statements, bp is providing the following cautionary statement: The discussion in this results announcement contains certain forecasts, projections and forward-looking statements - that is, statements related to future, not past events and circumstances - with respect to the financial condition, results of operations and businesses of bp and certain of the plans and objectives of bp with respect to these items. These statements may generally, but not always, be identified by the use of words such as 'will', 'expects', 'is expected to', 'aims', 'should', 'may', 'objective', 'is likely to', 'intends', 'believes', 'anticipates', 'plans', 'we see', 'focus on' or similar expressions.

In particular, the following, among other statements, are all forward looking in nature:

expectations regarding the impact of LNG contracts on adjusting items and underlying replacement cost profit; expectations regarding the COVID-19 pandemic, including its consequences, the impact on bp's financial performance, the potential reversal of such impacts, and the impact on the trading environment and margins; expectations regarding the pace of transition to a lower-carbon economy and energy system; plans, expectations and assumptions regarding oil and gas demand, supply or prices, storage, the timing of production of reserves, or decision making by OPEC+; plans, expectations and assumptions related to electricity demand; plans and expectations regarding bp's performance, earnings, returns, capital expenditure and market position through 2025 and/or 2030 at the group, segment and business level, including with respect to bp's resilient hydrocarbons, convenience and mobility and low carbon energy businesses; plans and expectations related to earnings growth, including that resilient hydrocarbons will sustain EBITDA at around $33 billion through 2025 and maintain $30-35 billion of EBITDA until 2030 at broadly consistent price assumptions with returns of 12-15%, that EBITDA from convenience and mobility will reach around $7 billion by 2025 and $9-10 billion by 2030 while generating returns of at least 15-20%, that EBITDA for bp's low carbon businesses will grow between 2025 and 2030 with potential to reach $2-3 billion of EBITDA by 2030, that EBITDA from transition growth businesses will reach $9-10 billion by 2030, and that underlying EBITDA growth in refining (excluding biofuels) will reach $2 billion by 2030; plans and expectations that bp can deliver a 7-9% EBIDA per share CAGR between 2H19/1H20 and 2025, and ROACE of 12-14% at oil prices of $50-60 per barrel in 2020 real terms, and that bp will be able to continue to grow EBITDA while continuing to achieve returns of 12-14% during the energy transition; plans and expectations regarding capital expenditure into transition at over 40% by 2025, rising to around 50% by 2030, and capital employed in transition rising from over 20% in 2025 to around 40% by 2030; plans and expectations regarding cash cost savings; plans and expectations to maintain a capital frame of $14-16 billion per annum through 2025 and to sustain this level through 2030, as well as plans and expectations related to bp's planned investment hurdles, returns expectations and payback periods; plans and expectations regarding bp's five growth engines of biofuels, convenience, EV charging, renewable power and hydrogen, including plans and expectations related to allocation of capital expenditure, levered returns and EBITDA growth, including the expectation that low-carbon businesses can deliver $9-10 billion of EBITDA by 2030; plans and expectations regarding bp's next-gen mobility business, including EV charging earnings growth, growth of bp's network of EV charge points, energy sales, utilisation rates and footfall at convenience stores, plans to scale up strategic convenience sites by 2030 and expand in growth retail markets with a focus on India, plans, expectations and assumptions related to bp's margin share from convenience and electrification, and the expectation that the EV charging business will deliver more than a third of bp's overall EBITDA growth from convenience and mobility to 2030; plans and expectations regarding resilient hydrocarbons, including expectations related to earnings through 2030, plans to high grade bp's oil and gas portfolio and plans related to growth of bio-diesel and bp's bio-refineries, co-processing and sustainable aviation fuel and plans, and expectations regarding bp's oil and gas capital frame and investment plan; expectations regarding Solomon availability, turnaround improvement plans, business improvement plans, and related costs; expectations regarding refining margins, refinery utilization rates and product demand; expectations regarding bp's future financial performance and cash flows; expectations regarding future hydrocarbon production, managed base decline, unit production costs and project ramp-up; plans and expectations regarding integrated energy value chains; expectations regarding supply shortages; expectations with respect to completion of transactions and the timing and amount of proceeds of agreed disposals, including bp's aim to divest around 700k/boed by 2030; expectations with regards to bp's transformation to an IEC, including growth in sectors made possible by the transition, such as electrification and biofuels; plans and expectations regarding bp's financial framework and distribution model; expectations regarding price assumptions used in accounting estimates; bp's plans and expectations regarding the allocation of surplus cash flow and cash balance point; plans regarding future quarterly dividends and the amount and timing of share buybacks; plans and expectations regarding a resilient dividend; plans and expectations regarding bp's credit rating, including in respect of maintaining a strong investment grade credit rating; plans and expectations regarding capital discipline; expectations regarding bp's development of hydrogen projects, CCUS projects, low carbon energy hubs and offshore wind projects, including that bp's first green hydrogen project will start-up from 2024, and well as plans and expectations for bp's hoppers of hydrogen and wind projects and future bids; plans and expectation's regarding bp's ability in hydrogen to grow scale in key regionally integrated markets and create a portfolio of globally advantaged supply hubs, and expectations regarding a target 2024 start-up for certain hydrogen projects; plans and expectations regarding start-ups during 2022; plans and expectations regarding the implications of the energy transition for bp; plans and expectations in renewables to develop a target of 20 gigawatts net to FID by 2025 and a target of 50 gigawatts net to FID by 2030; plans and expectations regarding average expected returns in bp's renewables project and hydrogen portfolios, anticipated investment in renewables and hydrogen, and anticipated earnings from renewables and hydrogen, each through 2030; expectations of disposal proceeds of $25 billion by 2025; plans and expectations of around $14-15 billion capital expenditure in 2022; plans and expectations regarding's bp Scope 1, Scope 2 and Scope 3 emissions, net zero aims and methane intensity; plans and expectations regarding bp's sustainability frames, including expectations related to third party ratings of bp's ESG performance and ambitions, and plans and expectations regarding Rosneft's environmental performance and aims; plans and expectations of further improvement in bp's reliability and availability; plans and expectations regarding bp's Castrol, aviation and B2B and midstream businesses; and plans and expectations regarding joint ventures, partnerships and other collaborations with Empire Wind and Beacon offshore wind projects, EnBW for the ScotWind licensing round and Lightsource bp.

By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will or may occur in the future and are outside the control of bp.

Actual results may differ materially from those expressed in such statements, depending on a variety of factors, including: the extent and duration of the impact of current market conditions including the volatility of oil prices, the impact of COVID-19, overall global economic and business conditions impacting our business and demand for our products as well as the specific factors identified in the discussions accompanying such forward-looking statements; changes in consumer preferences and societal expectations; the pace of development and adoption of alternative energy solutions; developments in policy, law, regulation, technology and markets, including societal and investor sentiment, related to the issue of climate change; the receipt of relevant third party and/or regulatory approvals; the timing and level of maintenance and/or turnaround activity; the timing and volume of refinery additions and outages; the timing of bringing new fields onstream; the timing, quantum and nature of certain acquisitions and divestments; future levels of industry product supply, demand and pricing, including supply growth in North America and continued base oil and additive supply shortages; OPEC+ quota restrictions; PSA and TSC effects; operational and safety problems; potential lapses in product quality; economic and financial market conditions generally or in various countries and regions; political stability and economic growth in relevant areas of the world; changes in laws and governmental regulations; regulatory or legal actions including the types of enforcement action pursued and the nature of remedies sought or imposed; the actions of prosecutors, regulatory authorities and courts; delays in the processes for resolving claims; amounts ultimately payable and timing of payments relating to the Gulf of Mexico oil spill; exchange rate fluctuations; development and use of new technology; recruitment and retention of a skilled workforce; the success or otherwise of partnering; the actions of competitors, trading partners, contractors, subcontractors, creditors, rating agencies and others; our access to future credit resources; business disruption and crisis management; the impact on our reputation of ethical misconduct and non-compliance with regulatory obligations; trading losses; major uninsured losses; decisions by Rosneft's management and board of directors; the actions of contractors; natural disasters and adverse weather conditions; changes in public expectations and other changes to business conditions; wars and acts of terrorism; cyber-attacks or sabotage; and other factors discussed elsewhere in this report, as well those factors discussed under "Risk factors" in bp Annual Report and Form 20-F 2020 as filed with the US Securities and Exchange Commission and those factors discussed under "Principal risks and uncertainties" in bp's Report on Form 6-K regarding results for the six-month period ended 30 June 2021.

Reconciliations to GAAP - This presentation also contains financial information which is not presented in accordance with generally accepted accounting principles (GAAP). A quantitative reconciliation of this information to the most directly comparable financial measure calculated and presented in accordance with GAAP can be found on our website at www.bp.com.

This presentation contains references to non-proved resources and production outlooks based on non-proved resources that the SEC's rules prohibit us from including in our filings with the SEC. U.S. investors are urged to consider closely the disclosures in our Form 20-F, SEC File No. 1-06262.

Tables and projections in this presentation are bp projections unless otherwise stated.

February 2022

*** For items marked with an asterisk throughout this document, definitions are provided in the glossary**

Before we begin, I'd like to draw your attention to the cautionary statement included in our presentation slide deck. During today's presentation, we will make forward-looking statements, including those that refer to our estimates, plans, targets, aims and expectations. Actual results and outcomes could differ materially due to factors noted in our cautionary statement and in our UK and SEC filings. Please refer to these filings, which are available on our website, for more details.

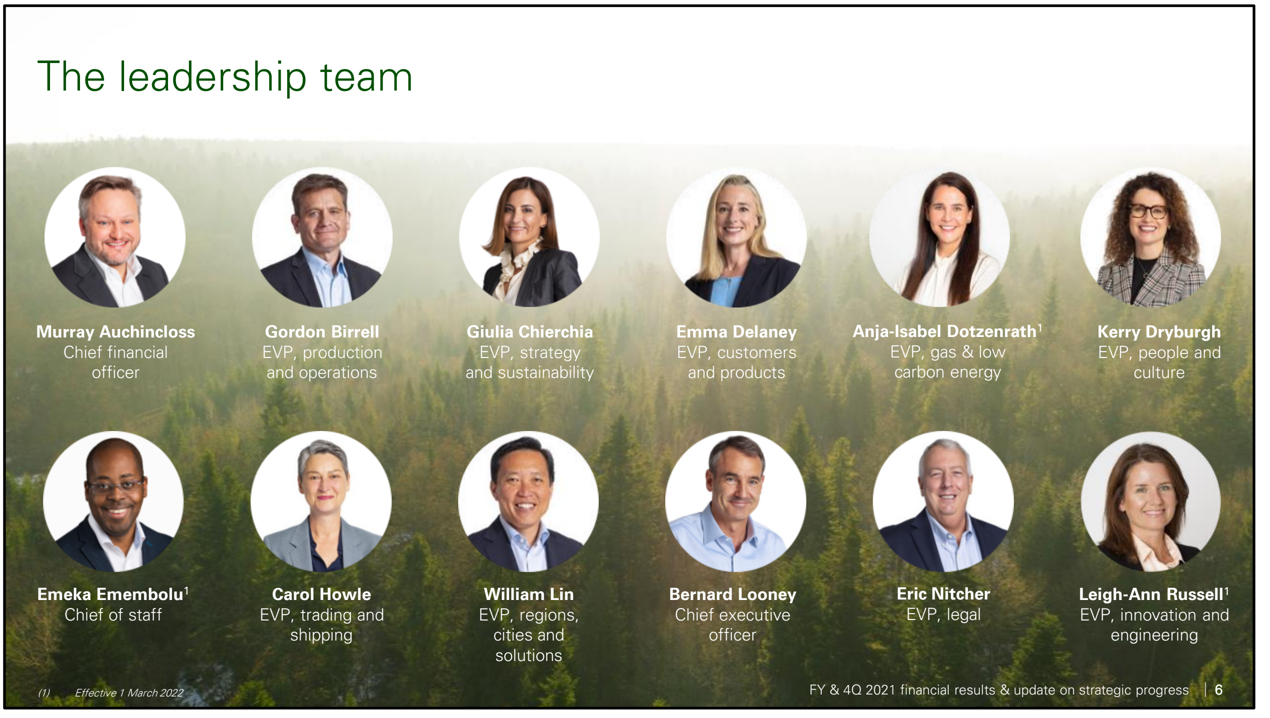
Over to you Bernard.

Bernard Looney

Chief executive officer

Thanks Craig, and good morning to everyone joining us on the phone and web.

I’m also delighted that we are able to host a small audience here in-person.



This includes my leadership team – with the exception of Anja who joins us on March 1st – which we're all very excited about. I also want to introduce you to two new members of the team - Leigh-Ann who takes over from David Eyton – and Emeka who takes over from Dominic Emery. All on March 1st.

And for those of you on the web, you can see them up on this slide.

The last time we held an in-person event was two years ago – and so it is fantastic to welcome those of you joining us here today. Hopefully a little sign of progress and confidence in the future.

Bernard Looney

Chief executive officer

In the two years since laying out our new ambition – we have been through a period of significant change.

At the same time - the world around us has changed; COVID, volatility in energy markets and the accelerating energy transition.

With this backdrop, it feels like a good time to pause for a moment - and reflect on our journey so far.

The bp we see today is a company that has successfully completed a period of significant change, one that sees clear and compelling growth opportunities presented by the energy transition, and one that is 100% focused on delivering the plan we laid out. What - by now you know - we call "performing while transforming".

Before we get started, we've got a short video to share with you…

I personally think it's amazing to see what the team has delivered – especially considering how much was done virtually in the midst of a pandemic. I hope it gives you some confidence in our ability to get things done.

So, let's get into that in a bit more detail, starting with the full year results for 2021. We delivered:

– underlying replacement cost profit of $12.8 billion

– operating cash flow of $23.6 billion, including a working capital build of $5.3 billion, and

– return on average capital employed of 13.3% - the highest level for a decade.

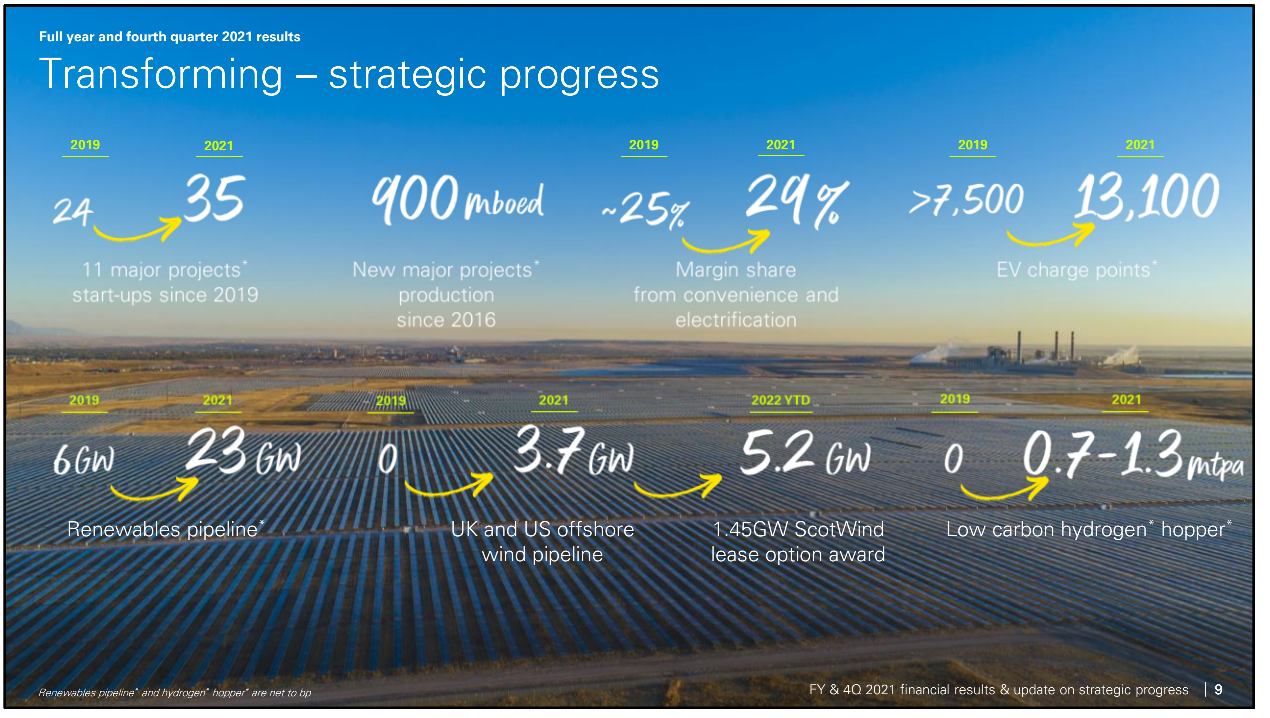
In addition:

– we delivered our target of $2.5 billion of cash cost savings on a run-rate basis relative to 2019, ahead of schedule

– we reduced our net debt by over $8 billion

– we raised our dividend per ordinary share in the second quarter by 4%; and

– including the $1.5 billion share buyback announced today, we will have delivered share buybacks from 2021 surplus cash flow totalling $4.15 billion.



Next, to our progress in transforming bp.

Since we announced our strategy to become an integrated energy company, we have been building momentum across each of our three strategic focus areas:

In Resilient hydrocarbons, we have:

– started up 11 major projects since the start of 2020, thereby delivering our 2016 target of bringing 900 thousand barrels of new high-margin production online.

In convenience and mobility, we have:

– grown margin share from convenience and electrification by 4% since 2019 – demonstrating the strength of our customer offers; and

– increased the number of EV charge points to over 13,000 across the UK, Europe, India and China.

And, in Low carbon energy, we have:

– entered offshore wind – with a pipeline of 5.2 gigawatts net to bp today, following the recent ScotWind lease option award of 1.5 gigawatts net

– built a renewables pipeline which at the end of 2021 stood at 23 gigawatts, a four-fold increase since the end of 2019; and

– made exciting progress in hydrogen – having grown a hopper of between

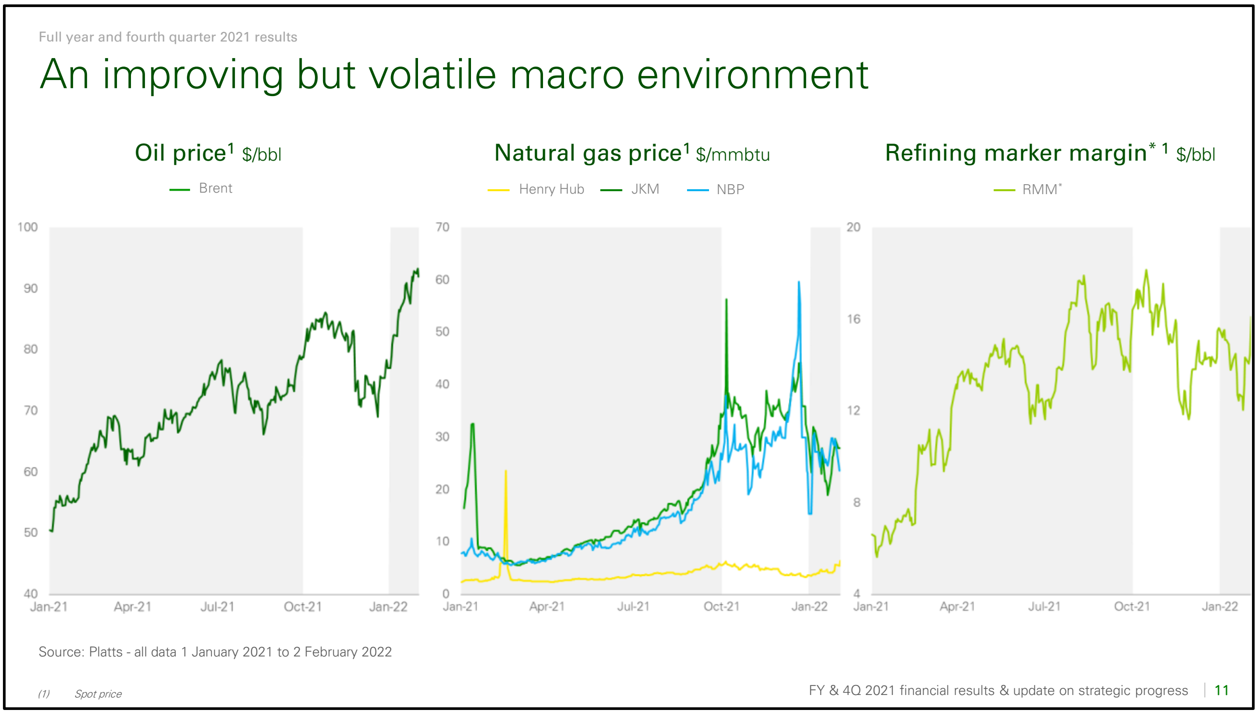
0.7 and 1.3 mtpa.

Progress like this – as well as the pace at which the world is moving – leads us to believe we can accelerate our plans in some areas *and* reinforces our confidence in delivering our 2025 targets.

Before we get into the detail around that – let me first bring in Murray to discuss our 4Q results.

Murray…

Thanks Bernard and good morning everyone.



I'll start as usual with the macro environment.

During the fourth quarter Brent rose by 8% to average $80 per barrel, its highest level in seven years. To date in 2022, Brent has moved above $90, with supply disruptions, easing concerns around Omicron and the expectation of continued declines in inventories. Looking ahead, we expect supply and demand to move back towards balance through 2022. However, with lower levels of spare capacity, price volatility is likely.

Turning to gas. During the quarter, seasonal demand saw Henry Hub rise by 10% to an average $4.70. International prices rose sharply with NBP and JKM around 90% higher than in the third quarter. This was caused by low inventory levels and concerns about the availability of supply during the winter months. With ongoing geopolitical uncertainty, and low storage levels we see the potential for continued price volatility.

Turning to refining. Industry margins remained broadly flat compared to the third quarter and we expect them to remain at similar levels during the first quarter. Local margins may be impacted by lockdowns.

Full year and fourth quarter 2021 results

Underlying results

$bn	4Q20	3Q21	4Q21
Underlying RCPBIT*	1.0	5.9	7.0
Gas & low carbon energy	0.2	1.8	2.2
Oil production & operations	0.6	2.5	4.0
Customers & products	0.1	1.2	0.6
Rosneft*	0.3	0.9	0.7
Other businesses and corporate	(0.1)	(0.4)	(0.5)
Consolidation adjustment - UPII*	(0.1)	(0.0)	(0.0)
Underlying replacement cost profit*	0.1	3.3	4.1
Operating cash flow*	2.3	6.0	6.1
Capital expenditure*	(3.5)	(2.9)	(3.6)
Divestment and other proceeds	4.2	0.3	2.3
Net issue (repurchase) of shares	0.0	(0.9)	(1.7)
Net debt*	38.9	32.0	30.6
Announced dividend per ordinary share (cents per share)	5.25	5.46	5.46

4Q 2021 vs 3Q 2021

- Higher oil and gas realisations*
- Higher upstream production
- Stronger refining commercial optimisation
- Significantly lower oil trading result and an average contribution from gas marketing and trading
- Higher energy costs

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Moving to our results.

In the fourth quarter we reported an underlying replacement cost profit of $4.1 billion compared to $3.3 billion last quarter.

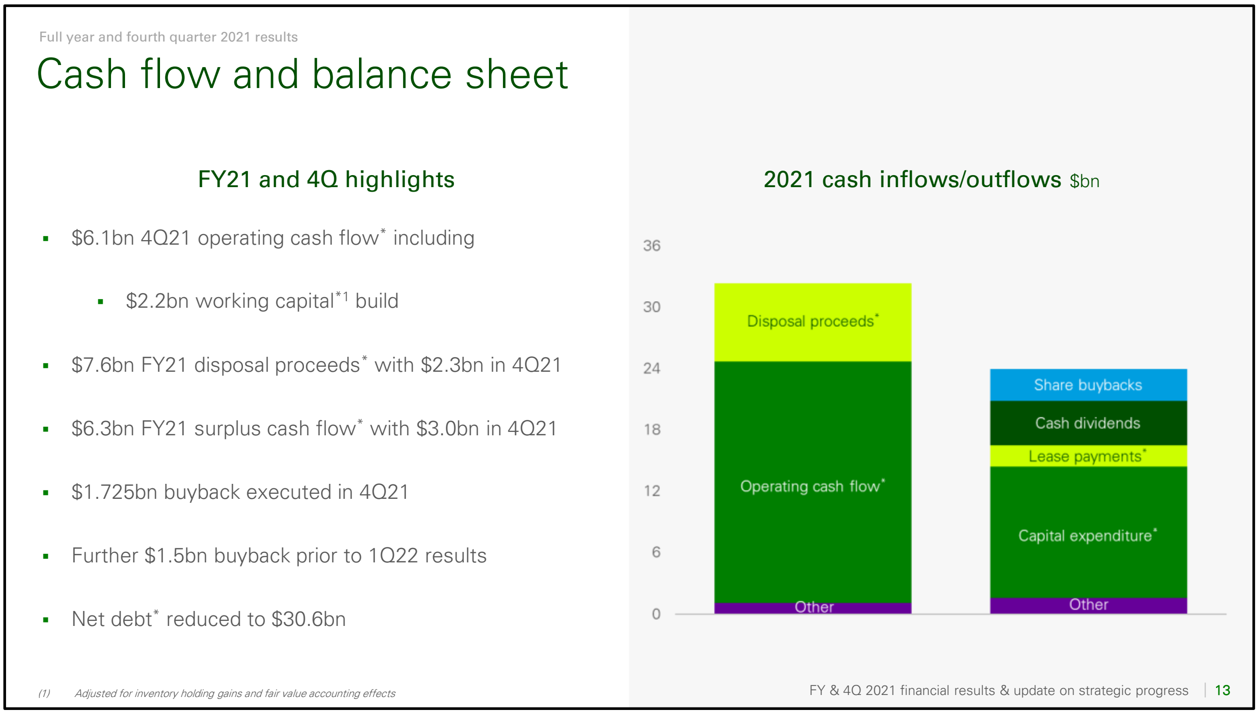
Compared to the third quarter:

In gas and low carbon energy the result benefitted from higher gas realisations and higher production due to major project ramp-up. After an exceptional first nine months it was an average quarter for gas marketing and trading;

In oil production and operations the result reflects higher liquids and gas realisations - this includes the benefit of very strong NBP prices. The result also reflects higher production including a recovery in the Gulf of Mexico from the impact of Hurricane Ida; and

In customers and products, the products result was impacted by a significantly lower oil trading result and higher energy costs. The customers result reflects resilient retail and convenience performance despite seasonality and COVID-19 impacts. In Castrol volumes were higher, although results continue to be impacted by high base oil prices and additive shortages.

For the fourth quarter, bp has announced a dividend of 5.46 cents per ordinary share, payable in the first quarter.



Turning to cash flow.

Operating cash flow was $6.1 billion in the fourth quarter. This included a working capital build of $2.2 billion.

Capital expenditure was $3.6 billion for the fourth quarter.

And disposal proceeds were $2.3 billion. This includes $1.5 billion related to the sale of our Alaska business to Hilcorp in 2020. With proceeds of $7.6 billion received during 2021, we have received $12.8 billion of proceeds against a target of $25 billion by 2025.

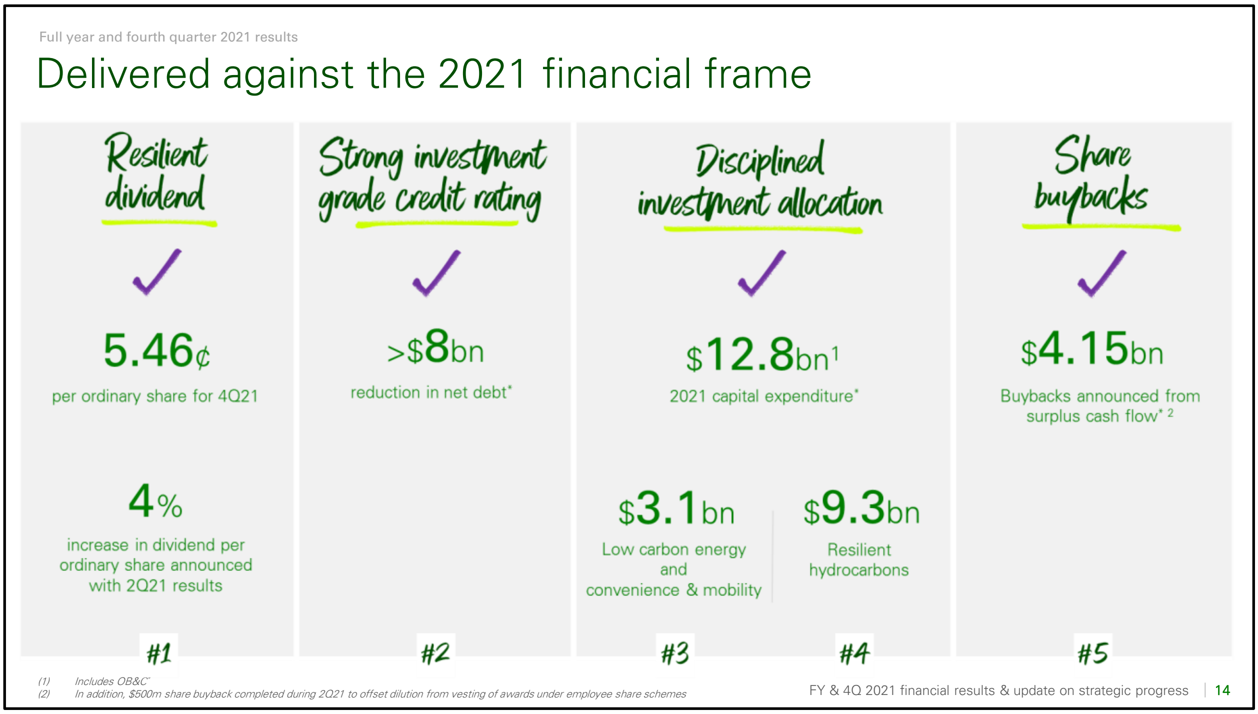
Strong cash flow generation enabled us to deliver surplus cash flow of $3.0 billion for the quarter and $6.3 billion for the full year. This underpinned a further reduction in net debt and supports our continued share buybacks.

During the quarter:

– Net debt fell for the seventh consecutive quarter to reach $30.6 billion at year-end;

– A share buyback of $1.725 billion was executed. This included the $1.25 billion announced with third quarter results and $475 million to complete the programme announced with second quarter results; and

– We intend to execute a further $1.5 billion share buyback prior to announcing first quarter 2022 results.



Let me then summarise the progress made during 2021 against our financial frame.

We have a clear set of priorities.

First, a resilient dividend. We announced a 4% increase in the dividend per share with second quarter 2021 results.

Second, a strong investment grade credit rating. During 2021 we achieved our $35 billion net debt target around a year earlier than expected and reduced net debt by over $8 billion.

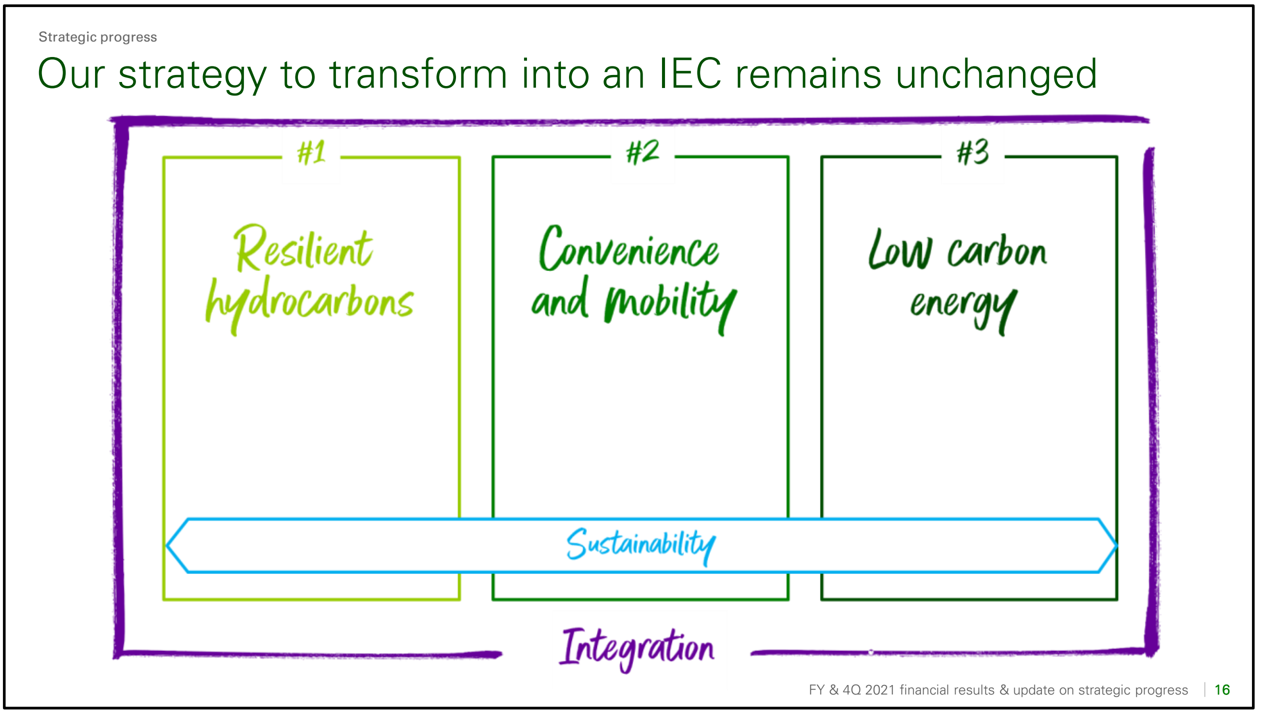
Third, disciplined investment allocation. 2021 capital expenditure was $12.8 billion including inorganics – in-line with guidance of around $13 billion.

And fourth, share buybacks. For the year we announced $4.15 billion of buybacks from surplus cash flow. That takes us to total announced shareholder distributions of $8.4 billion for the year – around the level of annual dividend distributions in 2019.

I will update you on our 2022 plans shortly, but for now let me hand back to Bernard.

Thanks Murray.

I am going to speak for just over half an hour before handing back to Murray to cover the financial frame. Then I will close and we'll move to Q&A.



Let me turn now to our strategic progress.

We now have two years under our belt. We have made progress on our 2025 targets. And we are increasingly confident - not just in those targets - but in the opportunities presented by the energy transition.

Before we get into the detail, let me remind you of that strategy – which I would add, remains unchanged.

It is a three-part strategy:

Part 1. Resilient hydrocarbons

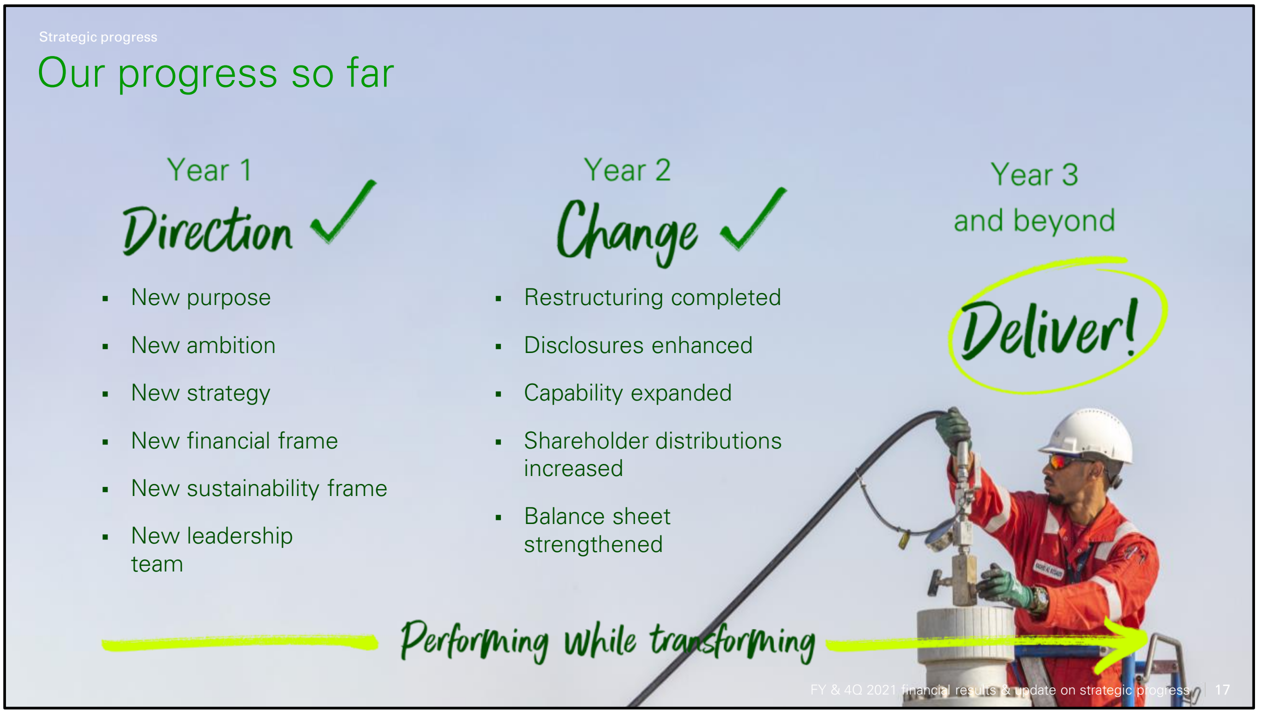
Part 2. Convenience and mobility; and

Part 3. Low carbon energy.

Embedded across these is our sustainability frame, which sets out our aims for getting to net zero, improving people's lives and caring for our planet.

And binding it all together is integration. Harnessing our collective capabilities as the energy system transitions, to help more and more customers get the clean, reliable and affordable energy they want - and in doing so – creating value for our shareholders.

We sum up all of this as bp transforming from an International Oil Company to an Integrated Energy Company.



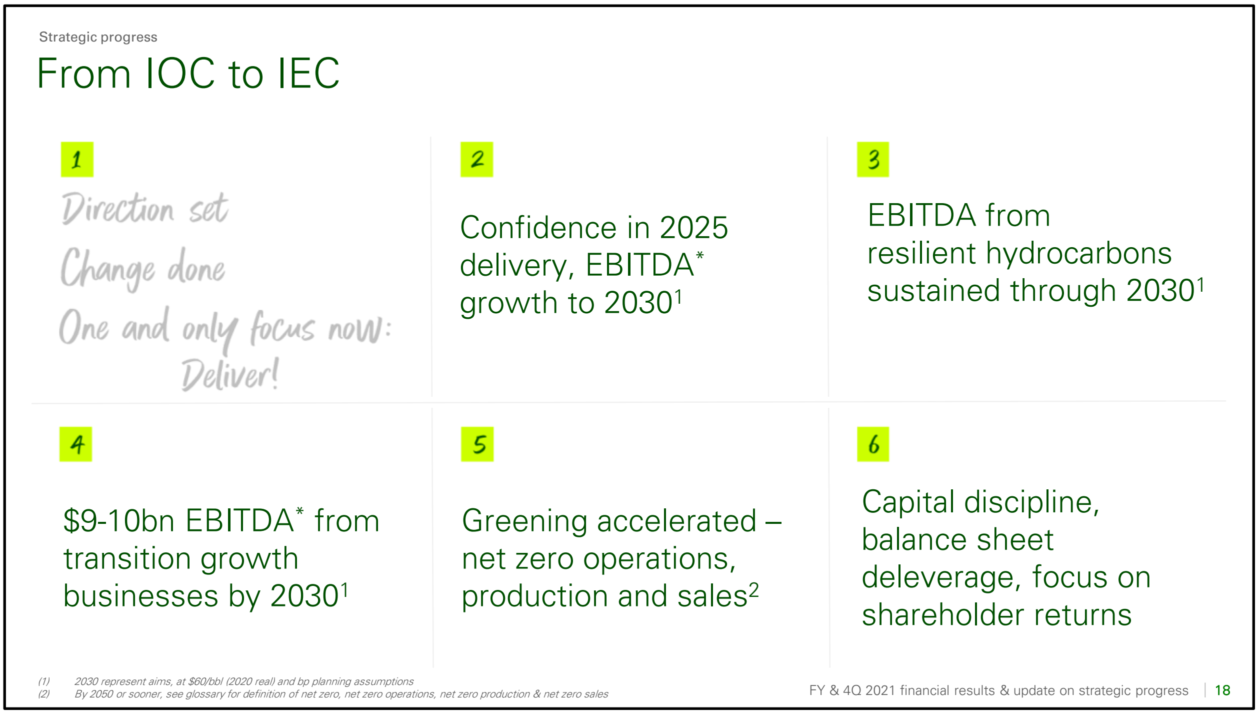
And I would say we have already made significant progress in this transformation.

In year 1 – 2020 – we set out a new direction - a new purpose, a new ambition, a new strategy, a new financial frame, a new sustainability frame; and a new leadership team. That is now done.

Year 2 – 2021 – was about change and the largest restructuring in our history – so that we are organised to deliver. That is also now done.

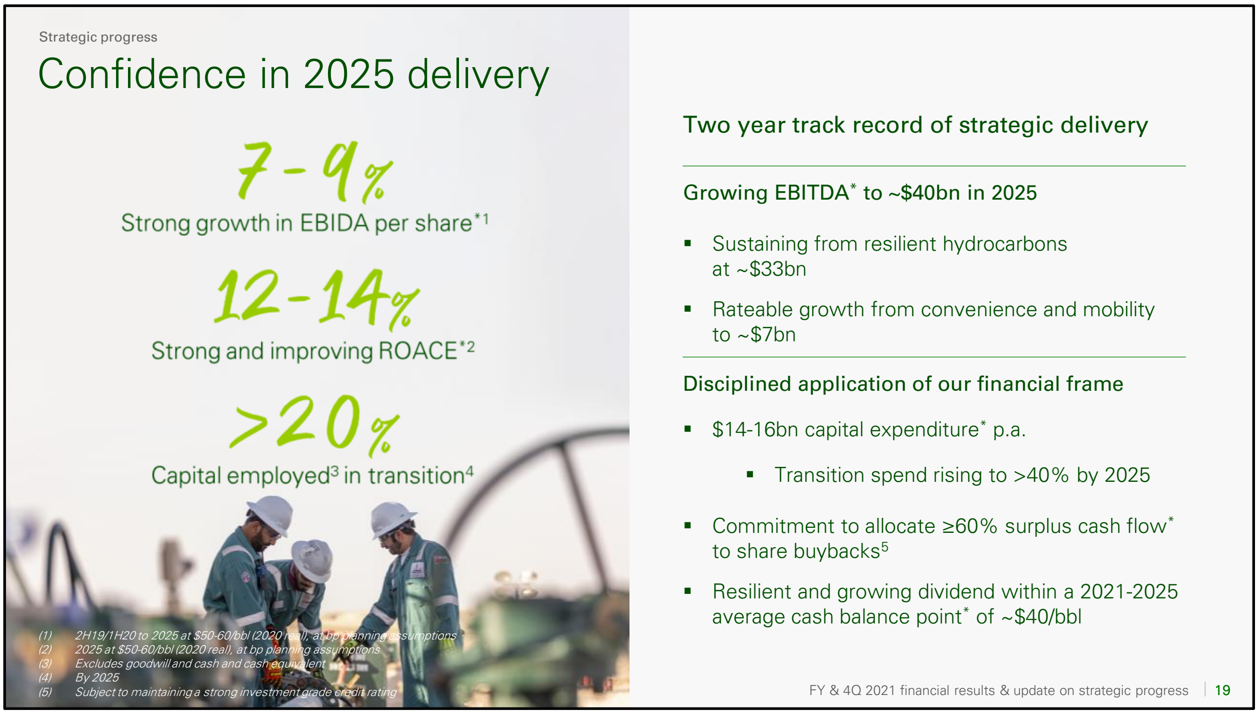
With all of this now behind us – the decks are clear. Year 3 – 2022 – and, indeed, beyond – is about one thing and one thing only – delivery. The safe, efficient and disciplined delivery of the plans we have laid out.

And maybe our biggest takeaway from our experience thus far: that as we transform – we must perform. Our shareholders expect and deserve nothing less – and I hope our results show you that we are doing just that.



I will be emphasising six points today and that was Point 1: direction is set, change is done, we are now focused on delivery.

We will cover these points through the presentation, but let me briefly summarise.



Point 2.

We have confidence in delivering our key 2025 financial targets.

This is underpinned by:

– Resilient hydrocarbons, where we expect to sustain EBITDA at around $33 billion

– Convenience and mobility, where we expect rateable EBITDA growth to around $7 billion; and

– our disciplined financial frame, including:

  – annual capital expenditure unchanged at $14-16 billion, of which at least 40% is expected to be invested in the transition by 2025;

  – a commitment to return at least 60% surplus cash flow through share buybacks, subject to maintaining a strong investment grade credit rating; and

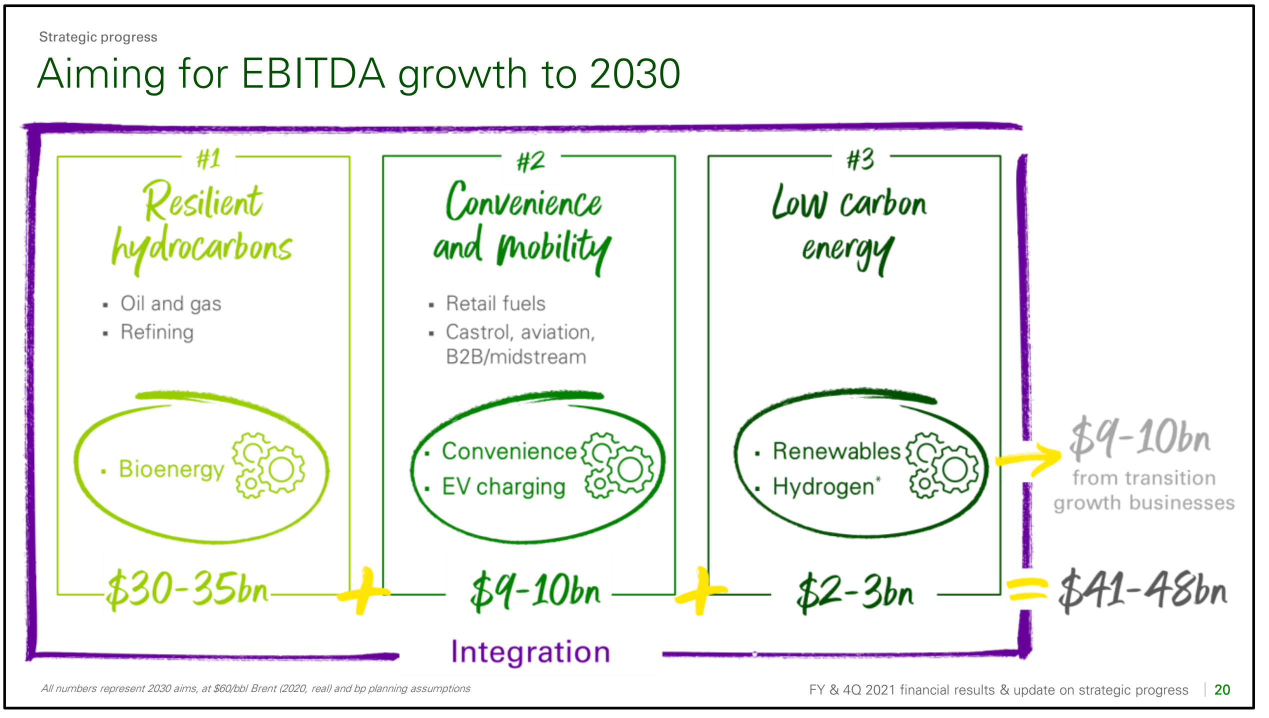
  – a resilient and growing dividend.

As a result, we remain on track to deliver:

– a 7-9% EBIDA per share CAGR

– 12-14% ROACE; and

– at least 20% of capital employed in the transition.



And we aim to continue to grow EBITDA to 2030. We plan to do this by:

sustaining EBITDA from resilient hydrocarbons

continuing rateable growth in convenience and mobility, and

aiming to deliver a $2 to 3 billion contribution from low carbon energy.

Point 3.

We aim to sustain EBITDA from our hydrocarbons business by:

– high-grading our oil and gas portfolio

– growing the underlying contribution from refining, and

– deepening our investment in bioenergy.

Point 4

We aim to deliver between $9 and 10 billion of EBITDA from transition growth businesses by 2030, up from $1bn today, driven by five transition growth engines:

– Bioenergy

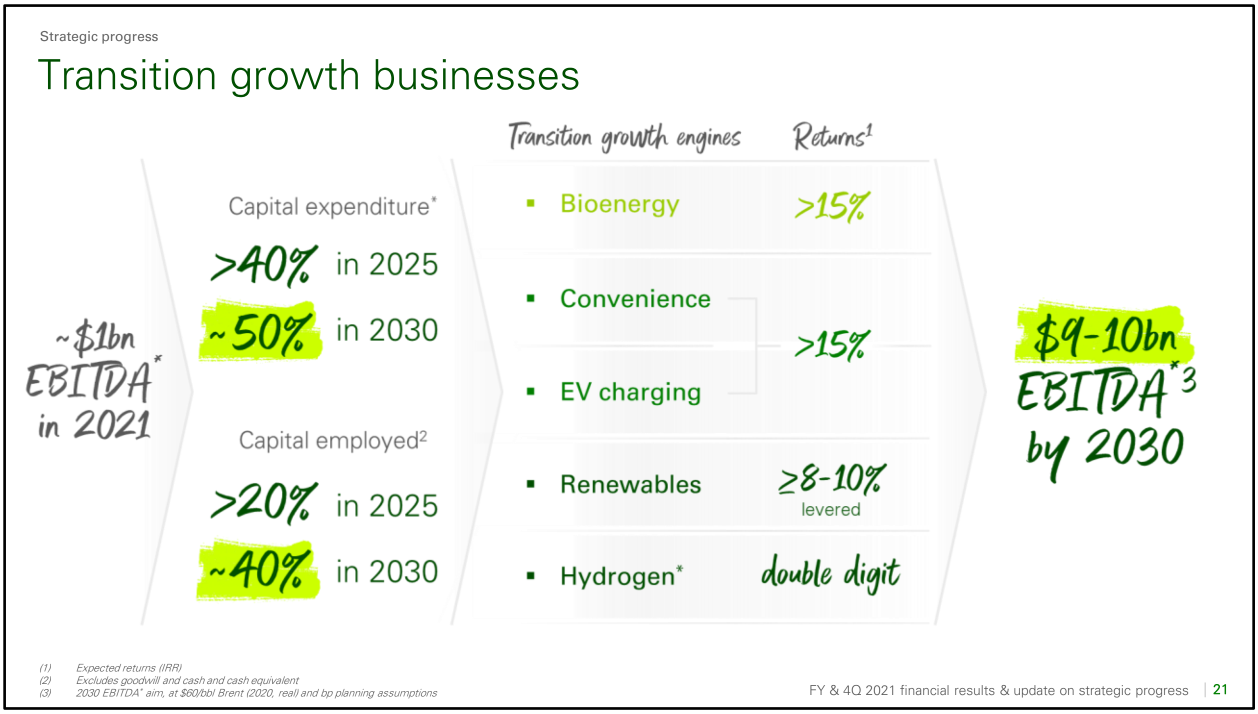
– Convenience

– EV charging

– Renewables; and

– Hydrogen.

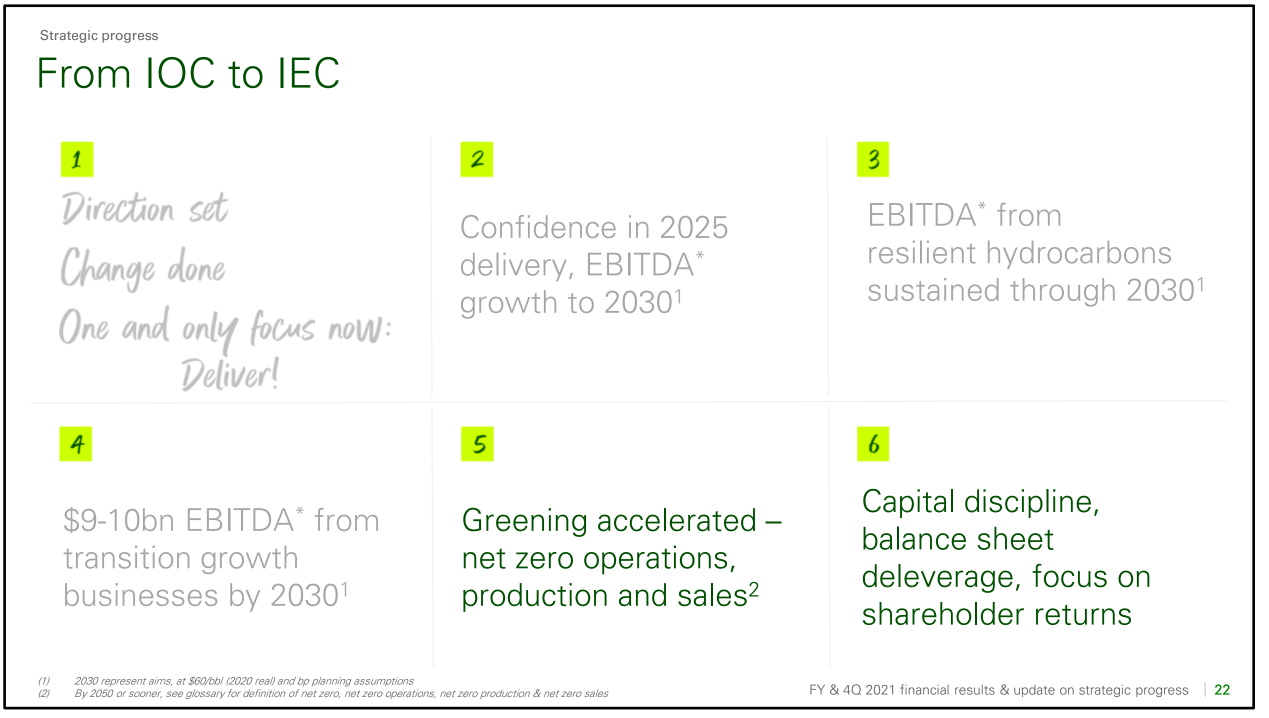
You can think of them as non-fossil and in high growth sectors.



In each of these areas – our experience, our skills, our networks, our brand, our assets – gives us real competitive advantage.

Capital expenditure invested into transition is expected to be over 40% of total spend by 2025, rising to around 50% by 2030. This leads to capital employed in transition rising from over 20% at 2025 to around 40% by 2030. On the chart – you can see the returns we expect.

And all of this within our existing $14-16 billion capital frame.



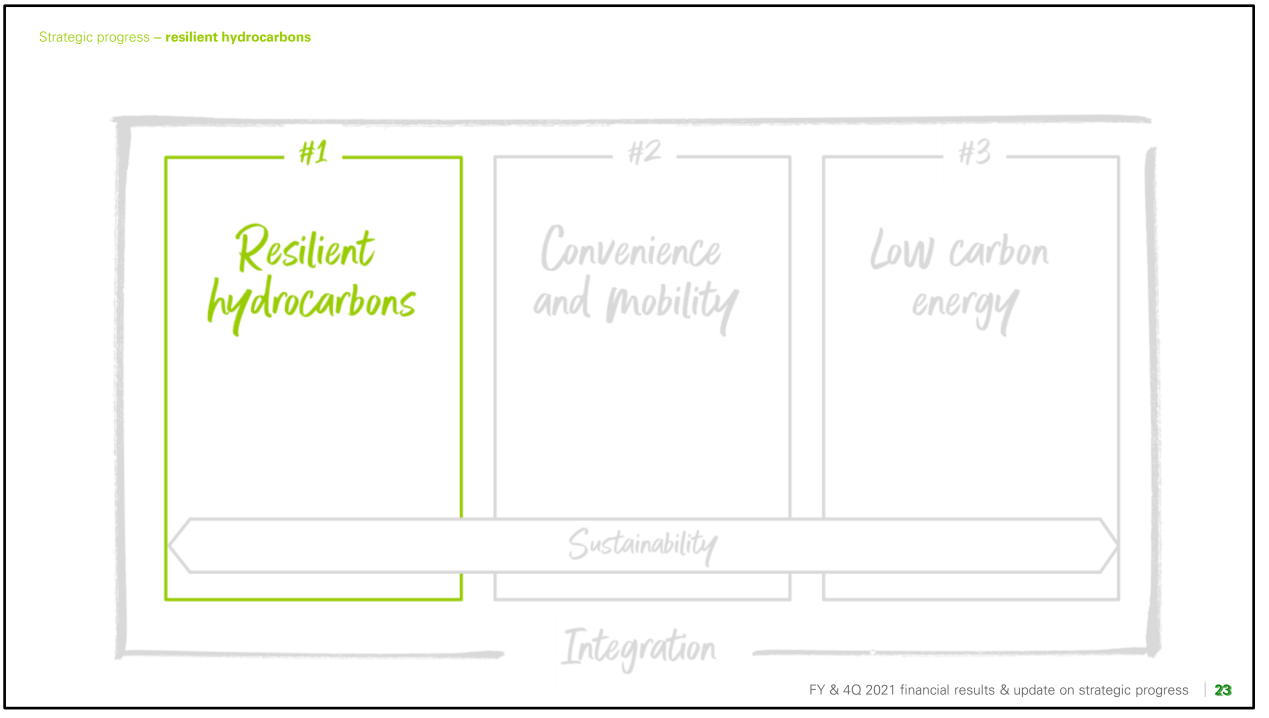
Point 5.

We are now aiming for net zero emissions across operations, production and sales by 2050 or sooner.

Finally, point 6.

We will remain focused on the disciplined application of our financial frame - providing compelling shareholder distributions, while continuing to strengthen the balance sheet and remaining disciplined in our capital expenditure.

This framework is unchanged and Murray will come back to this later.



Turning then to progress across our strategic themes – and starting with # 1 – resilient hydrocarbons.

Here we plan to high-grade our portfolio, lower our emissions and drive higher returns.

We will do this through three focus areas – oil and gas, refining and bioenergy.

Before I turn to each, let me let me take you through some of our strategic highlights to date.

Since the start of 2020 we have delivered 11 major projects, bringing the total to 35 since 2016, executed on average, on schedule and around 15% below budget.

And there is more to come, with four start-ups expected during 2022.

Through 2021 we have:

– driven competitiveness through portfolio decisions

– maintained reliability and availability in the face of a challenging operating environment

– reduced the non-productive time in our drilling and completion operations by 20%; and

– we have embedded our single operating model, with around 7,500 people now deployed in 'Agile' structures, fundamentally changing how they work.

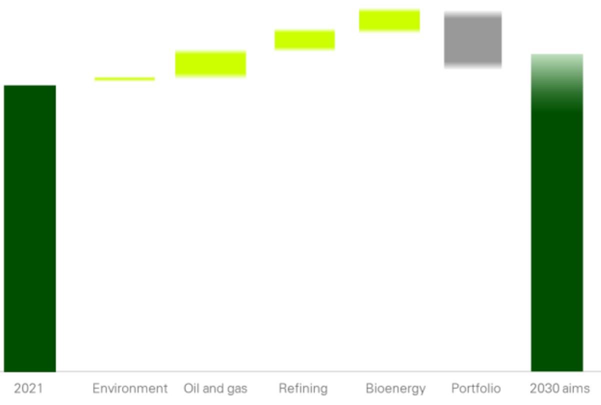
For example, this single operating model helped with our approach to planned turnarounds. In 2021 – the first year these were managed globally across oil, gas and refining – we delivered 26 planned turnarounds, on average under budget and with a lower production impact than planned.

And we are in action on emissions, for example further reducing our Permian methane flaring intensity to a record low of around 0.6% in December, down 95% since acquiring the assets in 2018.

Strategic progress – **resilient hydrocarbons**

Aim to sustain EBITDA to 2030

Resilient hydrocarbons EBITDA*[1] $bn



	2019	2021	2025	2030 aims
EBITDA*[1] ($bn)	32.0	33.5	~33	30-35
Capital expenditure*[2] ($bn)	17.3	9.3	9-10	~8
Oil and gas production[3] (mmboed)	2.6	2.2	~2	~1.5
Unit production costs* ($/boe)	~7	~7	~6	~6
Refining throughput (mmbd)	1.7	1.6	<1.5	~1.2
Bioenergy (mbd)	23	26	50	>100
LNG portfolio (mtpa)	15	18	25	30

(1) At $60/bbl Brent (2020, real) and $3/mmbtu Henry Hub (2020, real), RMM $12/bbl (2020, real). Includes Rosneft and trading*
(2) Includes inorganic spend
(3) Excludes Rosneft

We expect to sustain EBITDA from resilient hydrocarbons at around $33 billion through 2025, and thereafter we now aim to maintain EBITDA in a range of $30-35 billion until 2030.

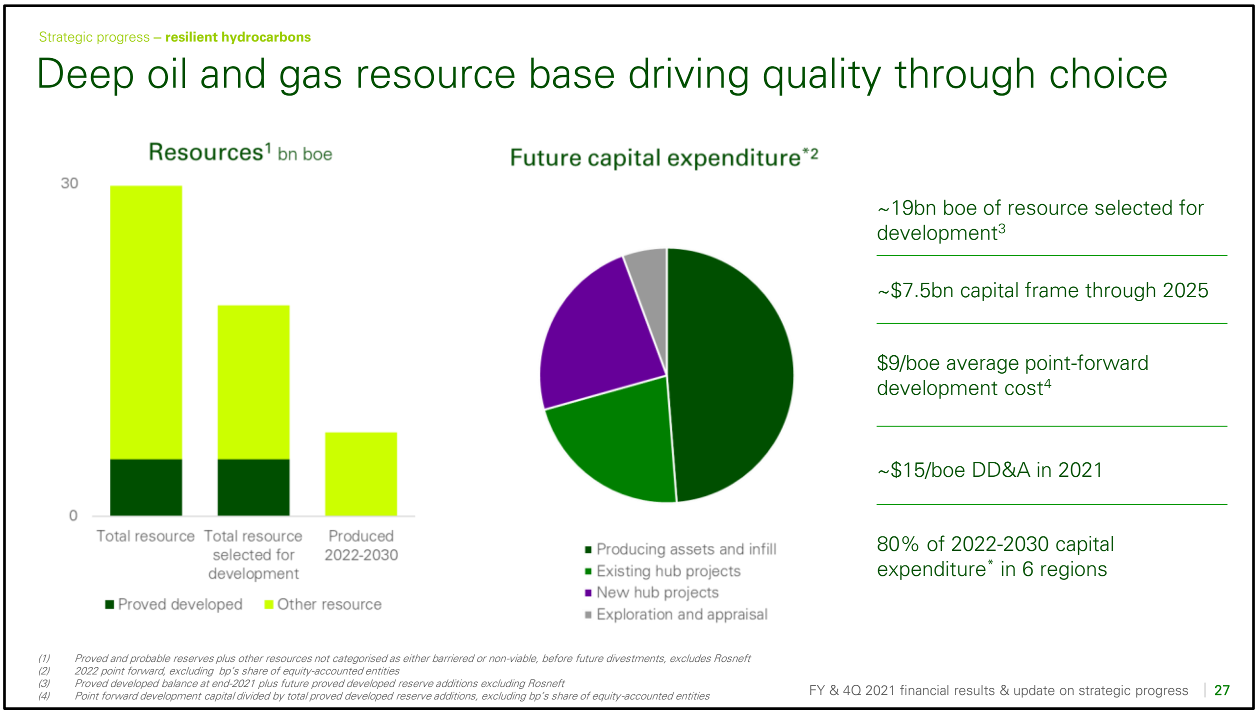
With our 2030 nominal oil price assumption broadly flat versus 2021 actual, this is driven by three factors:

– we aim to grow unit EBITDA from oil and gas.

– we aim to grow the underlying contribution from refining, and

– we aim to deepen our investment in bioenergy.

– Let me take each of these in turn.



In oil and gas, we have a deep and high-quality resource base of 30 billion boe that allows us to choose the best investments.

We have a disciplined capital frame for oil and gas of around $7.5 billion per annum through 2025.

In allocating this capital we look for paybacks of less than ten years for oil and less than 15 years for gas, to select the highest quality options as we focus on cycle time.

We are confident in the value and resilience of this investment plan:

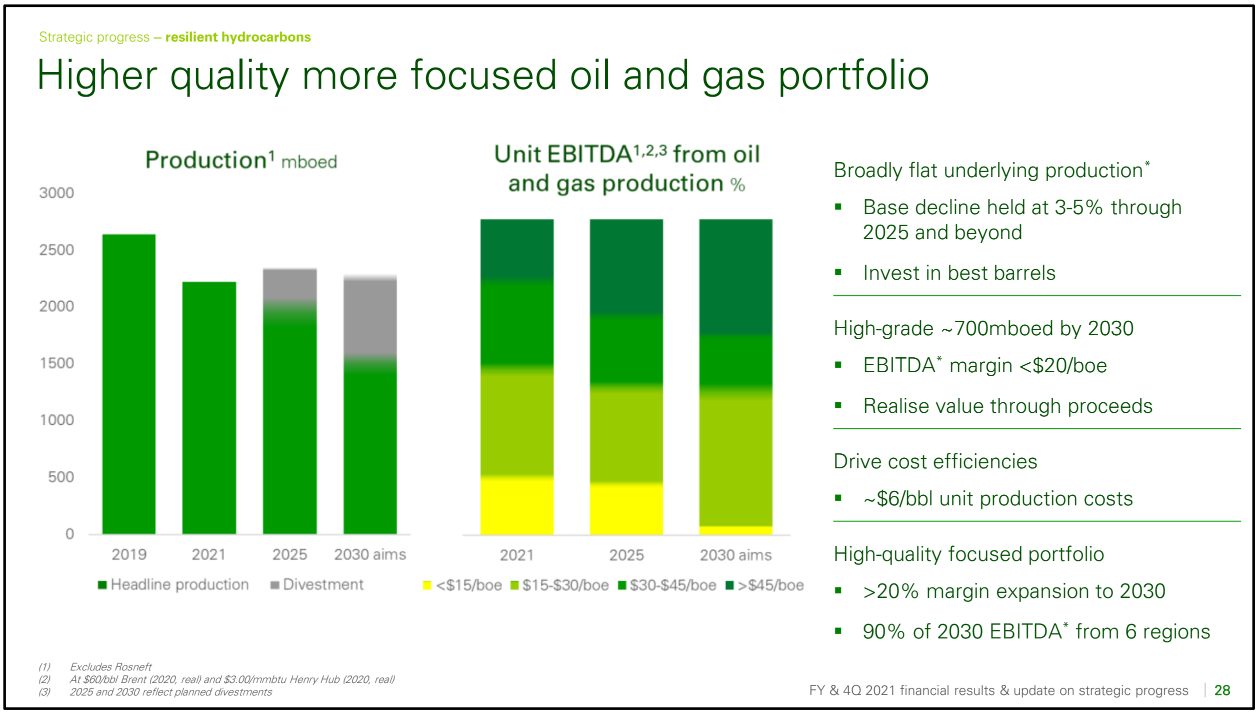
– it leverages existing assets, with around 70% to be spent on existing hubs – typically lower risk and higher quality

– it holds managed base decline in a 3 to 5% range through 2025 and beyond

– it is capital efficient – with an average point-forward development cost of around $9 per barrel compared to a 2021 unit DD&A of $15 per boe

– We aim to manage our R to P ratio down to around eight years by 2030, and;

– it is focused, with 80% of capex spent in just six regions.



This investment plan holds underlying production broadly flat through 2030.

The depth of our resource base provides flexibility:

– By 2030 we aim to high-grade around 700 thousand barrels of oil equivalent per day relative to 2021.

– The margin on these barrels is lower - at an average less than $20 per barrel.

– This is expected to allow us to realise value through the divestment of assets.

And we plan to continue to drive cost efficiency while maintaining safety and operational integrity – realising synergies through our single operating model, our relentless focus on digital, and our adoption of agile work structures. We plan to drive unit production costs to around $6 per barrel by 2025 and aim to hold at this level through 2030.

This is expected to result in a high-quality, focused portfolio, with:

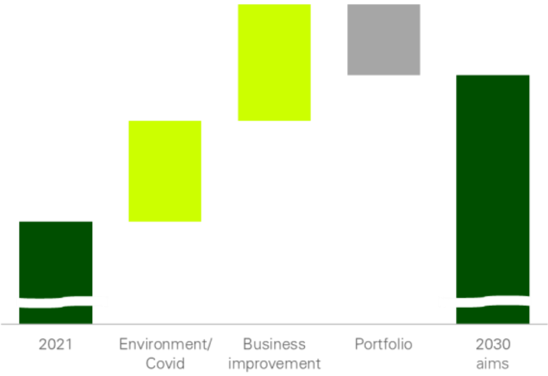
– 90% of 2030 EBITDA generated from six regions; and

– an improvement in unit margins relative to 2021 of more than 20% by 2030.

Strategic progress – **resilient hydrocarbons**

Growing contribution from our advantaged refining portfolio

EBITDA* $bn



	2021	2030 aims
Refining throughput (mmbd)	1.6	~1.2

Improving market conditions
- Recovery in product demand

Availability improvement
- >96% Solomon availability*

Cost efficiencies
- Solomon 2nd quartile non-energy cash costs

Enhance flexibility and yield improvements
- Solomon 1st quartile net cash margin*

High-grade portfolio
- Conversion, consolidation or divestment

In refining, we aim to deliver around $2 billion of underlying EBITDA growth by 2030 relative to 2021, excluding biofuels.

Of this, around half is expected to come as demand recovers, with COVID impacts easing, supporting an increase in realised refining margins. The remainder is expected to be delivered by our business improvement plans, focused on three areas:

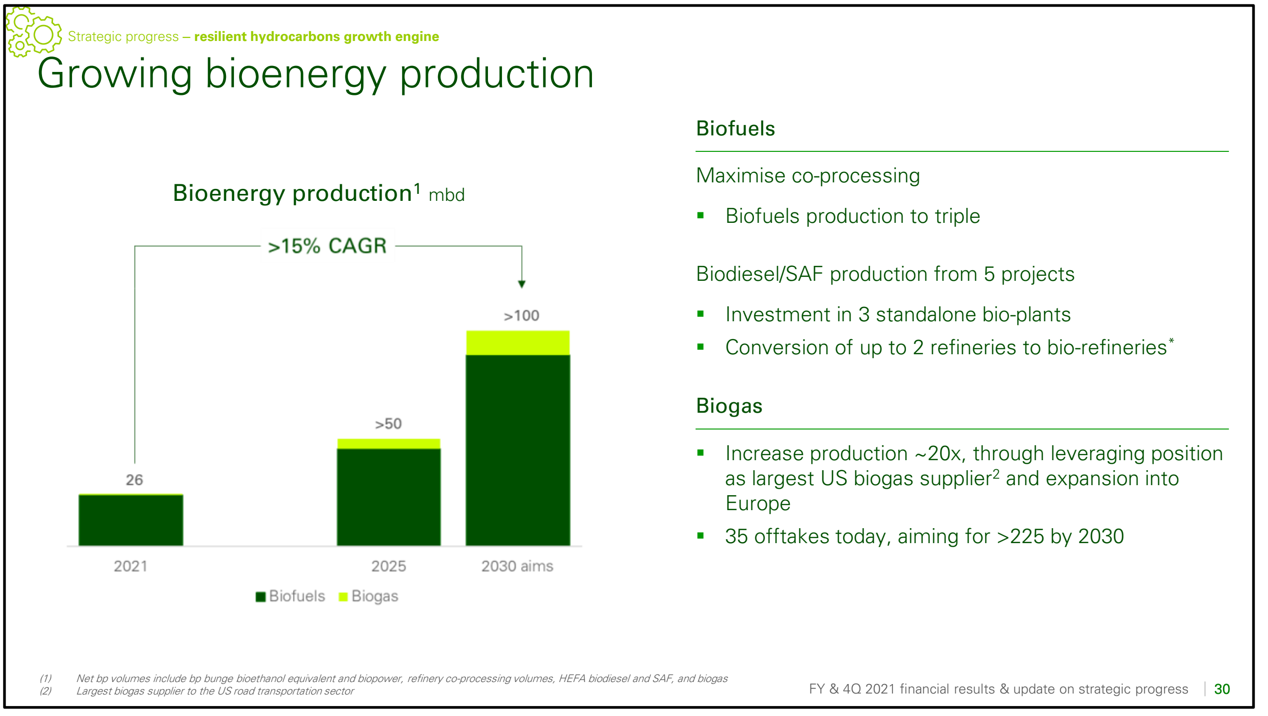
First, availability. We are on-track to deliver over 96% Solomon availability. Our turnaround improvement plans have already delivered improvements and we expect the impact of the higher maintenance activity in 2021 to reduce over time.

Second, cost efficiencies. We plan to deliver Solomon second quartile or better, non-energy cash costs, a competitive position given our refinery configurations, while keeping a rigorous focus on safety and operational integrity.

Third, flexibility and yield improvements. For example, through investments in the US Midwest and the Cherry Point Hydrocracker Improvement Project.

In addition, we remain focused on high-grading the portfolio – through conversion, consolidation of less advantaged units or divesting where it makes sense.

Together these points underpin our target of achieving top quartile Solomon net cash margin by 2025.



Turning to bioenergy, the first of our transition growth engines.

The market backdrop is strong. bp's energy outlook 'Rapid Transition' scenario shows biofuels growing by an average of 6% per annum to 2030, with sustainable aviation fuels – SAF – and biogas, growing significantly faster.

We aim to deliver around $2 billion EBITDA by 2030 – around half driven by the production of biofuels from feedstocks meeting applicable sustainability standards, and around half by biogas and other trading opportunities.

Let me start with biofuels.

Our refineries operate in regions where we expect to see strong growth in demand, and our manufacturing processes are well positioned to adapt to this.

We already produce more than 5,000 barrels per day of biofuels at three of our refineries through bio co-processing. We aim to triple production by 2030 across these sites.

We plan to invest in five major biofuels projects including three adjacent to existing refineries and the conversion of up to two to bio-refineries.

This focus on leveraging existing infrastructure, logistics, scale and customer relationships is expected to create capital-efficient growth.

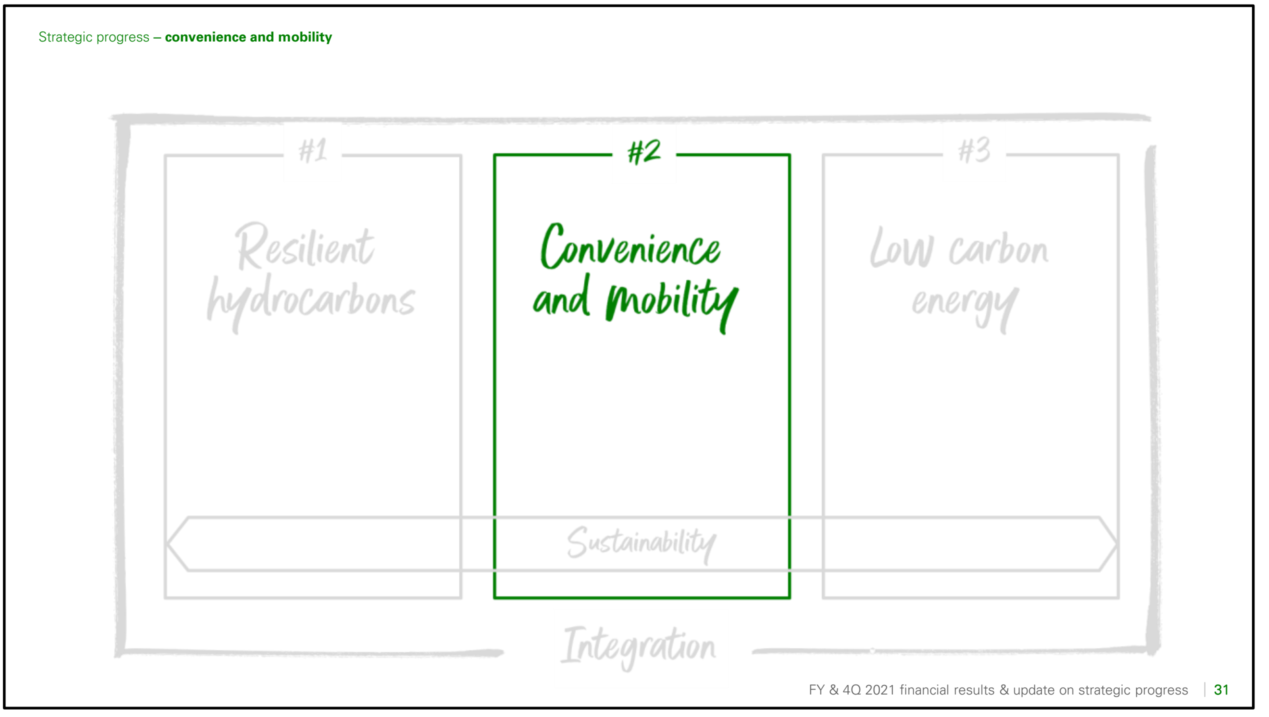
Turning to biogas.

This is a sector we are increasingly excited about. It:

- is capital light
- is highly modular and capable of rapid growth
- can achieve very low carbon intensities
- creates value for bp through strong integration with trading; and
- it delivers high returns and fast paybacks.

Through our co-marketing agreement with Clean Energy Fuels, we are already the largest supplier of biogas in the US to heavy duty fleet customers. And we recently acquired a 29% stake in Gasrec, a major UK provider of biogas to heavy goods vehicles.

We plan to retain our leadership position in the US and expand in the fast-growing European market. We aim to scale equity production around 20-fold, to over 10,000 barrels a day by 2030, and through additional offtake, we expect further margin capture.



Strategic theme #2 is convenience and mobility.

Here - our aim is to double EBITDA by 2030, while sustaining returns of 15 to 20%, all through a focus on customers.

We see this growth being driven by:

– our differentiated convenience and fuels offers and selective growth markets expansion

– the acceleration of our EV charging ambition across key markets, and

– the contribution from Castrol, aviation including SAF, B2B and midstream.

Since we outlined our strategy, our capital allocation plans have changed in two areas:

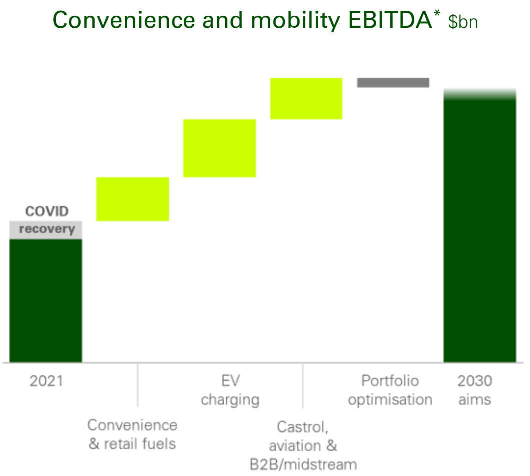
First, we are accelerating our EV charging ambition, and;

Second, we are tightening our expansion in growth markets.

This slide shows just some examples of the progress we made, which I will highlight when I cover these businesses. This strong strategic delivery gives us confidence in future delivery.

Strategic progress – **convenience and mobility**

Aim to double EBITDA to $9-10bn by 2030



	2019	2021	2025	2030 aims
EBITDA* ($bn)	4.9	4.4	~7	9-10
Capital expenditure*1 ($bn)	1.5	1.6	2-3	
Customer touchpoints per day (million)	>10	>12	>15	>20
bp retail sites in growth markets*2	1,250	2,700	~5,000	>6,000
Strategic convenience sites*2	1,650	2,150	~3,000	~3,500
Castrol revenues ($bn)	6.7	6.8	~7.5	>8.0
EV charge points*	>7,500	13,100	>40,000	>100,000
Margin share from convenience and electrification (%)	~25	29	~35	~50

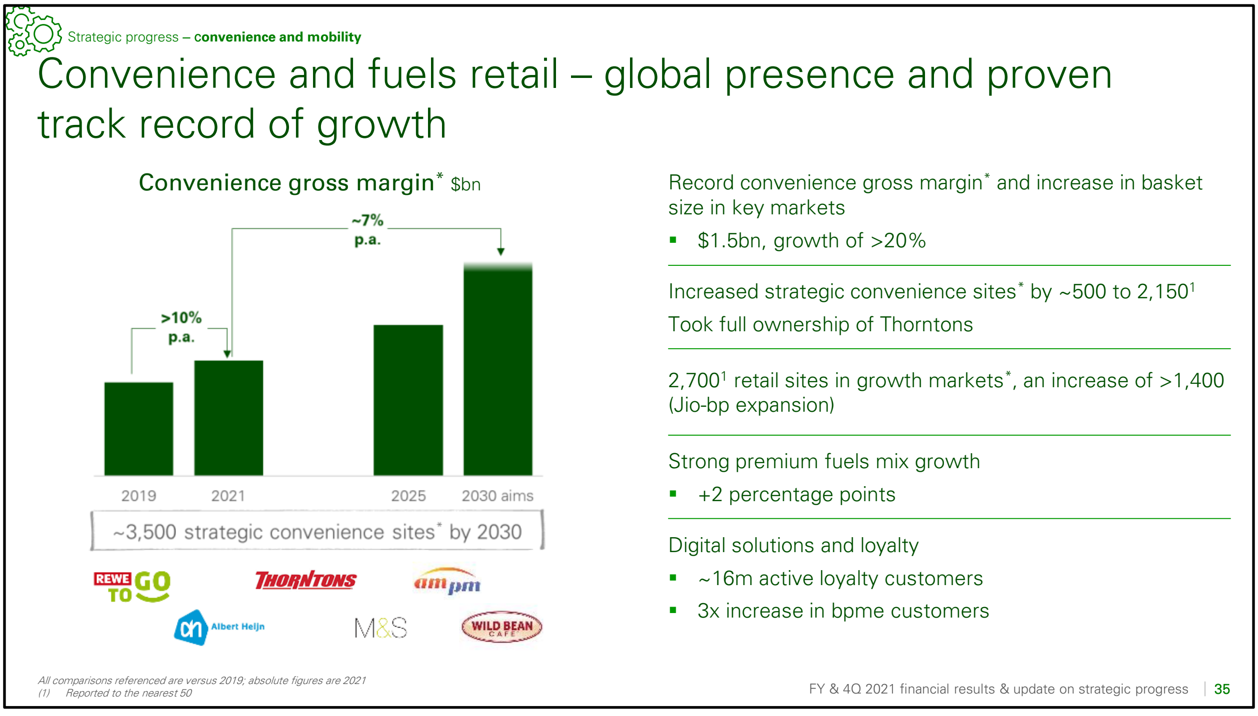
(1) Includes inorganic spend
(2) Reported to the nearest 50

As a reminder, we expect to deliver around $7 billion EBITDA by 2025 and aim for between $9-10 billion by 2030, with returns of 15 to 20%.

Our businesses have remained resilient during the pandemic. We expect COVID impacts of more than $600 million in 2021 to reverse over the coming years, and EBITDA growth to 2030 to be split across the three businesses shown on the chart.

Our convenience and fuels businesses, along with Castrol, are rateable, and drive most of the growth to 2025; with EV driving more of the growth in the second half of the decade.

Let me outline our plans in each of our business areas, starting with convenience and fuels retail.



Convenience is the second of our transition growth engines. It is a material business and in 2021 delivered a record $1.5 billion gross margin – more than 20% growth in two years. And we aim to continue to grow, at around 7% per annum.

We are confident in this growth as:

– we aim to expand our strategic convenience network to around 3,500 sites by 2030; having already added around 500 since 2019

– we continue to increase basket sizes

– we have taken full ownership of Thorntons in the US; and

– we have extended our partnership with Marks & Spencer in the UK.

Our convenience offer builds on a strong and material retail fuels business. We have:

– a great network of sites in established markets which generally sell more fuel than the industry average

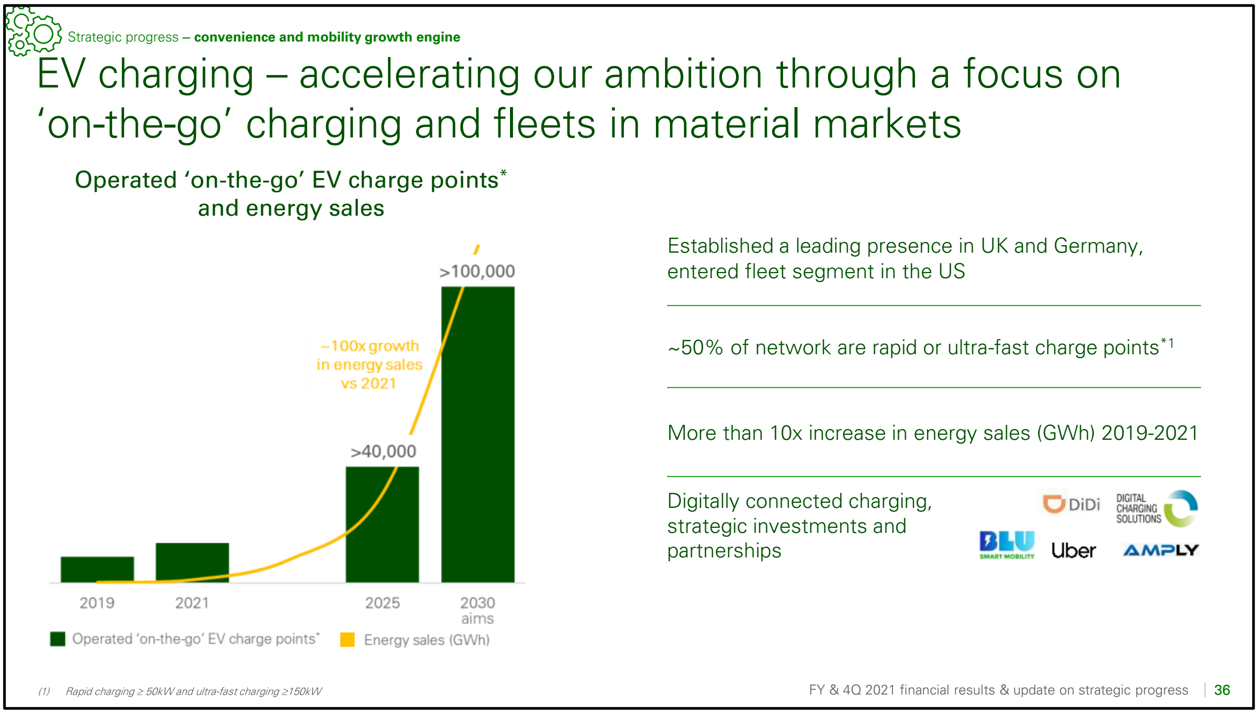
– strong, trusted brands

– premium fuels that generate around double the margin of our regular fuels in many markets; and

– differentiated digital offers and loyalty schemes. For example, our bpme app customers have grown three-fold since 2019, and these customers typically spend twice as much as other customers.

We now aim to expand our presence in growth markets to over 6,000 sites by

2030, which will be primarily driven by our successful Jio-bp JV in India.



So, turning to EV charging – the third of our transition growth engines.

We aim for this business to deliver more than a third of our overall EBITDA growth from convenience and mobility to 2030.

We are accelerating our EV charging ambition across key growth markets, through a focus on 'on-the-go' charging and fleets.

For 'on-the-go' charging – customers want fast, convenient, reliable and seamless charging, integrated with leading convenience offers and services.

We are confident we can succeed for three reasons:

– first, we have an advantaged retail and convenience network in our key focus markets. In the UK and Germany for example, we have established a leading presence – where more than 90% of the population live within a twenty-minute drive of our stores

– second, we are focused on rapid and ultra-fast charging, driving higher utilisation and margins

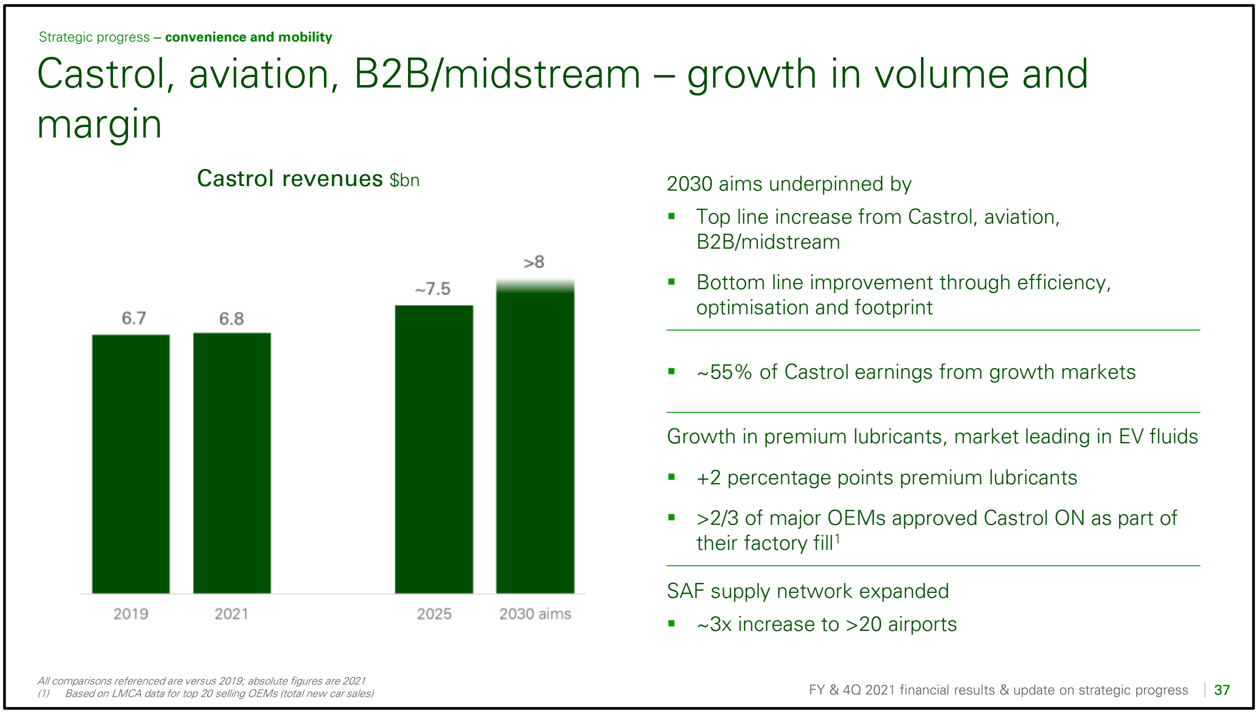
– third, we expect our investment in digital technology and strategic partnerships to drive-up utilisation and increase footfall at our convenience stores.

Overall, we aim to grow our network to more than 100,000 EV charge points and increase our energy sales from those by more than 100-fold by 2030.

Our second focus area is fleets. We think this has enormous growth potential for bp:

- we have a material fleet business with customers who we aim to support in their transition to EV charging
- we already provide dedicated fleet solutions, which include hardware, software and other services; and
- our acquisition of AMPLY Power has accelerated our entry into the US – one of the fastest growing fleet charging markets in the world

Taken together, these plans give us confidence in aiming to deliver ~50% margin share from convenience and electrification by 2030.



Turning finally to Castrol, aviation, B2B and midstream. Here the three key drivers of growth are:

First, aiming to grow Castrol revenues to more than $8 billion by 2030, through:

– expansion in growth markets, including in India where Castrol is the number one brand

– extending our Castrol branded service and maintenance offers globally; and

– providing market leading offers in EV fluids. More than two-thirds of major OEMs have approved Castrol ON as part of their factory fill.

Second, improving Castrol profitability through a focus on cost efficiency, simplification, digitisation and optimisation of its manufacturing footprint.

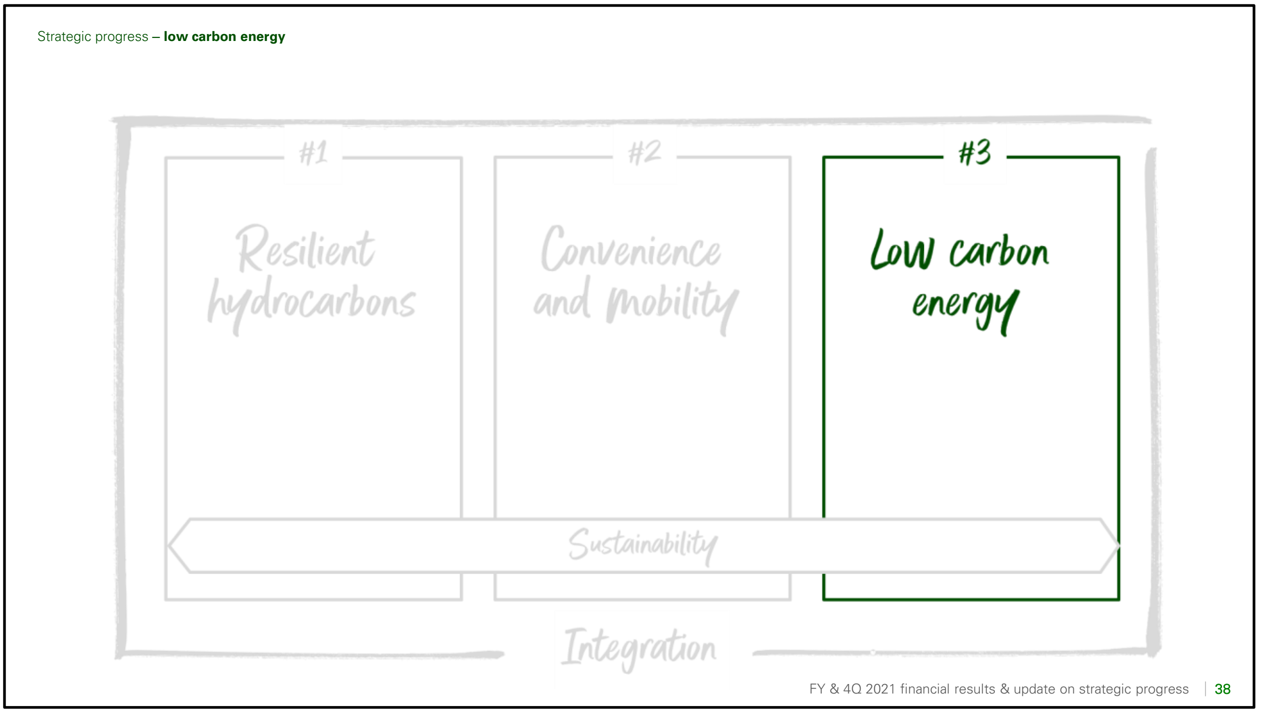
Third, growing aviation, B2B & midstream, by leveraging our:

– strategic relationships with major airlines and airports

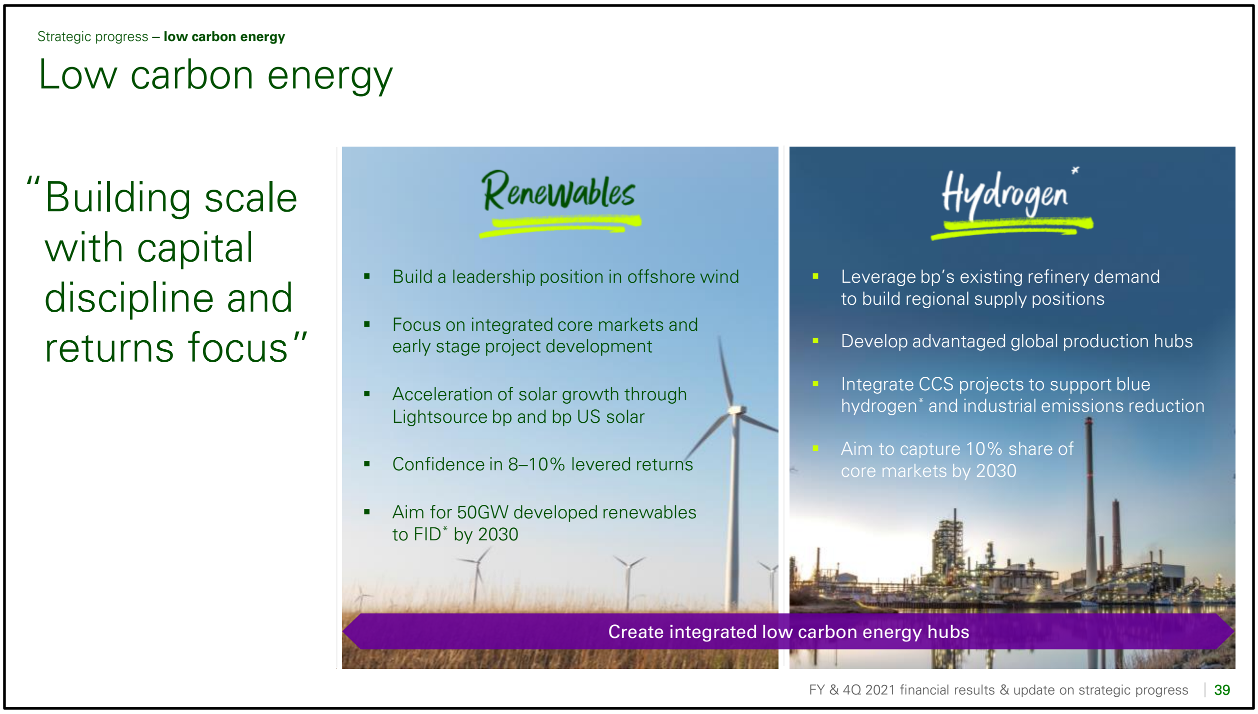
– established position in SAF – where we aim in place to be a sector leader, with 20% share of supply, and

– continued growth in our bio ground fuels businesses.

Summing up, these steps give us the confidence in our aim of delivering $9-10 billion EBITDA from convenience and mobility by 2030.



Strategic theme #3 is low carbon energy.

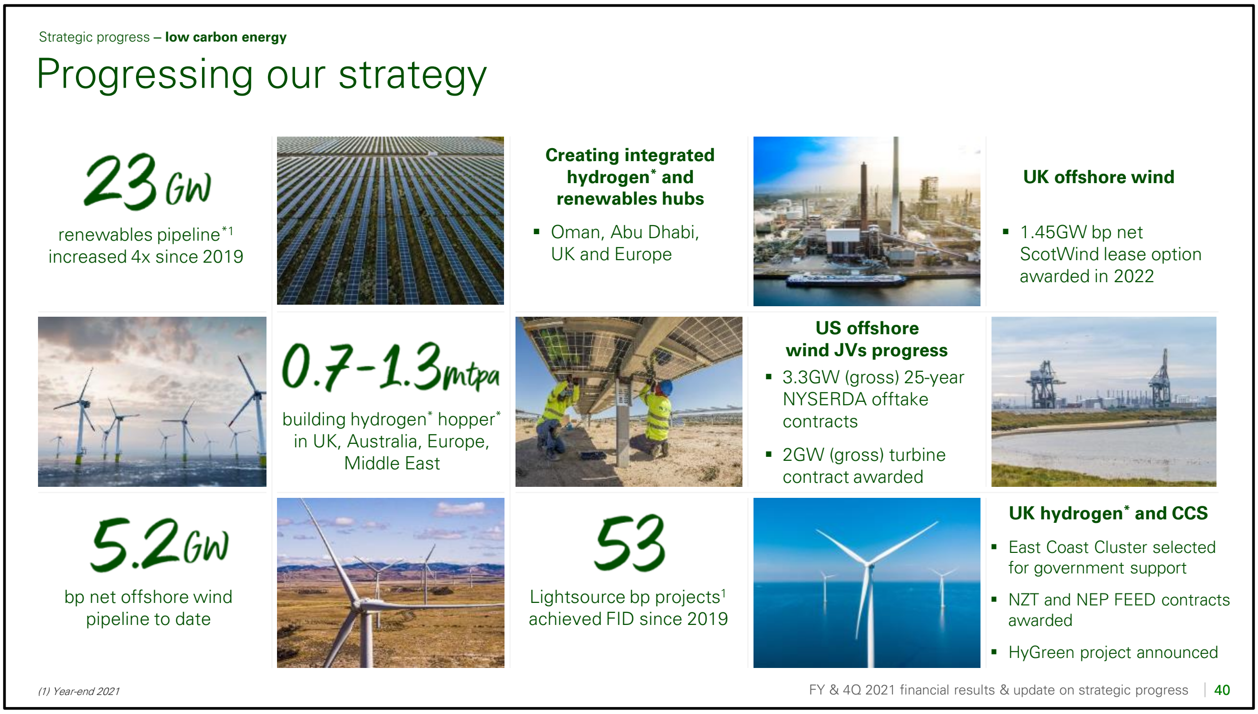


Our focus on returns and building scale with capital discipline is unchanged.

We are aiming to create integrated low carbon energy hubs, enabled by our last two transition growth engines:

– First, renewables. We aim to build a leadership position in offshore wind and accelerate our solar growth through Lightsource bp and bp's US solar pipeline. We remain confident in achieving 8 to 10% levered returns;

– Second, hydrogen. Here we aim to leverage bp's existing refinery demand to build regional supply positions. And as hydrogen markets develop, we aim to create a portfolio of globally advantaged supply hubs. We aim to capture a 10% share of core markets, by 2030.



Over the past two years we have made significant progress.

In offshore wind, we grew our pipeline to over 5 gigawatts net in two core markets, through our partnership with Equinor in the US and with EnBW in the UK.

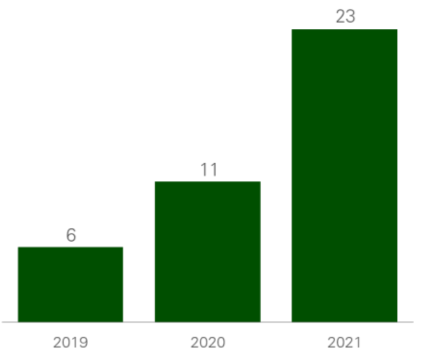
In solar, Lightsource bp has increased its pipeline from 1.6 gigawatts to 20.6 gigawatts since bp's investment in late 2017, progressing 53 projects to FID at weighted average expected returns of 8-10% - prior to farm-down.

And we are achieving significant milestones in building our hydrogen and CCS businesses.

Strategic progress – **low carbon energy**

Aim to grow EBITDA to $2-3bn by 2030

Renewables pipeline* growth bp net, GW



In addition we have
- **17GW** renewables hopper*
- **0.7-1.3mtpa** low carbon hydrogen* hopper*

	2019	2021	2025	2030 aims
EBITDA* ($bn)	Growth phase			2-3
Capital expenditure* ($bn)	0	1.6	3-5	4-6
Developed renewables to FID* (GW)	2.6	4.4	20	50
Low carbon hydrogen* in core markets (%)	Growth phase			10

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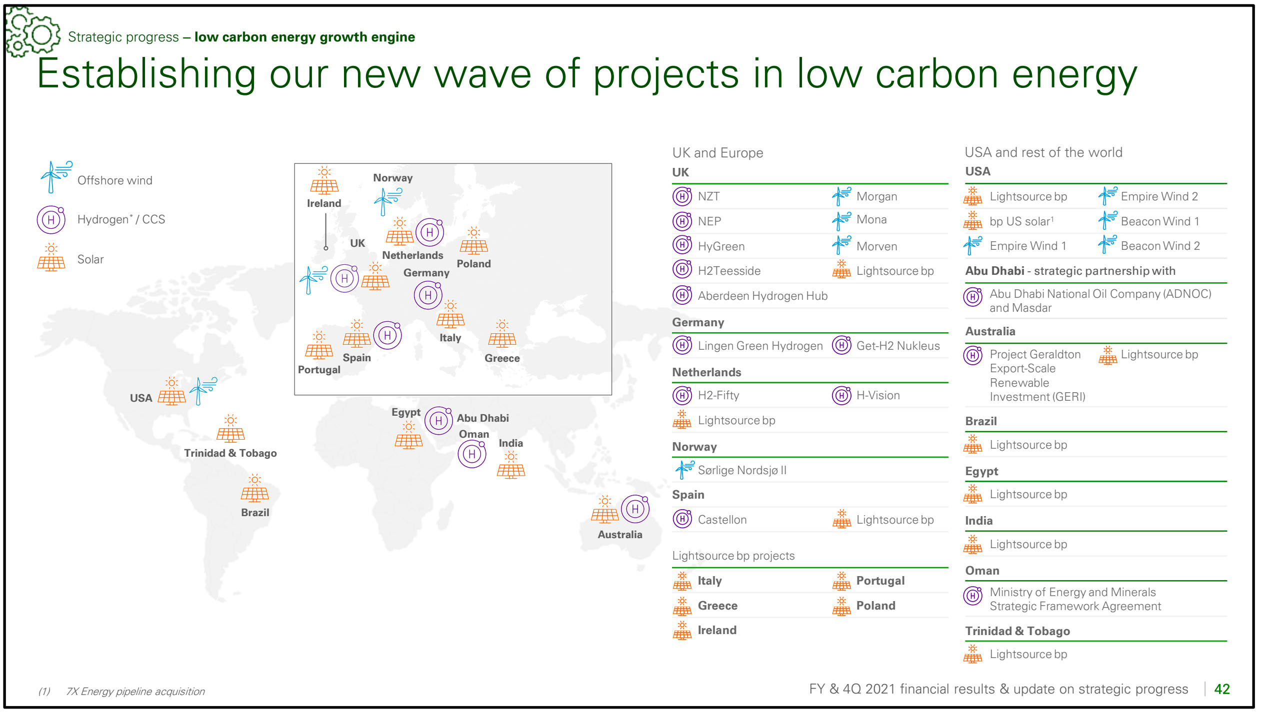
We have successfully increased the size of our renewables project pipeline to 23 gigawatts net bp at end 2021 and have a material hopper of early-stage renewables and hydrogen projects.

Our capital investment in these businesses is growing. We spent $1.6 billion in 2021 and expect to invest between $3 to 5 billion per annum by 2025, rising to $4 to 6 billion per annum by 2030.

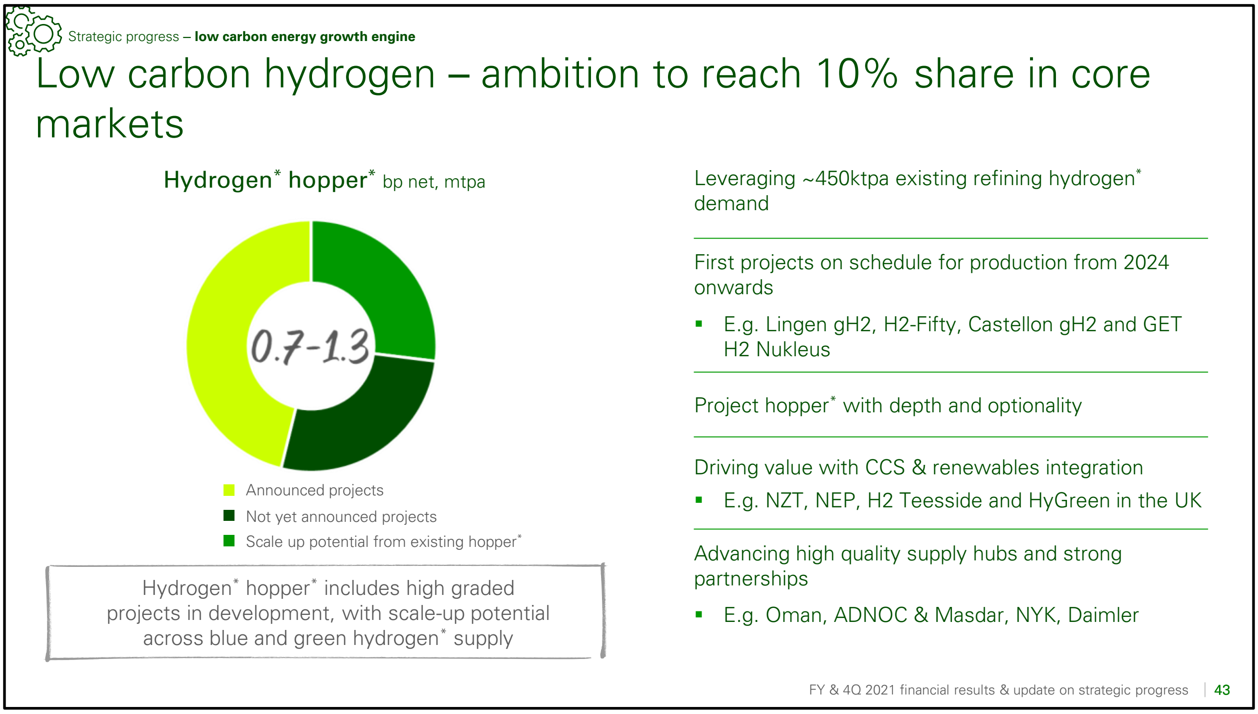
We are rigorous in evaluating opportunities, selecting only what we see as the best projects.

This momentum and discipline, gives us confidence in the quality of the business we are building. By 2030 we aim to deliver between $2 and $3 billion of EBITDA.



As this slide shows, we now have a global portfolio of projects in solar, offshore wind and hydrogen, giving us the platform to develop future low carbon energy hubs.

Turning to hydrogen, where we have conviction in our ability to create differentiation and build a material business.



We now have a hopper of 0.7 mtpa, of which half has been announced including H2 Teesside, Lingen and Oman. This hopper has the potential to grow to up to 1.3 mtpa, as we continue to activate demand and scale up production.

We are focused on growing scale in key, regionally integrated markets, such as the UK, Europe, and the US.

And we are playing to our strengths:

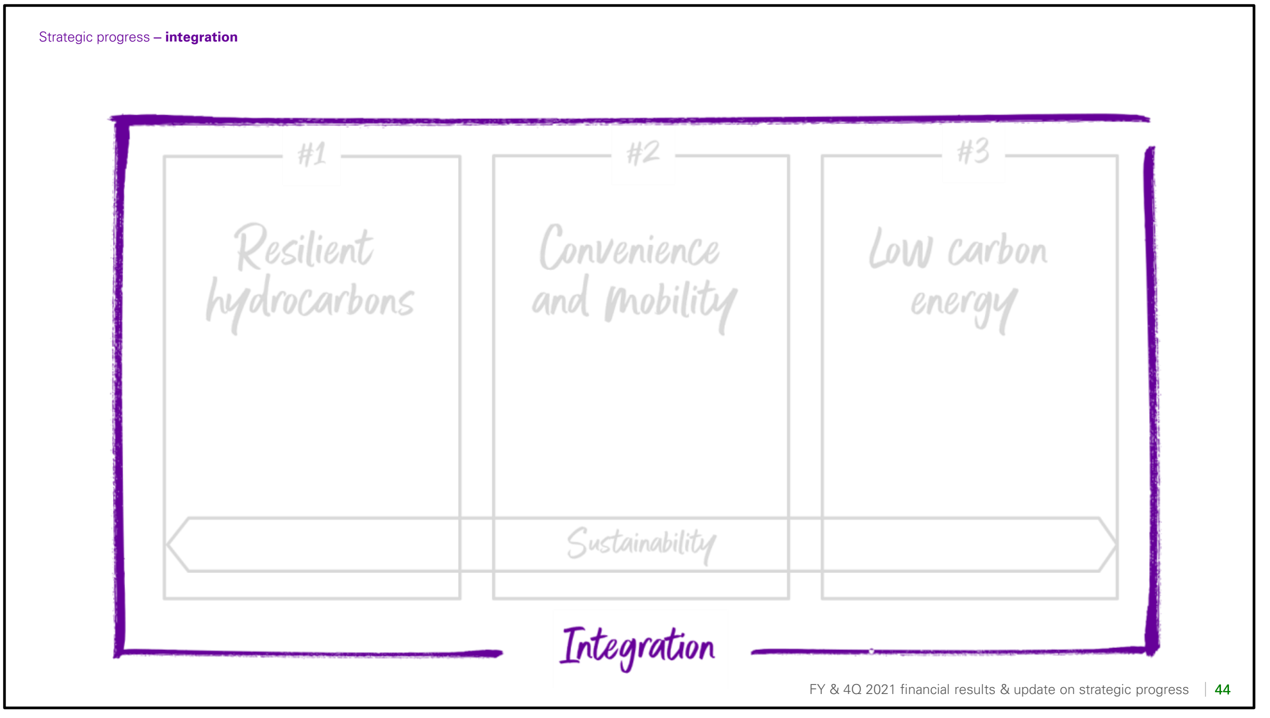
– leveraging our technical capabilities and existing demand at our refineries to underpin first projects

– building on our experience of delivering and operating complex global projects;

– creating value through integration of marketing, trading and shipping; for example, with power customers in Asia through LNG; and

– deepening partnerships; creating integrated low carbon energy hub opportunities, through long-standing relationships built through our oil and gas businesses such as in Abu Dhabi and Oman, and with companies such as Daimler and NYK Group.

We are confident and energised by the potential of this new business and Anja will discuss this – and the broader low carbon business – with you later in the year.



Turning to Integration.

Let me explain why we see a role, and need, for an IEC such as bp – one of a few companies we believe who have the scale and expertise to navigate complex markets and who can help manage increasingly inter-connected energy systems – the importance of which has been highlighted in only the past few months.

For over one hundred years, we have been in the business of integrated energy value chains, based on hydrocarbons as the energy source.

We get oil and gas out of the ground – the upstream business.

We transform hydrocarbons into marketable products – the refining business.

We sell hydrocarbon-based products – the marketing business.

We have created a portfolio which gives us a global presence across the hydrocarbon value chain. And we have our trading organisation to optimise the flow, providing an uplift to group returns of at least 2%, in addition to what each standalone business can deliver.

As we move from an IOC to an IEC, and decarbonise our portfolio, we plan to replicate this model of integrated energy value chains, combining hydrocarbons with electrons and hydrogen.

We are moving into renewables, solar and wind, generating electrons – a new upstream business.

We can transform these electrons into hydrogen – a new downstream business.

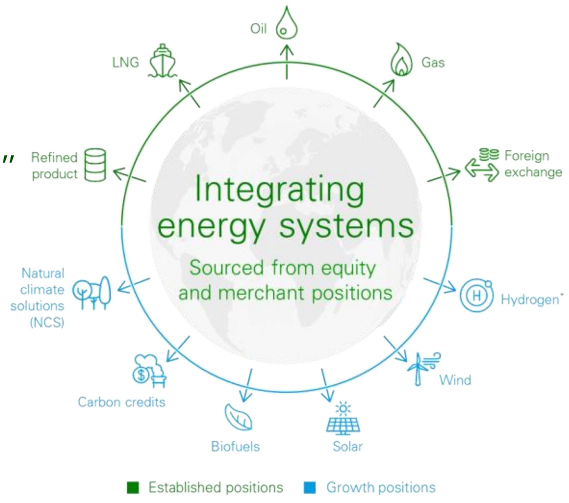
And we will sell the products – electrons and hydrogen – to customers – a new marketing business.

This creates an electron and hydrogen energy value chain with upstream, downstream and marketing businesses, that complement our existing hydrocarbon value chain.

Strategic progress – **integration**

Business integration – our trading organisation is at the heart of our IEC model

"Leading energy trader present in 140 countries with >2,000 employees"



Established positions

- Trade in >15 European gas and power hubs
- Largest natural gas and biogas marketer in North America
- Top 10 position in US wholesale and retail power

Low carbon trading

- Provide carbon solutions as a service
- Present in 8 carbon trading systems
- NCS origination e.g. Finite Carbon

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At the heart of our integrated value chains is our world-class trading business. It has been decades in the making with a presence in 140 countries and over 2,000 employees. Through it:

– we can leverage our global asset portfolio to provide a consistently reliable supply

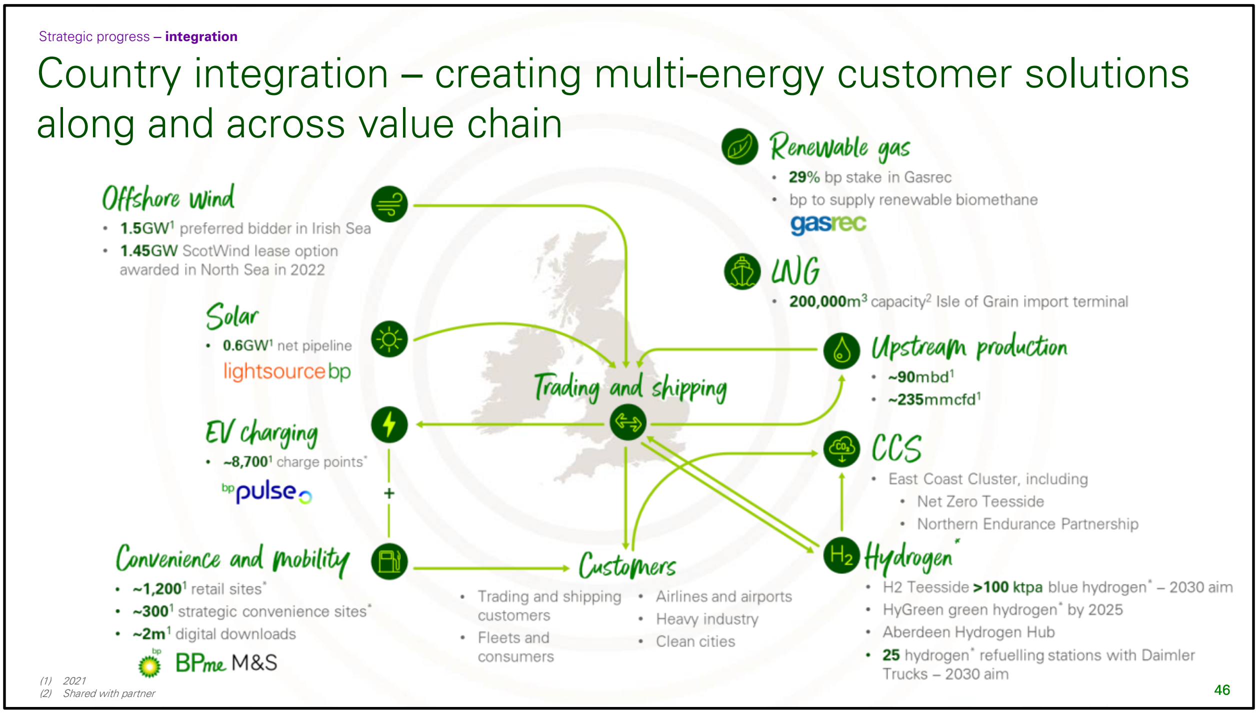
– we have expertise in managing risk in volatile markets with high commercial and regulatory complexity

– we have deep analytics and technology expertise;

– and we can create integrated bespoke energy solutions for customers.

All of these are transferable – allowing us to grow in new products and markets, including for example biogas and low carbon products.

Together we believe this capability can allow bp to offer customers a one stop shop for their energy needs.



The UK is an example of how these integrated hydrocarbon, electron and hydrogen value chains can come together in one region.

We have been present across the hydrocarbon value chain in the UK for over 50 years:

– we produce oil and gas from the North Sea

– we sell oil and gas to customers and gasoline and coffee to consumers; and

– we are also bringing gas into the UK from overseas to the Isle of Grain terminal as well as shipping products from European refineries.

We are now in action to create electron and hydrogen energy value chains:

– we intend to produce electrons through offshore wind farms in Scotland and in the Irish Sea and through solar in our Lightsource bp joint venture

– we plan to construct hydrogen, CCS and biogas plants

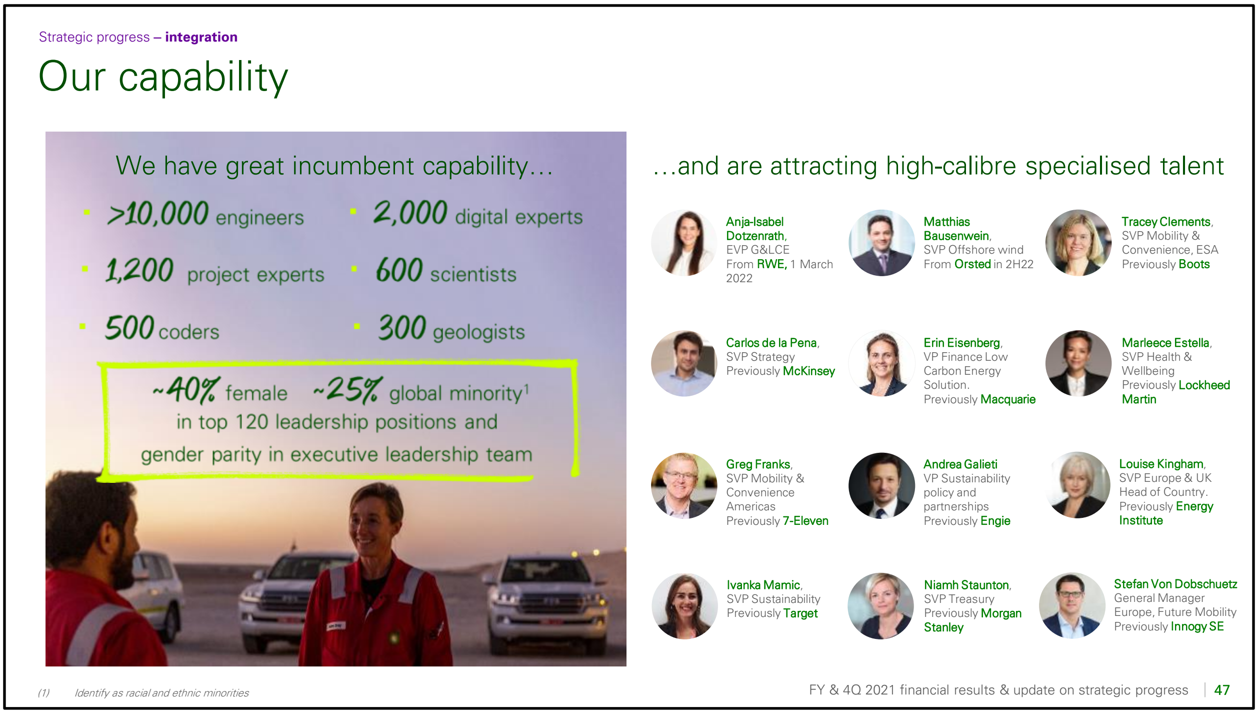
– we plan to scale up our EV charging and customer offers using our extensive physical retail network, brand and convenience offer

– we will be able to link gas and electrons to help create reliable power; and, as mentioned earlier

– the returns from each of these hydrocarbon, electron and hydrogen businesses can be further enhanced by integration through our trading organisation.

This ability to leverage existing infrastructure, capabilities and relationships, and integrate across offshore wind, hydrogen and EV charging, supported our recent successful bid in the ScotWind leasing round.

And we are already working to replicate this model in other countries.

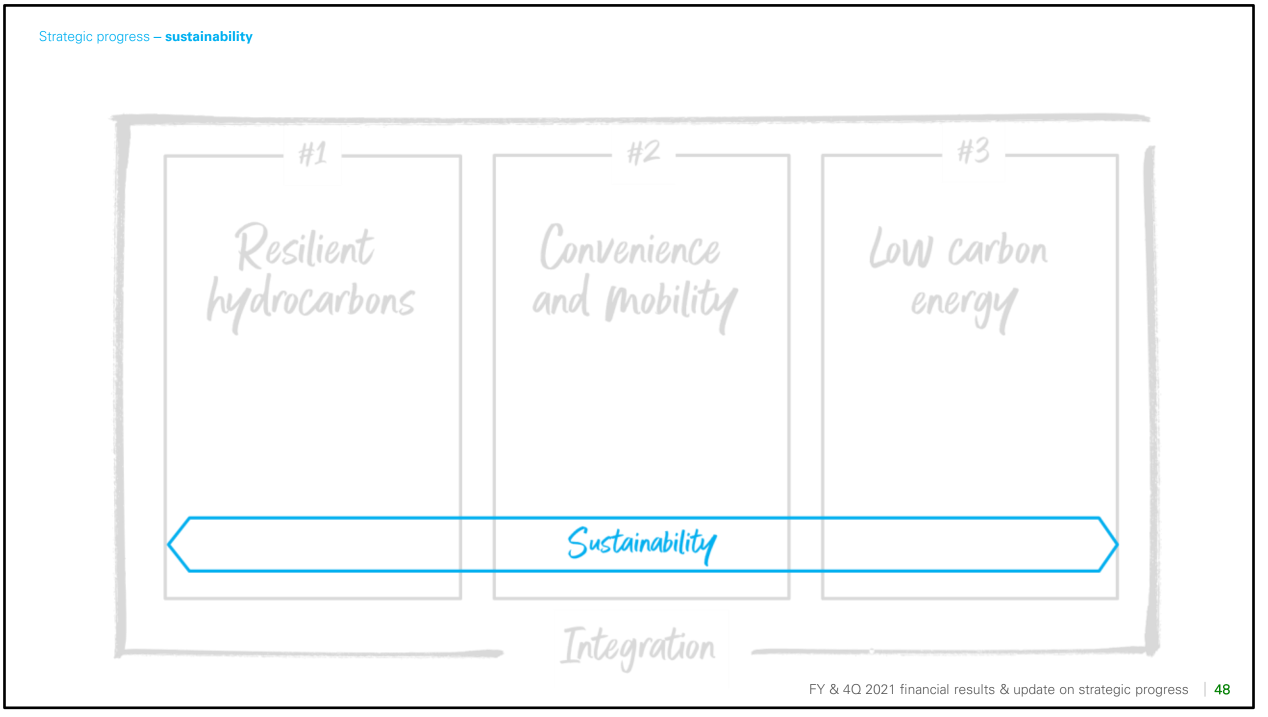


Equally crucial to our transformation to an IEC is having the right capability to enable our success.

And here we are in a good position.

We have great incumbent capability. Skills that we can leverage right across our three strategic themes. Our 120 strong extended leadership team is representative of our broader workforce, bringing together a broad and diverse set of expertise, views and perspectives, and is made up of around 40% females and around 25% global minority. And from next month, I look forward to having a gender balanced leadership team reporting to me.

And on the right of the slide, you will see that where we feel we need different skills – we are hiring. Bringing in high-calibre, specialised talent, often from other industries. Over the past 18 months – we have hired 38 senior executives from outside the company – a marked change with our history. It is hugely encouraging to see the interest in our strategy and our direction.



Turning then to sustainability.

In 2020, we announced our ambition to be a net zero company by 2050 or sooner, and to help the world get to net zero.

Two years on, we continue to believe our ambition is good business and supports society's drive towards the Paris climate goals.

Strategic progress – **sustainability**

Sustainability – we are accelerating our net zero ambition in line with the progression of our strategy

	Scope	2025	2030 aims	2050 or sooner aims
Aim 1 Net zero operations*[1]	Scope 1+2	20%	50%	100%
Aim 2 Net zero production*[1]	Scope 3	20%	35-40%	100%
Aim 3 Net zero sales*[1]	Lifecycle intensity (including end-use emissions)	5%	15-20%	100%
Aim 4 Reducing methane	Methane intensity	0.20% (measurement approach)		

(1) 2025 targets and 2030 aims for Aims 1-3 are against our 2019 baseline. 100% means to net zero* by 2050 or sooner.

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We are in action and on track for our 2025 targets.

As we progress, we continue to learn. We have growing confidence in the opportunities – especially over the longer term – in building, participating in and integrating along and across net zero value chains.

This enables us to make some changes.

For Aim 1, which encompasses our scope 1 and 2 emissions from our operations, we're accelerating our 2030 aim from 30-35% to 50%.

For Aim 3, which includes the lifecycle emissions from the products we sell, we are:

– increasing our 2050 or sooner aim from a 50% reduction in carbon intensity to net zero

– updating our 2030 aim to 15-20%; and

– expanding Aim 3's scope to include physically traded energy products.

Delivery of our 2030 aims will be driven by execution of our strategy.

For aim 1, this includes improvements from reduced flaring, energy efficiency, electrification and use of low carbon electricity, as well as the contribution from base decline and divestments.

For aim 3, this is driven by our evolving portfolio, including investment in EV charging, bioenergy, renewables and hydrogen, as well as an energy product trading mix that reflects decarbonisation of global energy and bp's activities over time.

Our other aims remain as is, including those on methane and net zero production.

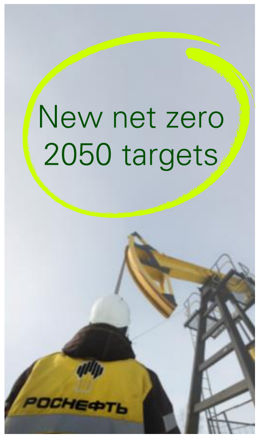
In aiming for net zero across our operations, production and sales by 2050 or sooner, we believe our ambition supports the global push to meet the Paris goals, including helping the world pursue efforts to limit temperature rise to 1.5°C above pre-industrial levels.

We intend to provide shareholders with the opportunity of an advisory vote on our net zero ambition at our 2022 AGM. We are grateful for the continued engagement, challenge and support from our investors, including CA100+.

Strategic progress – **sustainability**

Rosneft – committed to sustainably developing resources and driving down emissions

- Upstream GHG intensity competitive with global peers[1]
- Co-leading Methane Guiding Principles project on flaring reductions
- Performance reflected in international ESG ratings, e.g. FTSE4Good Index, CDP, Bloomberg



- Scope 1 and 2 operational emissions targets leading in Russia
- "Rosneft-2030" strategy sets interim targets, including:
  - 25% reduction in absolute emissions[2]
  - Zero routine flaring in line with the World Bank's 2030 initiative
  - Methane intensity to >0.2%

Strategic frame agreement on carbon management and sustainability

(1) Scope 1
(2) Scopes 1 and 2 vs. 2020

Turning finally to Rosneft, who also continue to make significant progress on their sustainability agenda.

We welcome their board's approval of a new 2030 strategy, which incorporates a target to be net zero by 2050 for scope 1 and 2 operational emissions.

Rosneft's ambitions are leading among large Russian energy companies. They are supported by interim targets on absolute emissions, methane and flaring.

This builds upon Rosneft's commitment to improving environmental performance, with a strong focus on energy efficiency and carbon and methane intensity.

We are, almost to the day, one year into bp and Rosneft's strategic collaboration agreement on carbon management and sustainability. Through sharing perspectives and exploring emissions reduction opportunities, the agreement supports both companies' decarbonisation journeys.

Let me now hand back to Murray to update you on our financial frame.

Murray Auchincloss

Chief financial officer

No script

Strategic progress – **financial frame**

Growing cash flow as the business transitions

	2H19/1H20	2021	2025	2030 aims
	$51/bbl	$71/bbl	$66/bbl[1]	$73/bbl[1]
Resilient hydrocarbons	25.0	33.5	~33	30-35
Convenience and mobility	4.0	4.4	~7	9-10
Low carbon energy	Growth phase			2-3
Group EBITDA*[2] ($bn)	28.5	37.2	~40	41-48
Group capital employed[2,3] ($bn)	112	109	~120	~150

7-9% EBIDA per share CAGR[4,5]

12-14% ROACE*[6]

(1) Brent $60/bbl 2020 real, at bp planning assumptions (2) Includes OB&C* (3) Excludes goodwill and cash and cash equivalent
(4) 2H19/1H20 to 2025 at $50-60/bbl (2020 real), at bp planning assumptions (5) EBIDA per share - 2H19/1H20 128¢; 2021 157¢
(6) 2025 and 2030 at $50-60/bbl (2020 real), at bp planning assumptions

Thanks Bernard.

The detail we've provided today links the delivery of our strategy to our 2025 financial targets. It also shows how we aim to transition the cash flows of the company to 2030 based on our plans.

Let me briefly recap.

First, we have a high-quality, resilient hydrocarbons business that we expect to sustain EBITDA around 2021 levels through 2025. And we aim to hold around this level through 2030 at broadly constant price assumptions, with returns of 12 to 15%.

Second, from 2021 we aim to more than double EBITDA from convenience and mobility to around $9 to 10 billion by 2030, while generating returns of at least 15 to 20%. Our customer businesses are rateable, and drive growth to 2025; with EV charging driving growth in the second half of the decade.

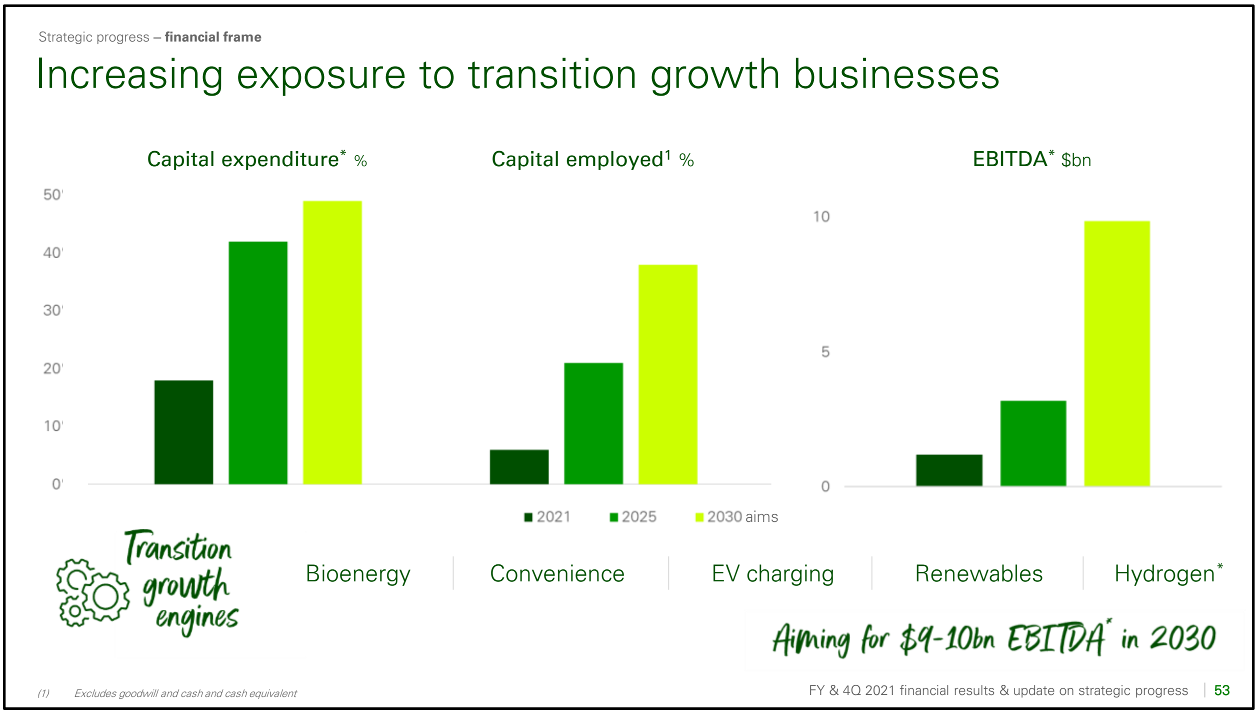
And third, in low carbon, we aim to grow EBITDA in the second half of the decade, reaching $2 to 3 billion by 2030 as our renewables and hydrogen businesses come on-line.

This is all underpinned by a continuing focus on cost and efficiency, investment in digital, and agile ways of working. We continue to expect to deliver cash cost savings from reinvent bp of $3 to 4 billion in 2023 relative to

2019.

Taken together, this underpins our confidence in the guidance that we gave you in August 2020. We expect to deliver a 7 to 9% EBIDA per share CAGR between 2H19/1H20 and 2025, and ROACE of 12 to 14%. This assumes oil prices of $50 to 60 per barrel in 2020 real terms.

And looking further ahead, as the business transitions we aim to continue to grow EBITDA to 2030 while sustaining returns of 12 to 14%.



Within this we are increasing our exposure to businesses which are expected to see rapid growth through the energy transition.

As Bernard mentioned, this is driven by five transition growth engines – bioenergy, convenience, EV charging, renewables and hydrogen.

These businesses contribute slightly more than $1 billion of our EBITDA today.

But we are deepening our investment here. In 2021 they represented more than 15% of our capex. By 2025 we expect this to be greater than 40% and by 2030 around 50%.

Capital employed will follow. While modest today, it is expected to reach over 20% by 2025 and close to 40% by 2030.

And in the second half of the decade, we aim to deliver double digit EBITDA growth from these businesses as the capital we are investing matures.

Together these transition businesses, underpinned by these five growth engines, aim to deliver around $9 to 10 billion of EBITDA by 2030.

Strategic progress – **financial frame**

Transition growth engines – operational milestones

		2021	2022-25	2026+ aims	2030 aims
Bioenergy	Operational bio-refineries*			2	2
	Global biogas offtakes	35	>125		>225
	Bioenergy production	>26mbd	>50mbd		>100mbd
	Standalone bio-plants			3	3
Convenience	Strategic convenience sites*	2,150	~3,000		~3,500
	Margin share from convenience & electrification	29%	~35%		~50%
EV charging	EV charge points*	13,100	>40,000	>70,000	>100,000
Renewables	Developed renewables to FID*	4.4GW	20GW		50GW
	Offshore wind	5.2GW[1] pipeline	First offshore wind projects to FID	5.2GW Net offshore wind to FID First offshore wind projects operational	
	Solar	19.4GW pipeline	LSbp delivers **25GW** to FID First COD of bp US solar pipeline		
Hydrogen*	Hydrogen*	0.7-1.3mtpa	First green hydrogen* from Lingen gH2, H2-Fifty, Castellon gH2, GET H2 Nukleus	H Vision, HyGreen, NZT power. and H2 Teesside operational	
	CCS			NEP CCS operational	

(1) Includes ScotWind lease option award in January 2022

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Our confidence in this potential reflects the progress made in building strong foundations in each of these businesses and, as a result, a clear set of operational milestones from which you can start tracking our progress.

As Bernard has highlighted:

– In bioenergy, our plans are underpinned by 5 major projects including three adjacent to existing refineries;

– Additionally, we will continue to rapidly expand our arrangements with biogas companies – with further offtake and equity positions;

– In convenience we have grown our network of strategic convenience sites by around 30% in the last two years with clear line of sight to our upgraded targets in 2025;

– We are rapidly building a network of EV charge points to underpin our focus on fleet and ‘on-the-go’ fast charging in core markets;

– We have established a 5.2GW pipeline in offshore wind. This includes Empire Wind and Beacon Wind in the US, Mona and Morgan in the Irish Sea and our new ScotWind venture, Morven. We expect the first projects due online before the end of the decade; and

– Our first green hydrogen projects are scheduled to start-up from 2024.

Strategic progress – **financial frame**

Disciplined investment allocation

Capital expenditure* (including inorganics) $bn

	2021	2022	2023-25	2026-30
Resilient hydrocarbons	9.3	~9	9-10	~8
Convenience and mobility	1.6	2-3	2-3	2-3
Low carbon energy	1.6	~2.5	3-5	4-6
Group capital expenditure*[1]	12.8	14-15	14-16	14-16

(1) Includes OB&C*

As we invest to drive this growth we are committed to the disciplined allocation of capital.

We expect to maintain a disciplined capital frame of $14 to 16 billion per annum through 2025. And we aim to sustain this level through 2030.

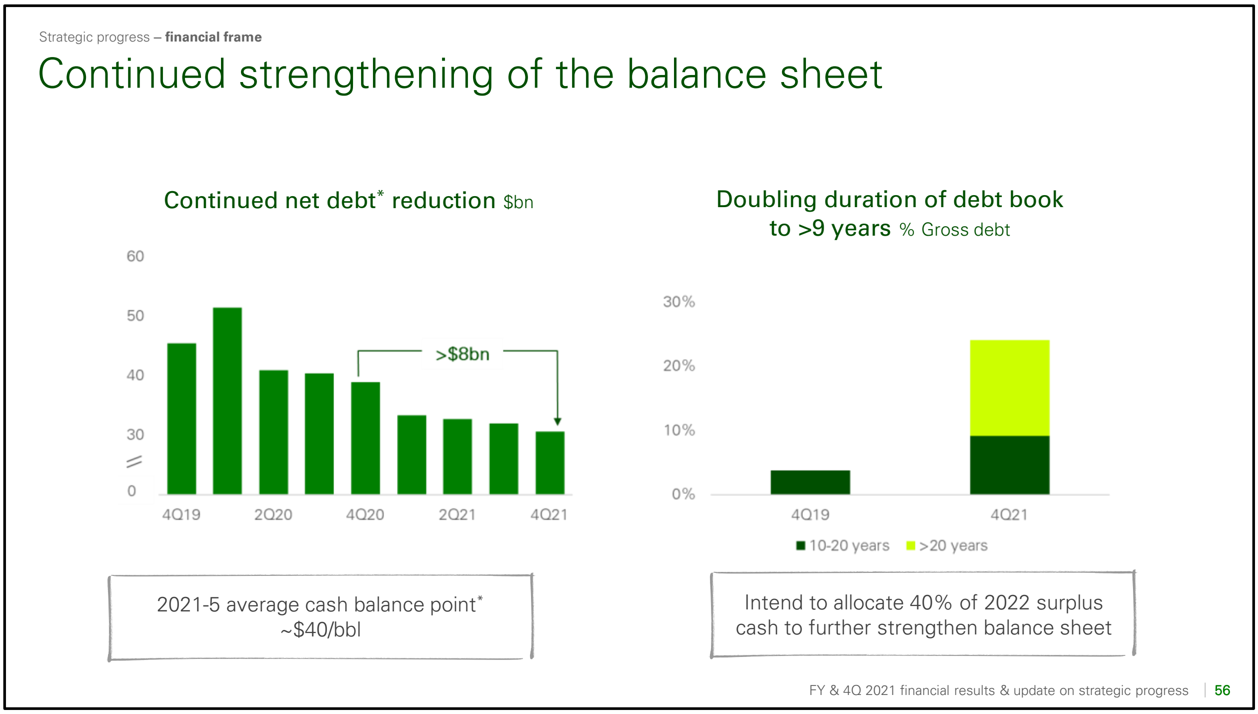
– In resilient hydrocarbons we expect to invest $9 to 10 billion per annum between 2023 and 2025. With our plan to invest around $7.5 billion per annum in oil and gas through 2025 unchanged, the range reflects our plans to deepen in bioenergy;

– In convenience and mobility we expect to invest between $2 to 3 billion per annum. This underpins our convenience strategy and our plans to accelerate in EV charging; and

– In Low carbon energy we expect to invest $3 to 5 billion per annum between 2023 and 2025, rising to $4 to 6 billion per annum in the second half of the decade as we build our position in renewables and hydrogen.

We also have a standardised approach to investment allocation balancing: investment economics; volatility and rateability; optionality and integration; strategic alignment; safety and risks; and sustainability.

And we have stringent investment hurdles. These include payback periods of less than 10 years for oil and refining and less than 15 years for gas. And we also have returns expectations for low carbon energy as well as the transition growth engines Bernard mentioned earlier.



This capital frame is also underpinned by a strong balance sheet.

We remain focused on maintaining a strong investment grade credit rating and have made strong progress.

I have already outlined the strong progress we made in reducing net debt by over $8 billion in 2021.

In addition, we remain focused on maintaining an efficient balance sheet. Since the end of 2019 we have:

– repurchased around $15 billion of short-dated bonds and issued over $11 billion of bonds with a duration of 20 years or longer;

– more than doubled the duration of our debt book to over 9 years; and

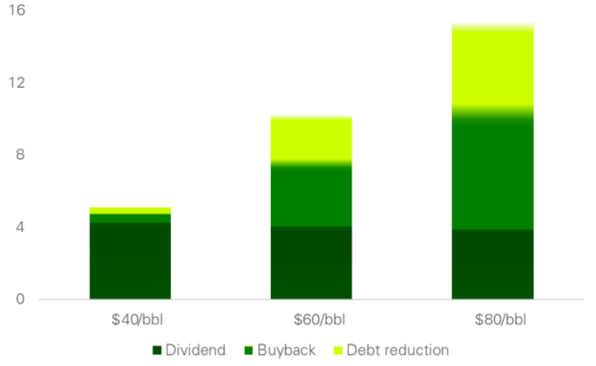
– Increased our exposure to fixed rates at attractive coupons.

Looking ahead, and subject to maintaining an investment grade credit rating in 2022, we plan to allocate 40% of surplus cash flow to further strengthen the balance sheet. And to manage the business with a conservative cash balance point of around $40 per barrel on average through 2025.

Strategic progress – **financial frame**

Resilient dividend with clear priorities for surplus cash flow

2022-25 average annual dividend and uses of surplus cash flow*[1] $bn



Resilient dividend is our first priority

Capacity for ~4% annual dividend per share increase at ~$60/bbl[2]

Committed to return ≥60% surplus cash flow* through share buyback[3]

Expect to deliver average buyback of ~$4bn per annum at ~$60/bbl[2]

(1) *Assumes 60% surplus cash flow* allocated to share buyback and 40% to further debt reduction*
(2) *Through 2025*
(3) *Subject to maintaining a strong investment grade credit rating*

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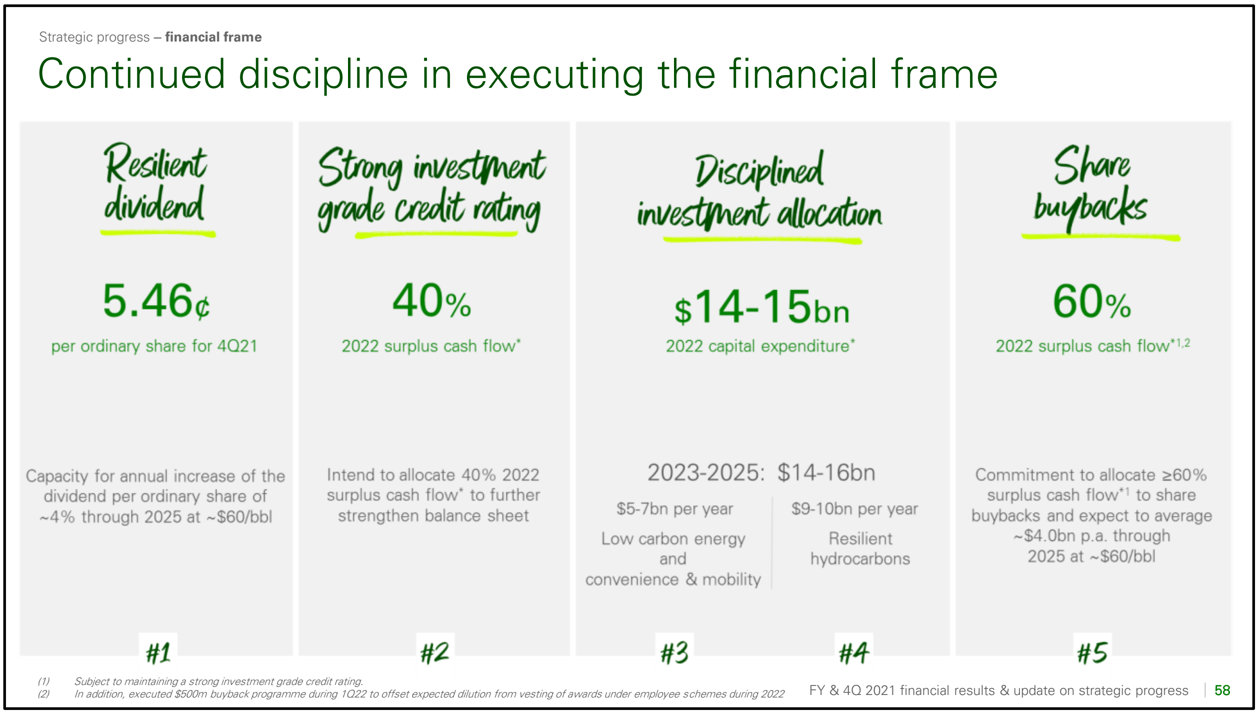
Our financial frame enables us to reward shareholders today through committed distributions.

Subject to the board's discretion, and at around $60 per barrel, we expect to have capacity for an annual increase in the dividend per ordinary share of around 4% through 2025.

And we remain committed to returning at least 60% of surplus cash flow through share buybacks – guiding to 60% in 2022 – subject to maintaining a strong investment grade credit rating.

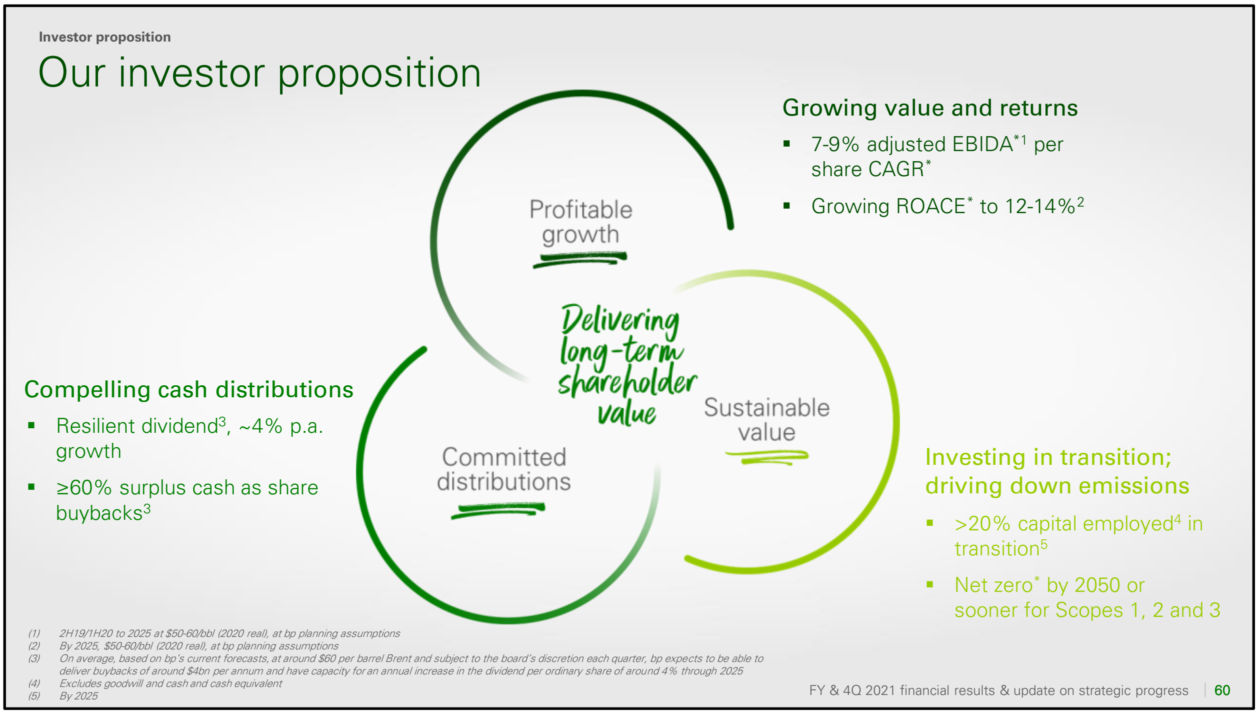
On average, at around $60 per barrel, we expect to be able to deliver buybacks of around $4.0 billion per annum through 2025, with upside at higher prices.



Finally, this slide provides a summary of what you can expect from us in 2022 – the continued disciplined execution of our financial frame.

With that, I'll hand back to Bernard to conclude today's presentation.

Thanks Murray



In summary, you have heard a lot today on our strategic progress towards transitioning into an IEC.

And it all comes together in our investor proposition as can be seen on this slide. It is a simple, but we believe compelling, proposition that combines:

– committed distributions - generating competitive cash returns now as we transform

– profitable growth – growing EBIDA per share and growing returns; and

– sustainable value - as we invest with discipline in the five transition growth engines - and lower our emissions.

All in service of delivering long-term shareholder value.

Thank you again for listening this morning – now, it's over to you. Murray and I will be delighted to take your questions, from the room and online.

May we ask you keep them to two points at most – and to frame them as briefly as you can – so that we can get through as many as we can.

Appendix

Guidance

Full year 2022

Capital expenditure*	$14-15bn
DD&A	Similar level to 2021
Divestment and other proceeds	$2-3bn
Gulf of Mexico oil spill payments	~$1.4bn pre-tax
OB&C* underlying annual charge	$1.2-1.4bn full year, quarterly charges may vary
Underlying effective tax rate*1	Expected to be around 35% but is sensitive to the impact that volatility in the current price environment may have on the geographical mix of the group's profits and losses.
Reported and underlying upstream production* (ex. Rosneft)	Expect both reported and underlying upstream* production to be broadly flat compared with 2021. Within this, we expect production from oil production & operations to be slightly higher and production from gas & low carbon to be slightly lower. We expect the start-up of Mad Dog Phase 2 in the second half of the year and first gas from the Tangguh expansion project in 2023.

(1) *Underlying effective tax rate* is sensitive to the impact that volatility in the current price environment may have on the geographical mix of the group's profits and losses*

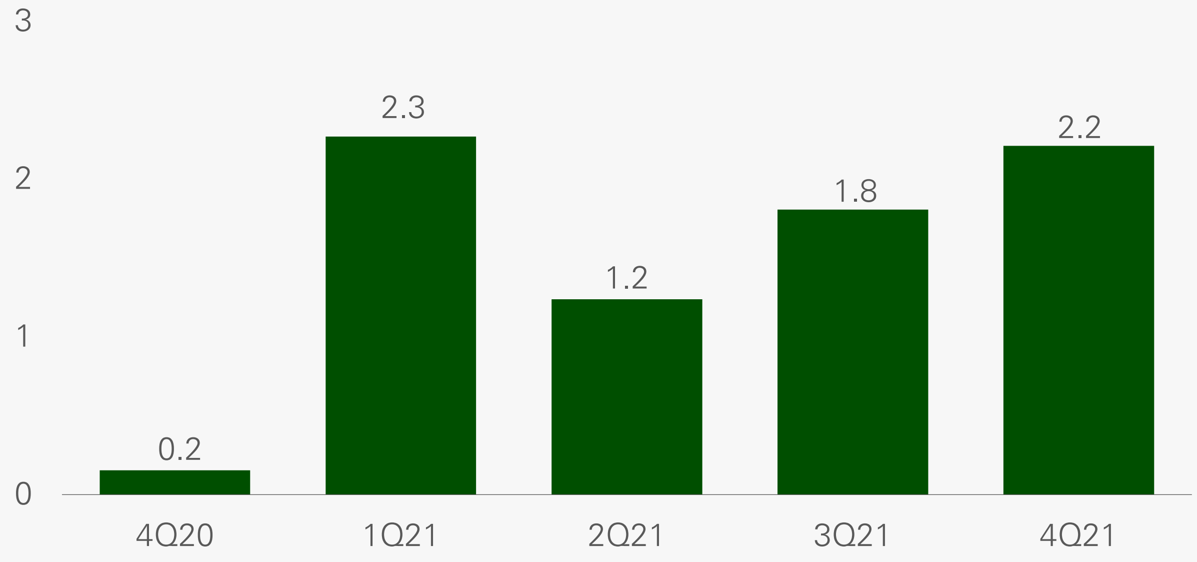
1Q22 vs 4Q21

- Expect first-quarter 2022 reported upstream* production to be lower than fourth-quarter 2021 reflecting base decline and higher maintenance. Within this, we expect production from both oil production & operations and gas & low carbon to be lower.
- Expect product demand to remain impacted by ongoing uncertainty around COVID-19 restrictions and continued additive supply shortages in Castrol. In products we expect energy costs to remain under pressure.

Gas and low carbon energy

	4Q20	3Q21	4Q21
Production volume			
Liquids (mbd)	98	109	122
Natural gas (mmcfd)	4,049	4,520	4,941
Total hydrocarbons (mboed)	796	889	974
Average realisations*			
Liquids ($/bbl)	36.51	66.39	71.63
Natural gas ($/mcf)	3.37	5.26	6.94
Total hydrocarbons ($/boe)	21.27	34.91	43.68
Selected financial metrics ($bn)			
Adjusted EBITDA*	0.9	3.1	3.5
Capital expenditure* – gas	0.9	0.7	0.9
Capital expenditure* – low carbon	0.5	0.3	0.1
Operational metrics (GW, bp net)			
Installed renewables capacity*	1.5	1.7	1.9
Developed renewables to FID*	3.3	3.6	4.4
Renewables pipeline*	10.9	23.3	23.1

Underlying RCPBIT* $bn

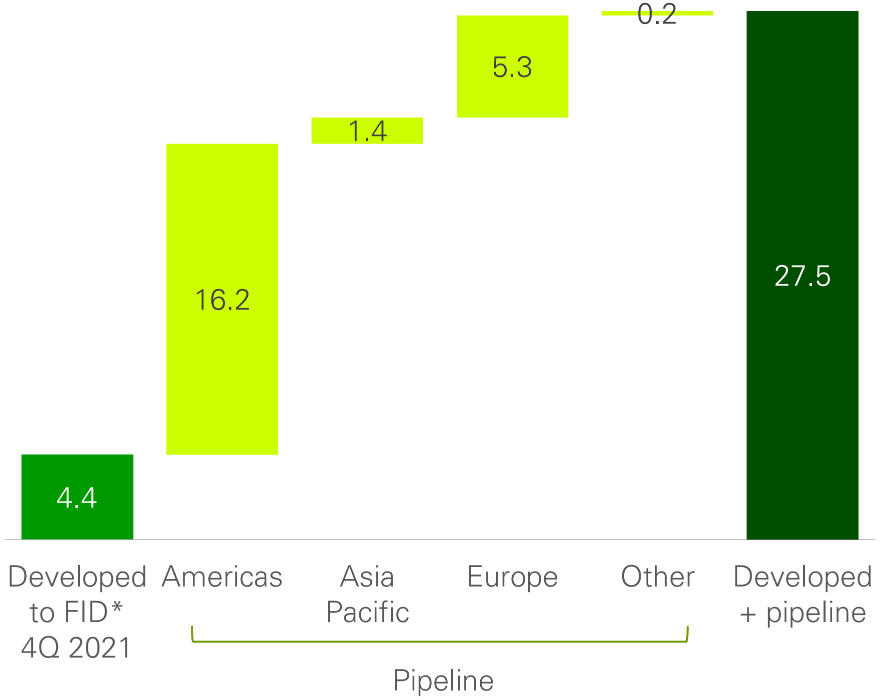


4Q 2021 vs 3Q 2021

- Higher realisations* and increased volumes driven by major project* ramp-up
- Return to an average contribution from gas marketing and trading

Gas and low carbon energy

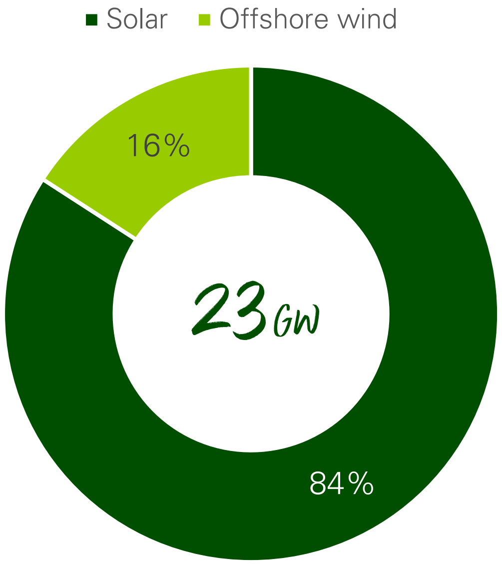
Developed renewables to FID* and renewables pipeline* bp net, GW



- Developed and pipeline 0.6GW higher than 3Q21, driven by increase in Lightsource bp developed assets
- 53 projects developed to FID* by Lightsource bp with weighted average expected IRR of 8 – 10%

Renewables pipeline*

by technology bp net



Renewables hopper*

bp net

17GW

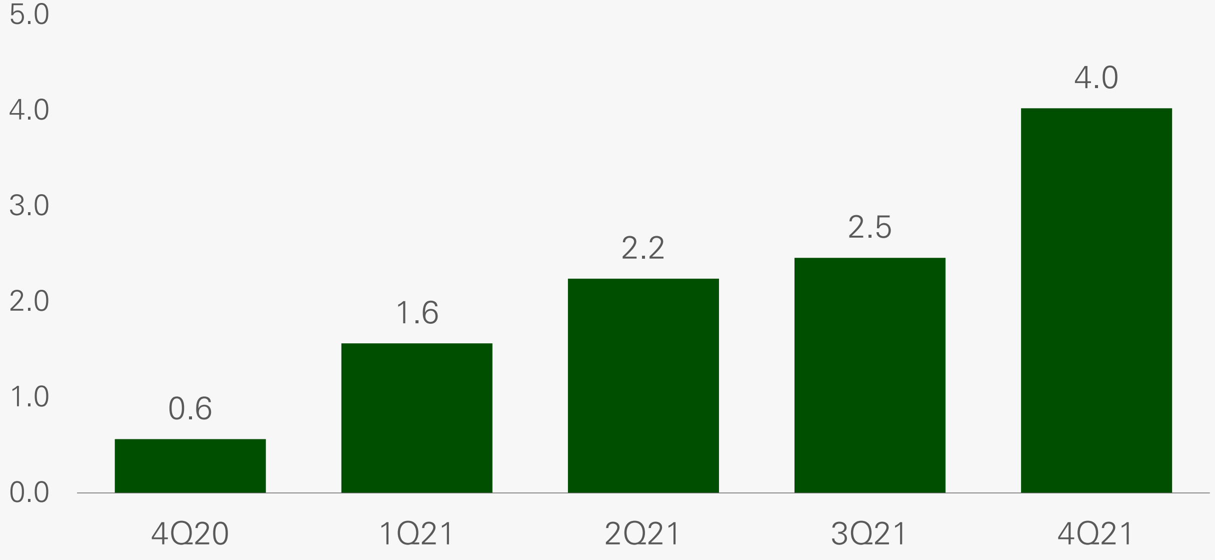
active projects

Oil production and operations

	4Q20	3Q21	4Q21
Production volume[1]			
Liquids (mbd)	1,021	975	1,004
Natural gas (mmcfd)	1,962	1,961	2,053
Total hydrocarbons (mboed)	1,359	1,313	1,358
Average realisations*			
Liquids ($/bbl)	38.58	65.53	71.07
Natural gas ($/mcf)	2.38	5.61	9.27
Total hydrocarbons ($/boe)	33.18	57.72	66.94
Selected financial metrics ($bn)			
Exploration write-offs	0.1	0.0	0.0
Adjusted EBITDA*	2.5	4.2	5.7
Capital expenditure*	1.1	1.1	1.3
Combined upstream			
Oil and gas production[1] (mboed)	2,155	2,202	2,332
bp average realisation* ($/boe)	28.48	47.57	56.46
Unit production costs* [1,2] ($/boe)	6.39	6.96	6.82
bp-operated plant reliability* [2] (%)	94.0	94.3	94.0

(1) Excluding Rosneft
(2) On a year-to-date basis

Underlying RCPBIT* $bn



4Q 2021 vs 3Q 2021

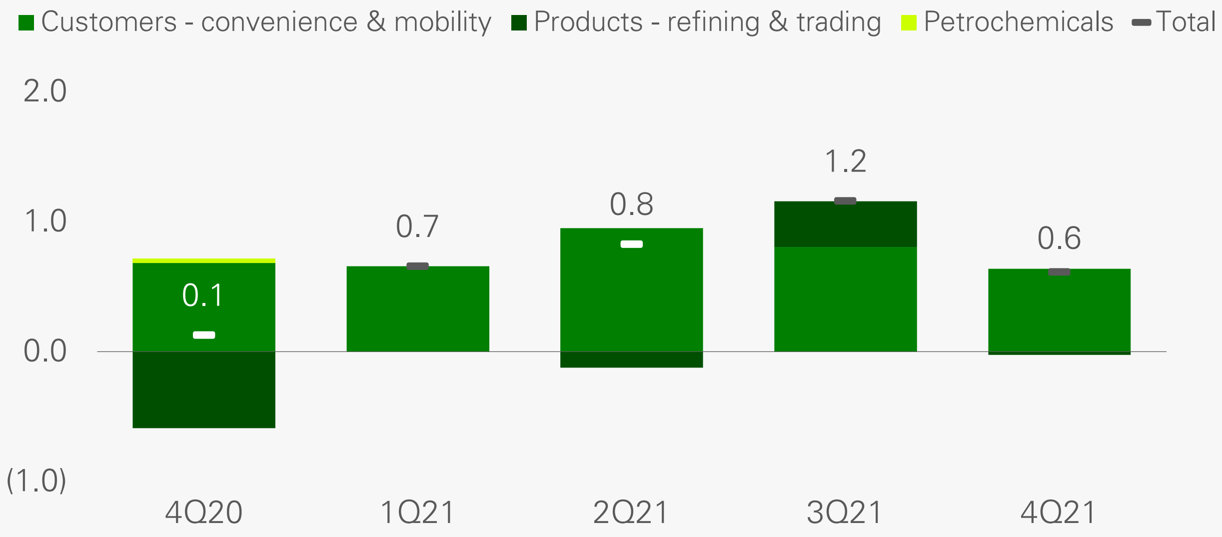
- Higher liquids and gas realisations* including the benefit of very strong NBP prices
- Higher volumes

Customers and products

	4Q20	3Q21	4Q21
Customers – convenience & mobility			
Customers – convenience & mobility adjusted EBITDA*	1.0	1.1	1.0
*Castrol[1] adjusted EBITDA**	*0.3*	*0.3*	*0.2*
Capital expenditure*	0.4	0.3	0.7
bp retail sites* – total[2]	20,300	20,350	20,500
bp retail sites in growth markets* [2]	2,700	2,650	2,700
Strategic convenience sites* [2]	1,900	2,050	2,150
Marketing sales of refined products (mb/d)[3]	2,683	2,993	2,978
Products – refining & trading			
Adjusted EBITDA*	(0.2)	0.8	0.4
Capital expenditure*	0.4	0.3	0.5
Refining environment			
RMM* ($/bbl)	5.9	15.2	15.1
Refining throughput (mmbd)	1,628	1,622	1,644
Refining availability* (%)	96.1	95.6	95.4

(1) Castrol is included in customers – convenience & mobility
(2) Reported to the nearest 50
(3) Comparative information for 2020 has been restated for the changes to net presentation of revenues and purchases relating to physically settled derivative contracts effective 1 January 2021. For more information see SEA - note 1 basis of preparation - voluntary change in accounting policy

Underlying RCPBIT* $bn



4Q 2021 vs 3Q 2021

Customers

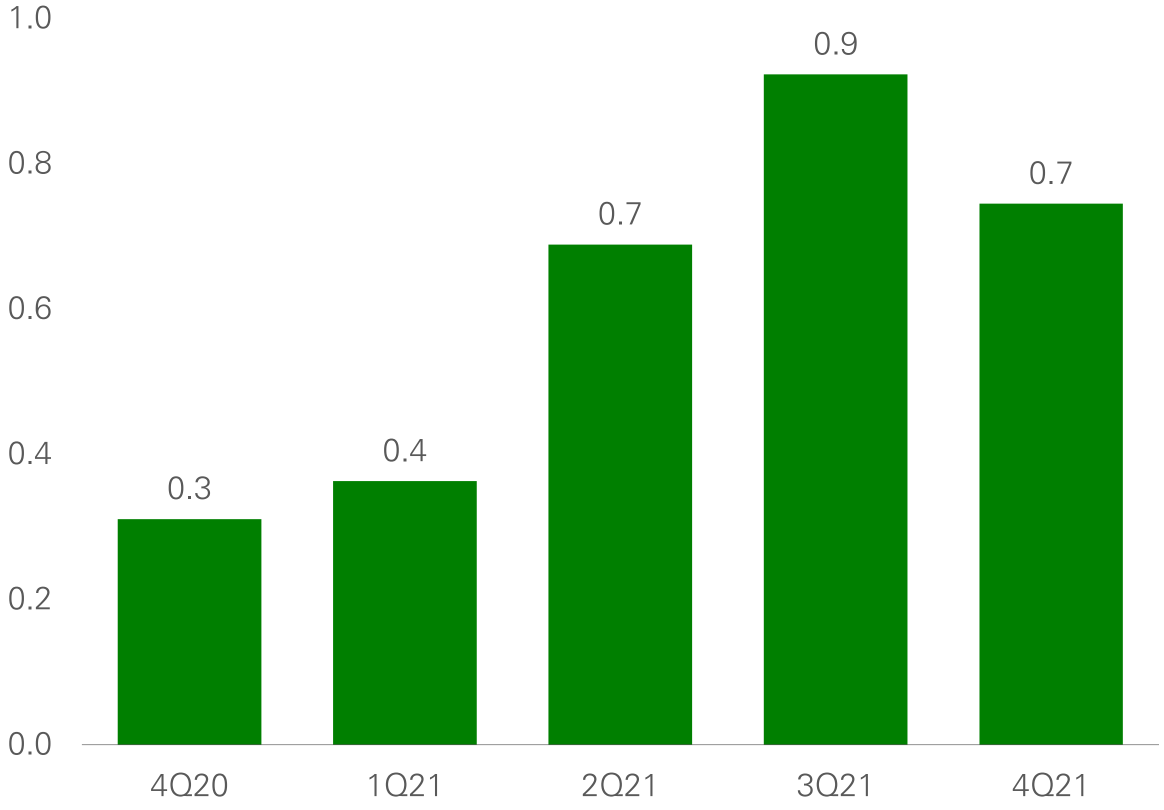
- Resilient retail and convenience performance despite seasonality and COVID-19 impacts
- Castrol performance benefitted from higher volumes which was more than offset by high base oil prices and continuing additive shortages
- Increased digital and wage expenditure

Products

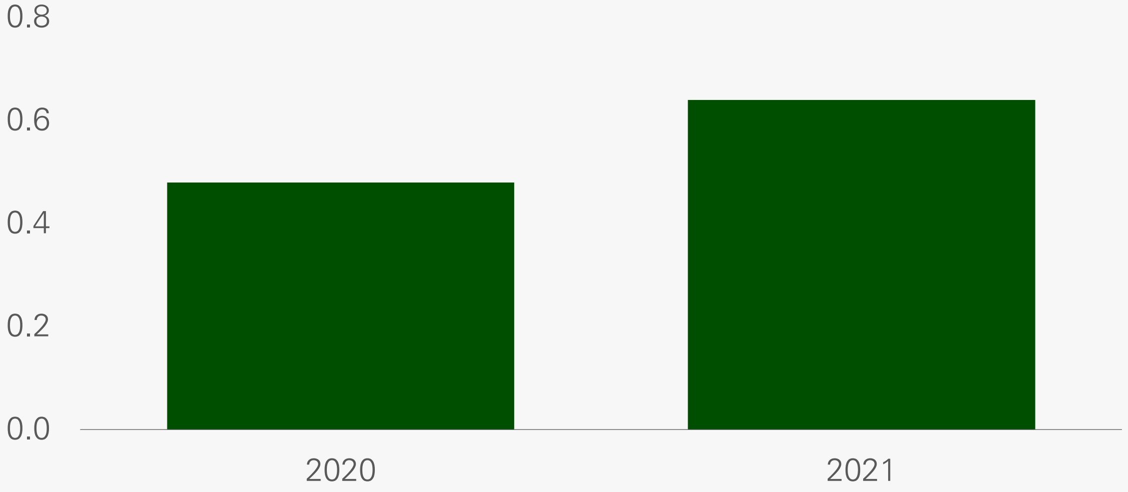
- In refining, higher commercial optimisation offset by increased energy costs
- Significantly lower contribution from oil trading

Rosneft

bp share of underlying net income* $bn



bp share of Rosneft dividend* $bn



	4Q20	3Q21	4Q21
bp share of production volume			
Liquids (mbd)	876	876	879
Natural gas (mmcfd)	1,360	1,418	1,432
Total hydrocarbons (mboed)	1,111	1,120	1,126

Oil investment options

■ Existing hub ■ New hub

US Gulf of Mexico	
Atlantis	
Major facility expansion	Drill center 1,2 and 3 expansions
Mad Dog	
North West water injection	South West expansion
North Graben	
Na Kika	
Herschel expansion	
Thunder Horse	
Shallow development	
Infill and Exploration Drilling	
Operated hubs	Non-operated hubs
Exploration drilling	

bpx energy	
Permian stacked horizons	Austin chalk
Eagle Ford infill and expansion drilling	

Canada
Exploration drilling

Brazil
Exploration drilling

UK and Norway	
Murlach	Johan Sverdrup Phase 2
Alligin Phase 2	NOAKA
Clair Phase 3 and follow-on	NCP
UK infill drilling	Norway infill drilling
Exploration drilling	

Azerbaijan	
Infill drilling	Exploration drilling

Russia	
Infill drilling	Exploration drilling

Middle East	
Iraq infill drilling/waterflood	UAE infill drilling/EOR

Angola	
B18 infill drilling	B15/17 infill drilling
B31 PAJ	Exploration drilling

Asia Pacific
Exploration drilling

Note: Summarised selection of opportunities. Excludes major projects under development or online*

Gas investment options

■ Existing hub ■ New hub

UK and Norway	
Infill drilling	Exploration drilling
bpx energy	
Haynesville infill drilling	Eagle Ford infill and expansion drilling
Trinidad & Tobago	
Cypre	Cassia TP61
Coconut	Mento
Ginger	Deepwater
Infill drilling	Exploration drilling
Mauritania and Senegal	
GTA Phases 2 and 3	Southern Mauritania Gas Hub
Yakaar Teranga	
North Africa	
Harmattan	Bashrush
Satis	Raven M40/M62
Algeria infill drilling	Egypt infill drilling
Exploration drilling	

Angola	
New Gas Consortium	
Azerbaijan	
Shah Deniz compression	Infill drilling
Exploration drilling	
Russia	
Kharampur Turonian	Zinichev
Middle East	
Oman infill drilling	Oman compression
Exploration drilling	
India	
R-series Phase 2	Exploration drilling
Asia Pacific	
Tangguh infill drilling	Tangguh Expansion Phase 2
North West Shelf infill drilling	Browse
Exploration drilling	

Note: Summarised selection of opportunities. Excludes major projects under development or online*

Reconciling strategic themes and reporting segments

Reporting segment

Strategic theme

	Oil production & operations	Customers & products	Gas & low carbon energy[1]	Rosneft	Other businesses & corporate
Resilient hydrocarbons	▪ Oil production	▪ Refining and products ▪ Bioenergy ⚙	▪ Gas production ▪ Gas marketing and trading	▪ Rosneft	
Convenience and mobility		▪ Convenience ⚙ ▪ Fuels ▪ EV charging ⚙ ▪ Castrol, aviation, B2B/midstream			
Low carbon energy[1]			▪ Renewables ⚙ ▪ Hydrogen* ⚙		
Other businesses & corporate					▪ OB&C

⚙ Denotes growth engine

This is not a exhaustive list of businesses

(1) Includes bp bunge

Glossary

Glossary

Adjusting items	Include gains and losses on the sale of businesses and fixed assets, impairments, environmental and other provisions, restructuring, integration and rationalisation costs, fair value accounting effects, costs relating to the Gulf of Mexico oil spill and other items. Adjusting items within equity-accounted earnings are reported net of incremental income tax reported by the equity-accounted entity. Adjusting items are used as a reconciling adjustment to derive underlying RC profit or loss and related underlying measures which are non-GAAP measures.
Bio-refineries	A facility that is dedicated to processing biological materials (including waste oil and crop waste) to produce biofuels such as bio-diesel and sustainable aviation fuel, which may be blended to customer specifications with other components such as hydrocarbons at co-located or adjacent terminals and tanks.
bp-operated plant reliability	Calculated taking 100% less the ratio of total unplanned plant deferrals divided by installed production capacity. Unplanned plant deferrals are associated with the topside plant and where applicable the subsea equipment (excluding wells and reservoir). Unplanned plant deferrals include breakdowns, which does not include Gulf of Mexico weather related downtime.
bp share of Rosneft dividend	From 2018, represents bp's share of 50% of Rosneft's IFRS net profit.
bp share of underlying net income	On a replacement cost basis and adjusted for adjusting items*; 4Q21 represents bp estimate.
Capital expenditure	Total cash capital expenditure as stated in the condensed group cash flow statement. Capital expenditure for the operating segments and customers & products businesses is presented on the same basis.
Cash balance point	Implied Brent oil price for the quarter that would cause the sum of operating cash flow excluding Gulf of Mexico oil spill payments (assuming actual refining marker margins and Henry Hub gas prices for the quarter) and proceeds from loan repayments to equate to the sum of total cash capital expenditure, lease liability payments, dividend paid, and payments on perpetual hybrid bonds.
Consolidation adjustment – UPII	Unrealised profit in inventory arising on inter-segment transactions.
Convenience gross margin	Calculated as RC profit before interest and tax for the customers & products segment, excluding RC profit before interest and tax for the refining & trading and petrochemicals businesses, and adjusting items* (as defined above) for the convenience & mobility business to derive underlying RC profit before interest and tax for the convenience & mobility business; subtracting underlying RC profit before interest and tax for the Castrol business; adding back depreciation, depletion and amortisation, production and manufacturing, distribution and administration expenses for convenience & mobility (excluding Castrol); subtracting earnings from equity-accounted entities in the convenience & mobility business (excluding Castrol) and gross margin for the retail fuels, next-gen, aviation, B2B and midstream businesses.
Developed renewables to FID	Total generating capacity for assets developed to FID by all entities where bp has an equity share (proportionate to equity share). If asset is subsequently sold bp will continue to record capacity as developed to FID. If bp equity share increases developed capacity to FID will increase proportionately to share increase for any assets where bp held equity at the point of FID.
Disposal proceeds	Divestments and other proceeds.

Glossary

EBIDA / adjusted EBIDA	Underlying replacement cost profit before interest and tax*, add back depreciation, depletion and amortisation and exploration expenditure written-off (net of adjusting items*), less taxation on an underlying RC basis.
EBITDA / adjusted EBITDA	Replacement cost (RC) profit before interest and tax, excluding net adjusting items*, adding back depreciation, depletion and amortisation and exploration write offs (net of adjusting items).
Electric vehicle charge points / EV charge points	Defined as charge points operated by either bp or a bp joint venture.
Energy product	An energy product is a product that is used by an ultimate end-user to satisfy an energy demand. In the case of fuels, to burn them to release their calorific content, and in the case of electricity to provide work or heat. A refined product such as a lubricant base stock does not count as an energy product as it is not used to provide energy in its use phase.
Hopper	Renewables hopper comprises of project opportunities from the point of initial evaluation until they are either stopped or become part of the renewable pipeline.
Hydrogen / low carbon hydrogen	Hydrogen fuel with reduced carbon attributes, including renewable (green) hydrogen made from solar, wind and hydro-electricity, and (blue) made from natural gas in combination with carbon capture and storage.
Installed renewables capacity	bp's share of capacity for operating assets owned by entities where bp has an equity share.
Lease payments	Lease liability payments.
Major projects	Have a bp net investment of at least $250 million, or are considered to be of strategic importance to bp or of a high degree of complexity.
Net debt	Calculated as finance debt, as shown in the balance sheet, plus the fair value of associated derivative financial instruments that are used to hedge foreign currency exchange and interest rate risks relating to finance debt, for which hedge accounting is applied, less cash and cash equivalents. Net debt does not include accrued interest, which is reported within other receivables and other payables on the balance sheet and for which the associated cash flows are presented as operating cash flows in the group cash flow statement.
Net zero	References to net zero for bp in the context of our ambition and Aims 1, 2 and 3 mean achieving a balance between (a) the relevant Scope 1 and 2 emissions (for Aim 1), Scope 3 emissions (for Aim 2) or product lifecycle emissions (for Aim 3), and (b) the aggregate of applicable deductions from qualifying activities such as sinks under our methodology at the applicable time.
Net zero operations	bp's aim to reach net zero* operational greenhouse gas (CO_2 and methane) emissions by 2050 or sooner, on a gross operational control basis, in accordance with bp's Aim 1, which relates to our reported Scope 1 and 2 emissions. Any interim target or aim in respect of bp's Aim 1 is defined in terms of absolute reductions relative to the baseline year of 2019.
Net zero production	bp's aim to reach net zero* CO_2 emissions, in accordance with bp's Aim 2, from the carbon in our upstream oil and gas production, in respect of the estimated CO_2 emissions from the combustion of upstream production of crude oil, natural gas and natural gas liquids (NGLs) on a bp equity share basis based on bp's net share of production, excluding bp's share of Rosneft production and assuming that all produced volumes undergo full stoichiometric combustion to CO_2. Aim 2 is bp's Scope 3 aim and relates to Scope 3, category 11 emissions. Any interim target or aim in respect of bp's Aim 2 is defined in terms of absolute reductions relative to the baseline year of 2019.

Glossary

Net zero sales	bp's aim to reach net zero* for the greenhouse gas emissions associated with the lifecycle (including end use) of its marketed and physically traded* energy products, in accordance with bp's Aim 3. Any interim target or aim in respect of bp's Aim 3 is defined in terms of reductions in the weighted average greenhouse gas emissions per unit of energy delivered (in grams CO_2e/MJ) relative to the baseline year of 2019. (Work is ongoing to confirm an assured baseline for this Aim to incorporate the inclusion of physically traded sales.) Greenhouse gas emissions (CO_2, methane, N_2O) are estimated on a lifecycle basis covering production / extraction, transportation, processing, distribution and use of the relevant products (assuming full stoichiometric combustion of the product to CO_2).
OB&C	Other businesses and corporate.
Operating cash flow	Net cash provided by (used in) operating activities as stated in the condensed group cash flow statement.
Physically traded energy product	For the purposes of Aim 3, this includes trades in energy products which are physically settled in circumstances where bp considers their inclusion to be consistent with the intent of the Aim. It therefore excludes, for example, financial trades, and physical trades where the purpose or effect is that the volumes traded net off against each other.
Realisations	Result of dividing revenue generated from hydrocarbon sales, excluding revenue generated from purchases made for resale and royalty volumes, by revenue generating hydrocarbon production volumes. Revenue generating hydrocarbon production reflects the bp share of production as adjusted for any production which does not generate revenue. Adjustments may include losses due to shrinkage, amounts consumed during processing, and contractual or regulatory host committed volumes such as royalties.
Refining availability	Represents Solomon Associates' operational availability for bp-operated refineries, which is defined as the percentage of the year that a unit is available for processing after subtracting the annualised time lost due to turnaround activity and all planned mechanical, process and regulatory downtime.
Refining marker margin (RMM)	Average of regional indicator margins weighted for bp's crude refining capacity in each region. Each regional marker margin is based on product yields and a marker crude oil deemed appropriate for the region. The regional indicator margins may not be representative of the margins achieved by bp in any period because of bp's particular refinery configurations and crude and product slate.
Renewables pipeline	Renewable projects satisfying the following criteria until the point they can be considered developed to final investment decision (FID): Site based projects have obtained land exclusivity rights, or for PPA based projects an offer has been made to the counterparty, or for auction projects pre-qualification criteria has been met, or for acquisition projects post a binding offer being accepted.
Retail sites	Include sites operated by dealers, jobbers, franchisees or brand licensees or joint venture (JV) partners, under the bp brand. These may move to and from the bp brand as their fuel supply agreement or brand licence agreement expires and are renegotiated in the normal course of business. Retail sites are primarily branded bp, ARCO, Amoco, Aral and Thorntons, and also includes sites in India through our Jio-bp JV.
Retail sites in growth markets	Retail sites that are either bp branded or co-branded with our partners in China, Mexico and Indonesia and also include sites in India through our Jio-bp JV.

Glossary

ROACE	Defined as underlying replacement cost profit, which is defined as profit or loss attributable to bp shareholders adjusted for inventory holding gains and losses, adjusting items and related taxation on inventory holding gains and losses and total taxation on adjusting items, after adding back non-controlling interest and interest expense net of tax, divided by the average of the beginning and ending balances of total equity plus finance debt, excluding cash and cash equivalents and goodwill as presented on the group balance sheet over the periods presented. Interest expense is finance costs as presented on the group income statement, excluding lease interest and the unwinding of the discount on provisions and other payables before tax.
Rosneft underlying RCPBIT	bp's adjusted share of Rosneft's earnings after Rosneft's own finance costs, taxation and non-controlling interests is included in the bp group income statement within profit before interest and taxation. For each year-to-date period it is calculated by translating the amounts reported in Russian roubles into US dollars using the average exchange rate for the year to date.
Solomon availability	See Refining availability definition
Solomon net cash margin	Net cash margin is defined by Solomon Associates as the net margin achieved after subtracting cash operating expenses and adding any refinery revenue from other sources. Net cash margin is expressed in US dollars per barrel of net refinery input.
Strategic convenience sites	Retail sites, within the bp portfolio, which both sell bp branded fuel and carry one of the strategic convenience brands (e.g. M&S, Rewe to Go). To be considered a strategic convenience brand the convenience offer should be a strategic differentiator in the market in which it operates. Strategic convenience site count includes sites under a pilot phase.
Surplus cash flow	Refers to the net surplus of sources of cash over uses of cash, after reaching the $35 billion net debt target. Sources of cash include net cash provided by operating activities, cash provided from investing activities and cash receipts relating to transactions involving non-controlling interests. Uses of cash include lease liability payments, payments on perpetual hybrid bond, dividends paid, cash capital expenditure, the cash cost of share buybacks to offset the dilution from vesting of awards under employee share schemes, cash payments relating to transactions involving non-controlling interests and currency translation differences relating to cash and cash equivalents as presented on the condensed group cash flow statement.
Underlying effective tax rate (ETR)	Calculated by dividing taxation on an underlying replacement cost (RC) basis by underlying RC profit or loss before tax. Taxation on an underlying RC basis for the group is calculated as taxation as stated on the group income statement adjusted for taxation on inventory holding gains and losses and total taxation on adjusting items*.
Underlying production	2021 underlying production, when compared with 2020, is production after adjusting for acquisitions and divestments, curtailments, and entitlement impacts in our production-sharing agreements/contracts and technical service contract.
Underlying replacement cost profit	Replacement cost profit or loss* after excluding net adjusting items* and related taxation.
Underlying replacement cost profit or loss before interest and tax (RCPBIT)	Underlying RC profit or loss before interest and tax for the operating segments or customers & products businesses is calculated as RC profit or loss including profit or loss attributable to non-controlling interests before interest and tax for the operating segments and excluding net adjusting items* for the respective operating segment or business.

Glossary

Unit production costs	Calculated as production cost divided by units of production. Production cost does not include ad valorem and severance taxes. Units of production are barrels for liquids and thousands of cubic feet for gas. Amounts disclosed are for bp subsidiaries only and do not include bp's share of equity-accounted entities.
Underlying replacement cost profit or loss before interest and tax (RCPBIT)	Underlying RC profit or loss before interest and tax for the operating segments or customers & products businesses is calculated as RC profit or loss including profit or loss attributable to non-controlling interests before interest and tax for the operating segments and excluding net adjusting items* for the respective operating segment or business.
Unit production costs	Calculated as production cost divided by units of production. Production cost does not include ad valorem and severance taxes. Units of production are barrels for liquids and thousands of cubic feet for gas. Amounts disclosed are for bp subsidiaries only and do not include bp's share of equity-accounted entities.
Working capital	Movements in inventories and other current and non-current assets and liabilities as reported in the condensed group cash flow statement. Change in working capital adjusted for inventory holding gains/losses and fair value accounting effects is a non-GAAP measure. It is calculated by adjusting for inventory holding gains/losses reported in the period and from the second quarter onwards, it is also adjusted for fair value accounting effects reported within adjusting items* for the period. This represents what would have been reported as movements in inventories and other current and non-current assets and liabilities, if the starting point in determining net cash provided by operating activities had been underlying replacement cost profit rather than profit for the period. The nearest equivalent measure on an IFRS basis for this is movements in inventories and other current and non-current assets and liabilities. bp utilises various arrangements in order to manage its working capital including discounting of receivables and, in the supply and trading business, the active management of supplier payment terms, inventory and collateral.