Integrating energy systems

Carol Howle
EVP, trading and shipping
Forward-looking statements - 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: bp’s new strategy to focus on low-carbon electricity and energy, convenience and mobility, cost and carbon resilient and focused hydrocarbons, including statements regarding integrating energy systems, partnering with countries, cities and industries and driving digital and innovation; plans and expectations to integrate across and along value chains, develop integrated offers for customers and generate returns across multiple markets and commodities; expectations regarding growth opportunities in renewable electricity, gas and power, bioenergy and new businesses such as Hydrogen; expectations regarding bp’s ability to translate to new energy commodities in the future, enhance ROACE during the transition to an Integrated Energy Company, deliver incremental returns to the base hydrocarbon business to generate cash to support the transition and to super-charge activities in other business areas; plans and expectations regarding the Power business, including to support growth in low carbon electricity and deliver new energy solutions to commercial and industrial customers, scale up the trading platform to 500TW over the next decade, build capability in new regions and new markets and look for new integration opportunities; plans and expectations regarding the LNG business, including to optimise LNG at scale to meet customers’ needs, support portfolio expansion to 30mtpa or more by 2030 through a combination of equity and merchant positions, develop and market new integrated customer offers, balance the portfolio with demand and find the highest-value markets for bp’s products; plans and expectations regarding the bioenergy business, including to optimise the bioenergy portfolio, integrate third-party bioenergy assets with bp assets, generate lower carbon intensity products for customers, manage bp’s retail compliance obligations, offer new bioenergy customer solutions and manage market disruptions and create resilience in the value chain through diversity of supply; and plans and expectations regarding the Low Carbon Products & Trading business, including to develop, monetise and optimise the portfolio of low carbon products, develop new natural gas products which are expected to have greater value as the energy transition progresses, access around 100 Natural Climate Solutions projects in the portfolio by 2025 and to scale bioenergy offers.

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 significant drop in the oil price, 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; 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; 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, and under “Risk factors” in bp Annual Report and Form 20-F 2019 as filed with the US Securities and Exchange Commission.

September 2020
Our strategy – an IEC delivering solutions for customers

Integration along value chains

Integration across value chains - physical and financial

Develop integrated offers for customers
A leading energy trading company

We buy, sell and move energy for bp

We link fractured value chains

We amplify returns for bp

240 million tonnes oil, gas and products moved every year

140 countries

4 billion barrels of crude traded annually

12,000 customers

up to 2% ROACE\(^1\) uplift

Products we trade:
- crude & products
- natural gas & LNG
- biofuels
- chemicals
- currencies
- power
- carbon
- financial

(1) Return on average capital employed as defined in bp’s 2019 annual report
Driving integration through new and established activities

Integration & growth

Global power business scale-up

LNG portfolio expansion

Bioenergy portfolio growth

Low carbon trading and products

Base hydrocarbon business
Scaling the power portfolio, and connecting with customers

Expand existing businesses in US, Europe and Brazil

Enter new markets China, India and Latin America

Link generation with new demand

Generators
- bp LCE&E\(^1\) generation
- third-party generation

Consumers
- bp C&I\(^2\) customers
- retail energy providers
- bp assets

Additional access through other bp channels e.g. C&P\(^3\), RC&S\(^4\)

Increasing traded volumes by 100% to >500 TWh

- Expertise in global power markets
- Access to a global asset footprint
- Strategic customer relationships

---

1. Low carbon electricity & energy
2. Consumer & industrial
3. Customer & products
4. Region, cities and solutions
Optimising LNG at scale to meet our customers’ needs

Support portfolio expansion to 30 mtpa by 2030
Balance of equity and merchant positions

Develop and market new integrated customer offers

Current LNG portfolio and long-term agreements

- Breadth of bp and third-party asset access
- LNG vessel fleet
- Market expertise

LNG delivered volumes

75% increase
Applying established skills to grow our bioenergy business

- Secure sustainable low carbon feedstocks
- Focus on biofuels such as renewable diesel, biochemicals, biogas, biojet
- Deliver integrated customer offers

Optimising along the value chain

- Feedstocks
- Pre-treatment
- Production/offtake
- Blending and sales

CO₂ eliminated through bp’s renewable diesel portfolio

7m tonnes

- Integrate third-party supply and markets with bp assets
- Optimise bp’s retail compliance obligations
- New customer solutions

Integrating energy systems | bp week: September 2020
Meeting customer needs for carbon management

Origination coordinated by trading and shipping

Creating liquidity and scale

Developing customer offers

- In 2019 we sold 15m tonnes of carbon offsets
- Bringing cross-commodity energy product expertise to create unique low carbon products

Access to 100 NCS\(^1\) projects by 2025

1. Natural climate solutions
Driving integration in everything we do

**Proven track record**
- 30-year history driving integration across bp and customers
- Delivered distinctive value and accelerated cash conversions – up to 2% uplift to bp ROACE\(^1\)

**Monetise commercial opportunities**
- Optimising bp’s portfolio in a capital light way
- Access to a dynamic, global asset footprint
- Develop integrated customers energy solutions

**Deeply integrated across bp and with partners**
- Extract value from current portfolio and develop growth options together

**Flow assurance across bp’s product portfolio**
- De-risking value chains by leveraging global outreach
- Customer access and innovative solutions
- Expertise across energy products

---

\(^1\) Return on average capital employed as defined in bp’s 2019 annual report