



performance for all our futures

BP serves millions of customers every day, providing fuel for mobility, energy for light and heat, and petrochemicals. We have some 110,000 employees working in more than 100 countries.

Front cover: Mount Bromo, Indonesia.

A message from Ernst & Young
We have reviewed the contents of BP's Environmental and Social Review 2011 to give the reader assurance regarding the information reported. Our work involved assessing data management processes, examining relevant management information, interviewing BP management, reviewing external media sources and visiting a sample of operating sites. You can read our attestation statement on page 24.

1 letter from group chief executive

2 2011 in review

6 risk management and assurance

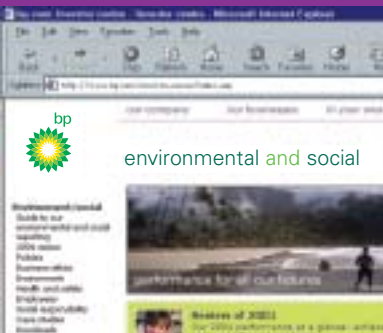
8 policies

12 issues

18 location reporting

24 attestation statement

inside back cover further information



committed to high standards of social and environmental performance



2001 was a year of great progress in BP's environmental and social performance.

- We met our target of reducing emissions of greenhouse gases – to below their 1990 level.
- We improved our performance on safety – a threefold improvement in injury rate since 1997.
- We developed our social investment strategies in Trinidad, Azerbaijan, Colombia and many other places around the world.
- We continued to develop our understanding of the impact of our projects in sensitive areas.

Of course the story is not perfect. Human beings make mistakes and progress is sometimes slower than we would wish. Though there are many successes of which we can be justifiably proud, this document also reports on the disappointments and the areas where performance fell short of our aspirations. We know we have much more to do.

This Review is intended to capture the essence of the story. It contains a detailed explanation of the process we use to manage environmental, social and ethical risks, and of the process of assurance we use to ensure our actions match the standards we have set. To demonstrate how our policies are applied in practice we have also featured a location report describing the Tangguh liquefied natural gas project in Papua, Indonesia, as well as updates of previously published reports, including China and South Africa. The coverage of this Review is amplified by the material available through our website, *bp.com*

Behind everything reported in these pages lies our determination to make progress; to deliver on our promises in this area, which we take as seriously as our commitments on financial performance; and to seek continuous improvement because, as in everything we do, there is no room for complacency.

Having achieved some improvement in safety, we are determined to do more to reduce the level of accidents. Having achieved our initial targets on the reduction of emissions, we have set new and challenging targets.

Overall, our aspiration is to do no damage to people or to the natural environment, as we pursue our primary goal of creating wealth and supplying energy to meet the needs of the world. This report sets out the story so far and the agenda for the future. We have begun to build a track record, and now have to deliver on all the aspirations we have set for ourselves. It is a great challenge, but I am confident of the ability and the commitment of the BP team to demonstrate that corporate social responsibility and outstanding competitive performance are mutually reinforcing characteristics of a great company.

The Lord Browne of Madingley
Group Chief Executive
April 2002

a guide to our environmental and social reporting

www.bp.com/environ_social/guide_environ_social

Environmental reporting in BP encompasses health, safety and environmental (HSE) performance, the subject of one of our business policy commitments. Our HSE performance is the progress we make towards our policy goals of no accidents, no harm to people and no damage to the environment.

Similarly our social performance can be seen as the progress we make towards the commitments in our policies on ethical conduct, employees and relationships.

However, environmental and social performance is about more than goals and commitments. It is the outcome of three things: how we behave and live up to our policies; the impact of our operations and products; and our overall contribution to society.

Our reporting principles

We set out to be transparent, honest and representative when reporting performance against our policies. We aim to address the key issues faced by our industry and provide measures of performance wherever possible. We explain how we seek assurance that the policies are being applied and significant risks are managed. Our reporting is independently verified.

Environmental and social reporting on *bp.com*

Our website provides greater detail on our environmental and social performance. The 'environment/social' section under 'our company' features performance against the business policies and key issues, while under 'in your area' you can find location reports.

Location reports are chosen to illustrate how we put our policies into practice in some of the many different places where we operate. They include independently collected views from our stakeholders.

This Environmental and Social Review provides an overview of the environmental and social performance content of our corporate reporting on *bp.com*

About the Environmental and Social Review

This Review and the other material on *bp.com* do not form part of BP's Annual Report and Accounts, and as such have not been subject to formal review by the board of directors or its committees.



open reporting on our performance

www.bp.com/environ_social/review_2001

As part of our commitment to transparent reporting, we summarize here the best and the worst of our environmental and social performance in 2001.

acknowledging our achievements

Climate change – meeting our target

In 2001, we achieved over one million tonnes of sustainable reductions in our greenhouse gas emissions and exceeded our annual 2% reduction target. The cumulative reduction now totals over 10% against our 1990 baseline. We have therefore met the target we set ourselves in 1998, well ahead of the 2010 schedule and at no net cost to our business. This demonstrates that environmental and business performance can go hand in hand to meet our commitments to take precautionary measures against climate change.

Security and human rights

In December 2000 the US and UK governments announced agreement with a number of human rights organizations and major multinationals, including BP, on a set of Voluntary Principles on Security and Human Rights. These provide a guide to companies in maintaining the safety and security of their people and operations, while ensuring respect for basic human rights and fundamental freedoms. In 2001 we set in place arrangements to promote alignment with the Voluntary Principles within BP's security operations. We also took part in follow-up meetings of participants in the agreement held in London, hosted by the Foreign Office, and in Washington, DC, hosted by the State Department, to discuss implementation and broadening of the participant group.

Stakeholder dialogue

Major stakeholder consultation exercises got under way in preparation for the Baku-Tbilisi-Ceyhan pipeline projects and the Tangguh liquefied natural gas project in Papua, Indonesia. Building on our experience in recent years, we are making every effort to achieve high standards in the management of the environmental, social and economic impacts of these important projects. Meanwhile we continue to engage with environmental organizations and experts through our regular environmental forums and have opened up new lines of communication with the socially responsible investment community.

facing our difficulties

Fatalities in Papua New Guinea...

In February 2001, kerosene was accidentally contaminated at BP's Mandang depot in Papua New Guinea. The kerosene exploded in lanterns in Mandang homes, killing five people, and a further 64 suffered burns of varying degrees. We have accepted full responsibility for this incident and deeply regret the suffering of the people involved.

As soon as the accidents came to our attention, we immediately recalled all the kerosene. We assisted victims and their families, providing medical support to those affected and rebuilding damaged houses. In addition we are working with the Consumer Affairs Council to ensure that compensation claims are dealt with in a timely and proactive manner.

...and Augusta, USA

The worst accident involving our workforce occurred at BP's polymer plant at Augusta, Georgia, USA, in March 2001. Three employees died after an explosion in the plant's Amodel unit, which was being restarted following routine maintenance. As a tank in the unit was being opened for cleaning, the explosion occurred. A thorough accident investigation is now complete and actions have been undertaken to prevent future major incidents of this type.

Any fatality is unacceptable to us. We realize that each one involves pain and suffering to the immediate family as well as to the whole workforce and the wider community. We will not be satisfied until our stated goal of having no accidents is achieved and sustained.

open reporting on our performance

acknowledging our achievements

Biodiversity progress

2001 saw major progress in the development and implementation of our approach to biodiversity. Action plans have now been prepared for around 30% of our key facilities. Although these initiatives are mostly land-based, we piloted a new approach to deep-sea research using shallow seismic data for habitat mapping. Interest is also growing in the BP Conservation Programme with the largest number of award applications in 2001 – more than 300 entries from all over the world – since it started 11 years ago.

Financial Times survey

BP has been voted as the company that does most to protect the environment. The UK's annual Financial Times survey for the first time polled activist groups, non-governmental organizations and the media, as well as chief executives from 914 companies across the globe. An accompanying article quotes one pressure group as saying of BP: 'Over the years they have accepted their responsibilities and are making efforts to reduce their impact on environmental resources. Although they have a long way to go, they deserve credit for their effort.'

Staff satisfaction results

Our annual staff feedback survey showed an improvement in staff satisfaction in 2001. The employee satisfaction index outstripped the target we set for ourselves. Staff feel increasingly positive about BP and their own opportunities within it. The results show significant improvements in the areas of diversity and personal development, and staff are also more positive concerning BP's interaction with society as a whole.

Water conservation

During 2001 we focused attention on water management, recognizing that the uneven distribution of fresh water is becoming one of the most important global resource issues. We completed 12 water management reviews at large operational facilities, held external events involving non-governmental organizations and carried out four impact assessment pilots at BP sites. For example, our Kwinana refinery, near Perth, Australia, has commissioned projects to minimize environmental impacts and reduce the amount of good quality drinking water it uses. These measures have already resulted in a 70% reduction in the refinery's water use.

facing our difficulties

Job losses

Sometimes drastic action is required to restore competitiveness when business operations are not performing well enough. During 2001 we concluded that such action was necessary at the Grangemouth complex in Scotland. Despite high levels of investment over recent years, the site had not achieved a competitive return. At the end of 2001, many of the businesses on the site were making losses. The external climate is poor, with a particularly serious deterioration worldwide in petrochemicals profitability. The site has a high cost base compared with its competitors, and has suffered performance problems. In November 2001 we announced a significant restructuring of the operations at Grangemouth, expected to result in the loss of around 700 jobs. Every effort is being made to redeploy people and we are working with the local authority and others to reduce the impact on the wider community.

Alaska – safety concerns and oil spills

Oil production in Alaska was shut down in October 2001 after a lone saboteur with a high-calibre rifle shot a hole in the trans-Alaska pipeline, operated by the Alyeska Pipeline Service Company. The oil flow was quickly reduced to about 5% of the usual one million barrels a day, which constitutes about one-sixth of US daily oil production. Even though the leak was rapidly isolated, the 6,000-barrel spill affected about four acres of woodland and was one of the largest in the pipeline's 24-year history. Oil did not reach any waterways and no wildlife mortalities were reported. Clean-up, which is still continuing, involved more than 200 workers at its peak.

BP intends to carry out a multi-million dollar upgrade of safety systems at the Prudhoe Bay oil field in Alaska because of worries about maintenance and operations practices. We reviewed our procedures when employees voiced concern earlier in 2001. The review team, which included independent technical experts, confirmed that the Prudhoe Bay facility could be shut down safely and quickly, which was demonstrated by the response to the pipeline spill incident. BP welcomed the review report, which identified a need for an assessment of isolation and emergency shutdown valves. It also recommended the installation of new fire and gas detection systems and an increase in the level of pipe corrosion monitoring.

acknowledging our achievements

Helios awards

BP launched the Helios Awards to recognize outstanding new ideas from employees, covering projects relevant to the core values of the BP brand – green, performance, progressive and innovation. There were 1,124 submissions and 19 finalists. More than 10% of our workforce were involved, and the overall winner was the Magnus enhanced oil recovery project in the North Sea.

Employee matching fund

The Global Employee Matching Fund, introduced in December 2000 to support employee activity in the community, surpassed first-year expectations. Employees and retirees contributed \$10.3 million to charitable organizations around the world, either through effort or personal donations, and more than 56,000 hours were volunteered by BP employees. BP added \$8.1 million to the employee contributions.

Best-ever safety performance

Last year we had far fewer serious accidents. The rate of injuries resulting in absence from work decreased markedly in 2001 – by 38% compared with the year before and a threefold improvement since 1997. We are making substantial progress but will not be satisfied until we can report no accidents, year after year.

During 2001 we embarked on several company-wide initiatives that aim to deliver even better safety performance in 2002 and beyond. These included the launch of our Golden Rules of Safety – a back-to-basics campaign to reduce serious accidents – and the introduction of two new standards, on process safety and road safety.

Although the number of incidents that have resulted in workforce fatalities has decreased substantially, we recognize we must continue to do more to eliminate major accidents. One action we are taking for 2002 is to introduce, for the first time, a specific objective in the performance contracts of our senior executives that aims to drive much improved safety performance.

facing our difficulties

Facilitation payments

Facilitation payments are small payments to low-level government officials for administrative services. In early 2001, BP's stance on such payments received a lot of attention in the public domain. In a UK parliamentary hearing, we said that, while facilitation payments were discouraged in BP, our policy allowed them to be made at local management discretion. Many places do not recognize a difference between facilitation payments and bribes, and some parties chose to portray BP as tolerant of paying bribes. We have accepted that our position on this should be strengthened to reflect an unequivocal anti-corruption stance. In February 2002, we amended our business policies to provide that no facilitation payments should be made directly or indirectly by any BP company or employee worldwide.

Safety fine in Scotland

BP was fined a total of \$1.4 million (£1 million) in January 2002 for two separate contraventions of the UK's Health and Safety at Work Act. This fine was related to incidents at BP's petrochemicals complex at Grangemouth, Scotland, in 2000. On 7 June, a steam pipe close to a main road exploded, injuring a woman and her dog. Three days later, a leak of flammable gas in another part of the plant caused a major fire.

We have openly and publicly acknowledged that areas of operations at Grangemouth fell short of the BP group's high expectations for the management of safety and environmental performance. The cost to BP has been substantial. In addition to the fine, there have been lost production and clean-up and repair costs – not to mention the effect on the company's reputation in the local community and beyond. The rationalization of the operations at our Grangemouth operating site and a three-year \$300 million investment will improve the site's safety and reliability.

inspiring trust and security

www.bp.com/enviro_social/policies/risk_assurance

Understanding our current and potential impacts – and assessing and managing the associated risks – are fundamental to our success.

The board of directors, which represents the interests of shareholders, delegates authority to our group chief executive to deploy the resources of the BP group to achieve the goals established for the business. In doing so, it sets limits on the actions taken by the group chief executive through a formal statement of executive limitations. These require that social and environmental concerns are addressed, that the assets of the group are not unnecessarily put at risk and that a comprehensive system of internal control operates throughout the BP group.

Managing our risks

BP's processes and behaviour are targeted on delivering exceptional performance, while minimizing risk. Whether the outcomes we target are financial, environmental or social, our senior executives and business unit leaders apply the same principles of risk management. The magnitude of any risk related to an environmental or social impact is assessed against criteria based on our business policies and performance expectations. If the risks are considered unacceptable, we take the decision not to proceed. Otherwise, we manage the risks.

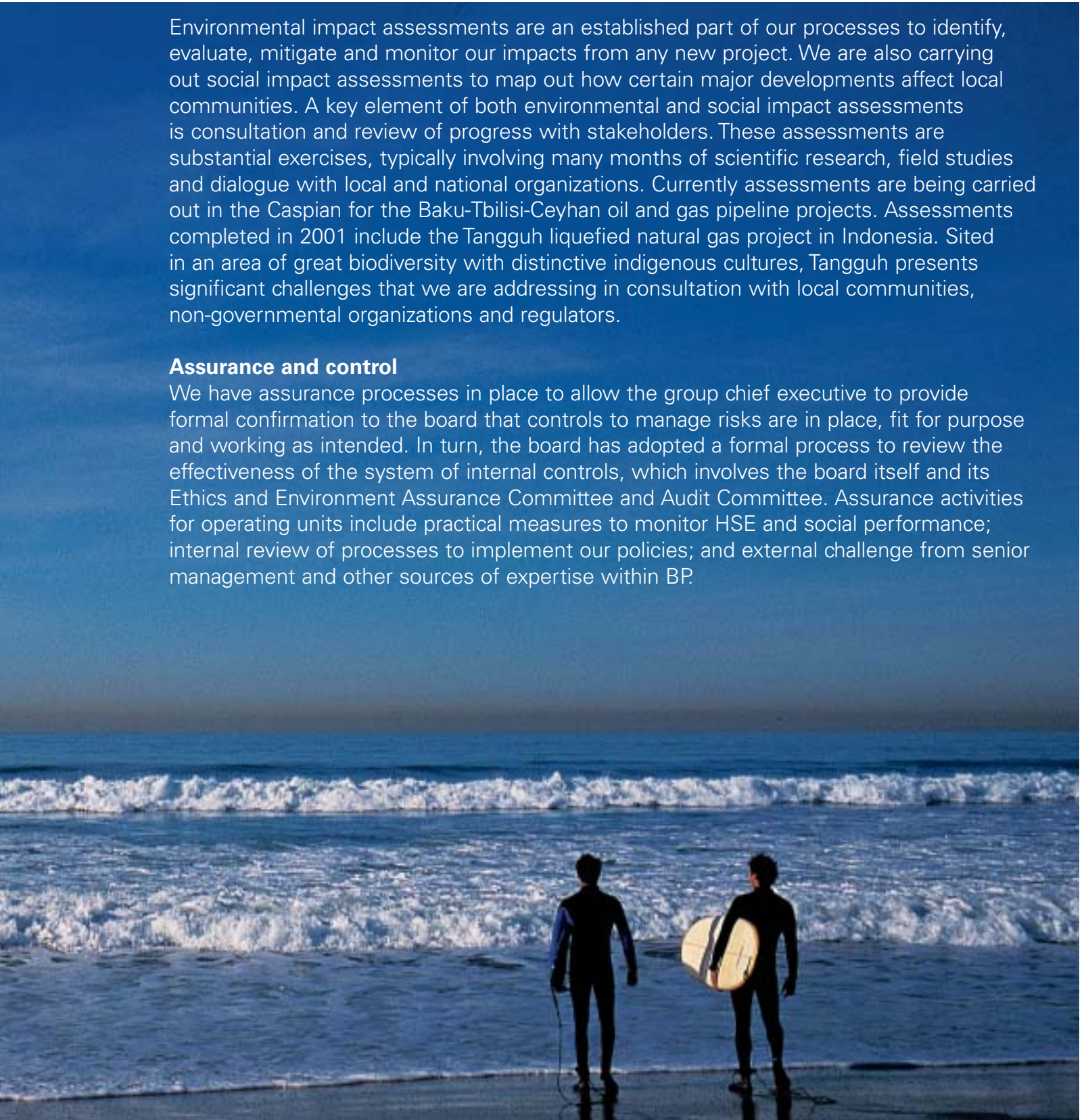
Where we face a strategic decision to enter a new country, a risk assessment is performed. Country risk assessments are also undertaken where changes in the social or political environment or significant changes in our investments alter the risk profile. These assessments usually involve input from external sources and the results remain, by their nature, confidential to the business.



Environmental impact assessments are an established part of our processes to identify, evaluate, mitigate and monitor our impacts from any new project. We are also carrying out social impact assessments to map out how certain major developments affect local communities. A key element of both environmental and social impact assessments is consultation and review of progress with stakeholders. These assessments are substantial exercises, typically involving many months of scientific research, field studies and dialogue with local and national organizations. Currently assessments are being carried out in the Caspian for the Baku-Tbilisi-Ceyhan oil and gas pipeline projects. Assessments completed in 2001 include the Tangguh liquefied natural gas project in Indonesia. Sited in an area of great biodiversity with distinctive indigenous cultures, Tangguh presents significant challenges that we are addressing in consultation with local communities, non-governmental organizations and regulators.

Assurance and control

We have assurance processes in place to allow the group chief executive to provide formal confirmation to the board that controls to manage risks are in place, fit for purpose and working as intended. In turn, the board has adopted a formal process to review the effectiveness of the system of internal controls, which involves the board itself and its Ethics and Environment Assurance Committee and Audit Committee. Assurance activities for operating units include practical measures to monitor HSE and social performance; internal review of processes to implement our policies; and external challenge from senior management and other sources of expertise within BP.



sharing our principles

putting them into practice

Our policy

ethical conduct

We will pursue our business with integrity, respecting the different cultures and the dignity and rights of individuals in all the countries where we operate.

BP supports the belief that human rights are universal. They are enshrined in the UN Universal Declaration of Human Rights (UDHR), which we support.

The Charter sets out the obligations to promote universal respect for and observance of human rights and fundamental freedoms for all, without distinction as to race, gender, language or religion. The promotion and protection of all human rights is a legitimate concern of business.



Our commitment

In our actions and our dealings with others, we will:

- respect the rule of law
- promise only what we expect to deliver, make only commitments we intend to keep, not knowingly mislead others and not participate in or condone corrupt or unacceptable business practices
- fulfil our obligations and commitments, treat people according to merit and contribution, refrain from coercion and never deliberately do harm to anyone
- act in good faith, use company assets only for furthering company business and not seek personal gain through abuse of position in the company

We will expect the same commitments from third parties directly acting on BP's behalf.

In practice

The ethical conduct commitment and policy expectations are a statement of the behaviour we expect from our people, together with some explicit boundaries within which we must operate. This is underpinned by:

- clear articulation of detailed policies and guidance on the issues, e.g. conflicts of interest and corruption
- risk management and assurance processes across all our business policies
- an annual self-certification process for all staff in positions of responsibility
- awareness-raising and development activities
- processes for dealing with lapses

Line managers are accountable for implementation of policies, supported by their regional presidents and functional heads.

Our policy employees

Our approach to managing people and developing their skills is consistent with the principles of our brand. We respect the rights and dignity of all employees. Everyone who works for BP contributes to our success and to creating a distinctive company. Working together, drawing from our diverse talents and perspectives, we will stimulate new and creative opportunities for our business. Collectively we will generate a more exciting and rewarding environment for work in which every individual feels responsible for the performance and reputation of our company.



Our commitment

We commit to creating a work environment of mutual trust and respect; in which diversity and inclusion are valued; and where everyone who works for BP:

- knows what is expected of them in their job
- has open and constructive conversations about their performance
- is helped to develop their capabilities in a culture of innovation and allowed to develop themselves within the company
- is recognized and competitively rewarded for their performance
- is listened to and involved in improving the team's performance
- is fairly treated, without discrimination
- feels supported in the management of their personal priorities

In practice

An annual People Assurance Survey measures how well we are meeting the commitment. The survey is used to monitor progress within individual businesses and functions, and to calculate an 'employee satisfaction index', linked to targets for improvement over time.

At least once a year all staff should discuss their performance and options for personal development with line management. Staff are encouraged to take an overall average of five days' training a year.

Variable pay mechanisms are in place, for example, to link an element of pay to business performance and to reward outstanding individual performance. Share ownership is strongly encouraged.

Our policy relationships

We believe that long-term relationships founded on trust and mutual advantage are vital to BP's business success.

Our commitment is to create mutual advantage in all our relationships so that others will always prefer to do business with BP.



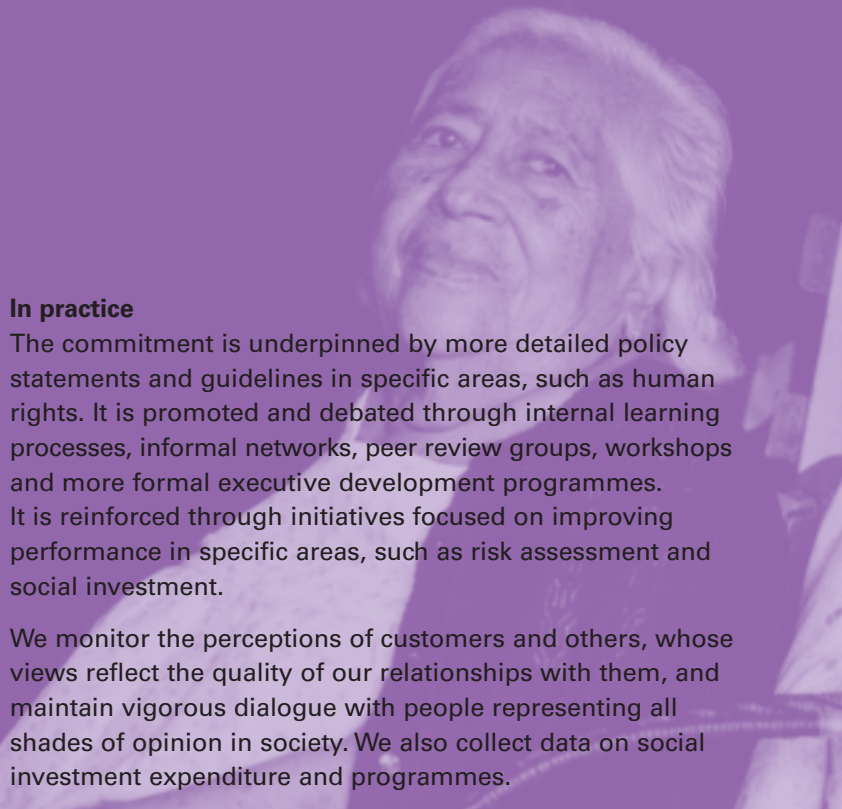
Our commitment

We will do this by:

- understanding the needs and aspirations of individuals, customers, contractors, suppliers, partners, communities, governments and non-government organizations
- conducting our activities in ways that bring benefits to all those with whom we have relationships
- fulfilling our obligations as a responsible member of the societies in which we operate
- demonstrating respect for human dignity and the rights of individuals

We will work to build long-term relationships founded upon:

- high performance standards
- delivering on our promises
- openness and flexibility
- learning from others
- mutual interdependence
- sharing success



In practice

The commitment is underpinned by more detailed policy statements and guidelines in specific areas, such as human rights. It is promoted and debated through internal learning processes, informal networks, peer review groups, workshops and more formal executive development programmes. It is reinforced through initiatives focused on improving performance in specific areas, such as risk assessment and social investment.

We monitor the perceptions of customers and others, whose views reflect the quality of our relationships with them, and maintain vigorous dialogue with people representing all shades of opinion in society. We also collect data on social investment expenditure and programmes.

Our policy

health, safety and environmental performance

Everyone who works for BP, anywhere, is responsible for getting HSE right. Good HSE performance and the health, safety and security of everyone who works for us are critical to the success of our business.

Our goals are simply stated – no accidents, no harm to people, and no damage to the environment.

We will continue to drive down the environmental and health impact of our operations by reducing waste, emissions and discharges and by using energy efficiently. We will produce quality products that can be used safely by our customers.

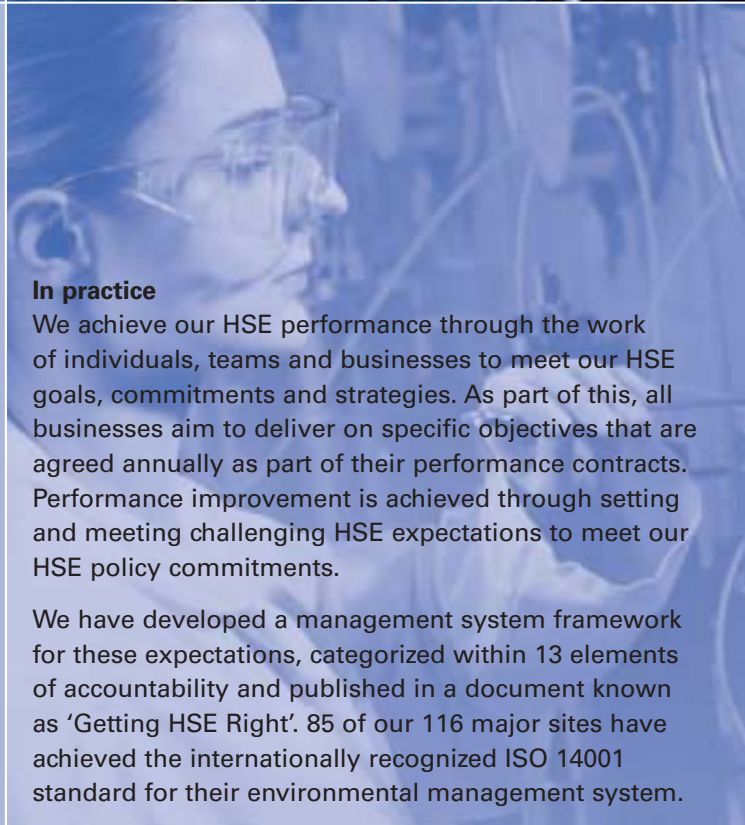


Our commitment

We will:

- consult with, listen to and respond openly to our customers, employees, neighbours, public interest groups and those who work with us
- work with others – our partners, suppliers, competitors and regulators – to raise the standards of our industry
- openly report our performance, good and bad
- recognize those who contribute to improved HSE performance

Our business plans include measurable HSE targets. We are all committed to meeting them.



In practice

We achieve our HSE performance through the work of individuals, teams and businesses to meet our HSE goals, commitments and strategies. As part of this, all businesses aim to deliver on specific objectives that are agreed annually as part of their performance contracts. Performance improvement is achieved through setting and meeting challenging HSE expectations to meet our HSE policy commitments.

We have developed a management system framework for these expectations, categorized within 13 elements of accountability and published in a document known as 'Getting HSE Right'. 85 of our 116 major sites have achieved the internationally recognized ISO 14001 standard for their environmental management system.

climate change

www.bp.com/environ_social/environment/climate_change



In 1997 BP was the first in our industry to accept that, while the scientific understanding of climate change and the impact of greenhouse gas emissions is still emerging, precautionary action is justified. Since then we have been actively involved in policy debate, worked with others on mitigating technologies, demonstrated global emissions trading and reduced emissions from our facilities.

In 1998 we set a target to reduce the direct equity share greenhouse gas emissions from our operations by 10% from a 1990 baseline by the year 2010. Based on our verified greenhouse gas inventory, we have now met this target, eight years ahead of schedule. We also exceeded our internal target to reduce emissions by 2% during 2001, on a comparable basis with the year before. Savings through projects to reduce flaring, decrease gas venting and improve fuel efficiency mean we have achieved all this at no net cost to our business.

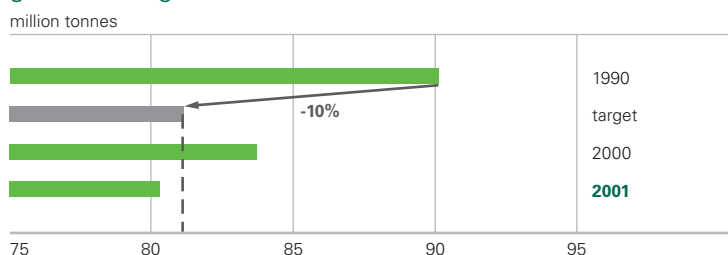
Based on everything we have learned over the past four years, we are taking further steps to manage the risks of climate change. We recognize that so far we have only focused on about one-tenth of the emissions from the oil and gas we extract, which we use within our operations. It is the consumption of our products that has the greater impact on the environment and so

offers the most significant opportunity for progress. The world's energy demand will need to be supplied from fossil fuel sources for some time. Until new technologies are economically and widely available, our best approach is to supply energy based on less carbon-intensive fuels and to promote more efficient use of this energy.

Our next challenge will be to address our planned business growth, which could result in a 50 million tonne increase to our current emissions by 2012. So we have set a new target for the next decade – to sustain the emissions reduction we have already achieved at 10% below our 1990 baseline through a combination of operational energy efficiency and market mechanisms, including credits for reductions in carbon dioxide emissions.

For customers, we intend to provide cleaner fuels with lower carbon content, and to work with others so these products can be used more efficiently. For our operations, actions will involve a renewed focus on energy efficiency as well as further projects to achieve sustainable greenhouse gas reductions. We also plan to grow our renewable energy business and continue our research into separation and storage of carbon dioxide.

greenhouse gas emissions



All data reported in this chart incorporates BP, Amoco and ARCO operations. The figure of 83.7 million tonnes for the year 2000 includes 3 million tonnes of ARCO operation emissions prior to the date of acquisition (14 April 2000).

listening to you

"BP demonstrated they could achieve their goal earlier than expected and with no net cost to the company. Now, the company has again set the industry standard for developing the performance-based solutions needed to overcome Earth's greatest environmental threat – this is an important message for all corporate leaders and government officials to hear."

Fred Krupp, executive director, Environmental Defense
Comments following speech at Stanford by Lord Browne, 11 March 2002

health and safety

www.bp.com/enviro_social/health_safety



specific observations from Ernst & Young

“All sites had either undertaken Healthmaps or were developing a regime for assessing the health of employees and workplace exposure monitoring. For example, in BP Indonesia we observed plans to screen the health of employees and contractors working at the Tangguh development project.”

We are committed to drive towards zero fatalities and to deliver a much-improved performance in 2002. To ensure commitment from the highest levels we have introduced an explicit improvement objective for safety in the performance contracts of all our senior executives.

To achieve our goal of no harm to people we also need to assess, manage and eliminate workplace health risks and reduce the incidence of occupational illness. We recognize the importance of healthy lifestyles, work-life balance and physical fitness. Our vision for health and well-being is to create a healthy and productive workplace for everyone.

We continue to improve the quality and consistency of health data capture across the company, but still have much to do. We are therefore enhancing our health and hygiene data system and extending its use across the group. We are developing web-based information and training tools, including a website to allow individuals to access their own health and occupational hygiene data, securely and confidentially. We offer employees personal risk assessment programmes covering issues such as fitness, health, diet and lifestyle.

BP's health and safety performance is driven by our goal of no accidents and no harm to people. We aim for a healthy work environment, free from incident, injury or illness.

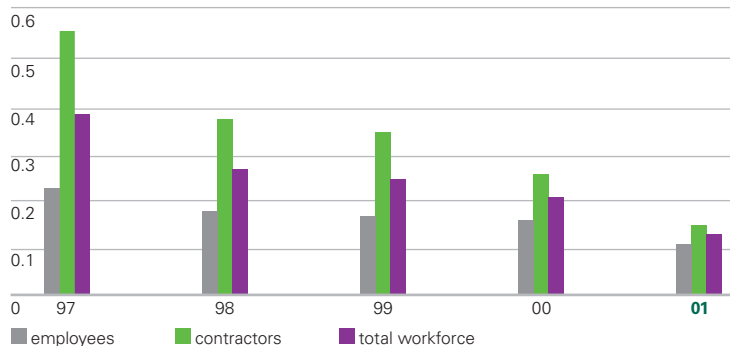
Our safety performance has substantially improved over the last decade. In 2001 we achieved our best-ever results. Compared with the previous year there were 30% fewer workforce fatalities and a 38% reduction in the frequency of injuries resulting in days away from work, and the overall injury/illness rate was 25% lower. This is a result of focused effort and commitment by everyone to improve safety performance across the entire organization.

Although we celebrate our achievements in 2001, there is still much to do. Despite the progress we have made, we deeply regret that 16 of our workforce died as a result of accidents in 2001. This compares with 23 workforce fatalities in 2000.

To us, any accident is unacceptable and we aim to learn from every health and safety incident. Our accident investigations have revealed gaps in our safety management system, and have shown that in many cases simple procedures were not in place, not being followed or not being enforced. To help understand and manage safety hazards better during routine activities we have introduced our 'Golden Rules of Safety'. We also work to improve safety behaviour through advanced safety auditing, which encourages open dialogue about health and safety with our workforce.

safety performance 1997 to 2001

days away from work case frequency



The chart shows the number of accidents that cause an injury or illness that results in a person being unable to work for a day (shift) or more, expressed as a frequency per 200,000 hours worked. The data relates to all BP employees and contractors, with the exception of Castrol contractor data, which is unavailable.

biodiversity

www.bp.com/enviro_n_social/environment/biodiversity



Human society depends on biodiversity – the variety and complexity of life on earth – to provide essential raw materials, food and medicine. Yet biodiversity is being lost at an alarming rate. Rising human population and associated development are contributing to the destruction of natural habitats and the non-sustainable use of biological resources. We recognize the role we have to play with other business sectors, government, non-governmental organizations and the public in addressing biodiversity concerns.

Our operations may affect biodiversity in a number of ways, through management of land holdings, release of pollutants and resource use. We monitor our releases to air, land and water, including oil spills, and report these on our website. Global climate change may also have significant impacts on ecosystems. The effects of even slight temperature changes could threaten the survival of some species. We have supported research on the potential links between climate change and biodiversity at the World Conservation Monitoring Centre in Cambridge, UK.

New developments, particularly in oil and gas exploration, are sometimes in areas rich in biodiversity, and great care is required to ensure that we do not damage them. We seek to address biodiversity issues as an integral part of the way we do business, through environmental management systems and across the lifecycle of our activities and products.

We are developing biodiversity action plans at our key facilities. As well as site and business plans, we are starting to develop regional plans in recognition of the broader geographical dimension of biodiversity. We have examined opportunities in two areas of global biodiversity importance: Indonesia and the Caspian. Action plans have now been prepared for around 30% of our key facilities. We have also initiated an external review of several biodiversity action plans to understand how our action planning processes can be improved.

During the year we met many non-governmental organizations, government representatives and investors to discuss our approach to biodiversity, and sought their input on key issues. We also contributed to research in several important areas, including our deep-sea research programme.

We engage in conservation projects worldwide. The BP Conservation Programme continues to attract large numbers of project proposals from student teams. We had the largest number of award applications in 2001 since the programme started 11 years ago – more than 300 entries from all over the world.

Assessing BP's performance on biodiversity is not easy. We have developed ideas on biodiversity measures, both internally and in conjunction with others, to understand how best to measure, report and ultimately improve our performance. We are gathering data for our operations and hope to include more information about their performance in next year's report.

listening to you

"(BP) should apply same principles to all sites – whether protected or not – shouldn't rely solely on previously designated areas."

"Set high standards and don't walk away from hard decisions."

"Very valuable – my first forum of this kind so it was an enjoyable educational experience. What was clear was BP's willingness to open itself up to the floor and take comments. Taking them on board and implementation will be key."

Comments from UK environment forum with non-governmental organizations, 18 December 2001

human rights

www.bp.com/environ_social/business_ethics/human_rights



The promotion and protection of human rights is a legitimate concern of business. Our policies on human rights are well established and we believe they are well understood both internally and externally.

We support the principles set out in the UN Universal Declaration of Human Rights, recognizing the role and enforcement responsibilities of governments. The declaration sets out the obligations to promote universal respect for and observance of human rights and fundamental freedoms for all, without distinction as to race, gender, language or religion. We also respect the 1977 International Labour Organisation 'Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy' and the OECD 'Guidelines for Multinational Enterprises'.

At an operational level we continue to use risk analysis and various forms of social impact analysis to identify any potential problems, including risk of human rights abuse. In 2001, we conducted studies associated with the proposed Baku-Tbilisi-Ceyhan pipelines in Azerbaijan and the liquefied natural gas project at Tangguh in Indonesia.

The Voluntary Principles on Security and Human Rights are being adopted into our security policy and implemented in our operations around the world. We are also involved in discussions about further developments of these principles in the future. Our policy on human rights is fully explained to employees and managers through comprehensive guidance on our internal website, and open debate is promoted on executive leadership programmes and in other events. Business unit leaders are

expected to engage in open dialogue and consultation with local communities and their representatives, non-governmental organizations and government at all levels to ensure that potential issues arising from our operations are identified and any risks addressed.

Internally our senior executive and other management development programmes involve leadership at all levels in thinking about human rights as well as other ethical and sustainability issues. We will continue to engage actively in human rights issues on an international basis and to promote awareness internally.

specific observations from Ernst & Young

"At Trinidad and Tobago, Vietnam and Indonesia sites we noted awareness of BP's commitment to the Voluntary Principles on Security and Human Rights and noted that actions related to this commitment had been taken although these were not always formally documented. Further work could be done to improve the understanding of this commitment at the other sites that we visited."

"In BP Vietnam we noted that processes were in place to ensure that child labour or forced labour was not directly employed by BP operations. Although processes are in place to reduce the risk of contractors or suppliers employing child or forced labour the rigour of these could be further improved."

social investment

www.bp.com/environ_social/social_respon/social_invest

During 2001 we made significant progress in developing our approach to social investment. We worked on improving processes for understanding social risk, managing the impact of BP's operations and developing strategies to extend the benefits of our presence to communities where we operate.

Workshops and meetings were held in key locations to enrol business staff in our new risk-based approach to managing social investment. As a result, a wide range of activity was initiated during the last 12 months as social investment strategies were incorporated into business planning.

Business units continued to engage with local communities to gain a better understanding of local and regional social issues and established strategic partnerships to address them. For example, in Casanare, Colombia, we have been increasingly involved with the local community and local authorities to help ensure the wealth generated by our production furthers the area's economic and social development.

New initiatives were also launched in a number of other locations. For example, in Mayaro, Trinidad and Tobago, we established a development fund to support education and micro-enterprise, and processes were developed with the community to set priorities and determine which other projects should be progressed. In Angola, the overarching theme of the new social investment strategy is 'beyond philanthropy', with the focus on self-sustainable progress. In South Africa, black empowerment was the focus of our efforts, while we continued our involvement with the community to address the challenge of HIV/AIDS.

We also sought to improve our understanding of the impact of our business by conducting social impact assessments in several key locations including Tangguh in Indonesia; Mayaro in Trinidad and Tobago; and Alaska, Houston and Chicago in the USA.

specific observations from Ernst & Young

"We observed social investment programmes at all sites visited. In BP Indonesia we observed support for the community on Pagerungan Island which included supporting local schools and the construction of an ice factory for the local fishing community. At BP Exploration Vietnam we saw evidence of support of the local deaf and dumb school in the Ba Rai Vung Tau community."



We commissioned Ernst and Young to review our assessment methodology and the integrity and effectiveness of these studies.

In 2001, BP and its employees invested a total of \$108 million in community programmes and community-based organizations around the world. However, our social investment goes far beyond the financial contributions from BP and its employees. In Azerbaijan, for example, our broad-based social investments range from programmes that help Azeri businesses to benefit from oil and gas investment to capacity-building initiatives in which BP employees share their expertise with local non-governmental organizations.

The Global Employee Matching Fund, introduced in December 2000 to support employee activity in the community, surpassed first-year expectations. Employees and retirees contributed \$10.3 million to charitable organizations around the world, either through effort or personal donations, and more than 56,000 hours were volunteered by BP employees.

In addition, BP employees also donated nearly \$1.2 million to emergency relief funds in response to floods in Houston and Algeria, the Gujarat earthquake in India and the events of 11 September. In all, around \$11 million was donated to humanitarian and emergency relief efforts on behalf of BP and its employees.

diversity and inclusion

www.bp.com/environ_social/employees/div_inclusion



listening to our staff

68% of our staff now believe that people with diverse backgrounds can succeed in BP, up 8% since 2000.

Our annual staff survey measures progress towards meeting our commitment to employees. It also showed an improvement in staff satisfaction in 2001. Staff feel increasingly positive about BP and their own opportunities within it.

BP employs around 110,000 staff in over 100 countries. We aim to be a magnet for highly talented people. We have strategies in place to develop and retain our staff, offering wide-ranging career opportunities and competitive pay and benefits. During 2001 we placed particular emphasis on developing processes wherever possible to redeploy staff faced by redundancy.

Distinctive performance will be achieved only through the efforts, creativity and innovation of all our employees worldwide. We firmly believe that the creation of a diverse workforce and an inclusive working environment are vital to BP's long-term success and competitive advantage in global markets.

During 2001 we focused on three main areas. First, the enhancement of management engagement and commitment; second, the review of selection and assessment programmes to ensure they were free of gender or cultural bias; and third, local actions to build organizational capability and the integration of diversity objectives into educational and training programmes.

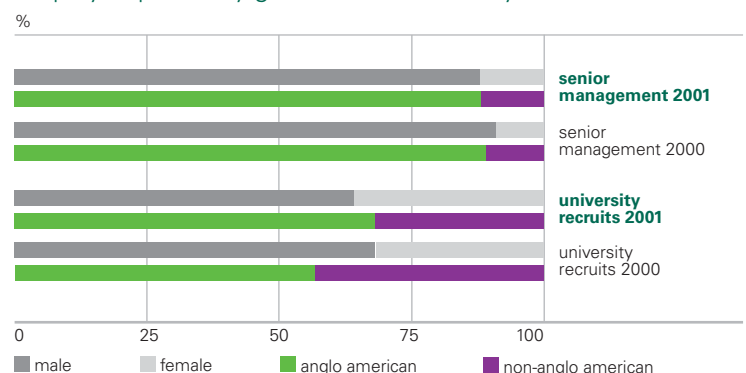
The leadership level Recruitment and Diversity Committee, formed in 2000, played an important part in setting goals for 2001. Female representation in the senior leadership increased by around 40%, and representation from non-Anglo Americans was up by around 25%.

Senior managers were also involved in a pilot mutual mentoring programme. Mentoring is a well-known technique for giving younger managers the benefit of their elders' experience. BP has turned the idea on its head: in our scheme the young employees act as mentors to the company leaders. Through this relationship the senior leaders gain a better understanding, for example, of what it is like to be a young female or ethnic minority employee in BP. The scheme was piloted in the UK and USA in 2001, and will be extended to other countries during 2002.

During 2001 a number of conferences were held to raise awareness and stimulate debate around diversity. They followed the company's first Global Women's Summit held in November 2000. The conferences in 2001 addressed concerns ranging from women in the workforce to work-life balance and how to be inclusive in the way BP runs its operations.

Additionally in 2001, key messages around diversity and inclusion were incorporated into BP's global training programmes. With a potential audience of more than 10,000 employees over the next three years, BP's programme for 'First Level Leaders' – targeted at staff taking on supervisory positions for the first time – is offering the greatest opportunity to engage a significant audience in the diversity agenda. Targeting other audiences within BP, diversity and inclusion became a compulsory element of a number of management training programmes and development programmes for human resources staff.

employee profile by gender and nationality



location reporting

Location reports capture aspects of performance that are all about place and context and cannot be measured in terms of global aggregates – for example, how we manage human rights issues. They show what the BP values mean in practice, in a rigorous, performance-orientated and audited format. We have been producing location reports since 1997. Ten currently appear on the *bp.com* website. Here we include brief summaries of five.

indonesia

www.bp.com/location_rep/indonesia



Our latest report is about the Tangguh liquefied natural gas (LNG) project in Papua, a remote province of Indonesia.

Indonesia is the world's largest producer of LNG, a position that will be reinforced with the development of the Tangguh gas fields. The project will generate substantial income for the national and provincial governments.

External consultants have so far certified the existence of 14.4 trillion cubic feet of bookable reserves – an amount greater than the estimated annual natural gas consumption of the whole of Asia. BP and its partners will operate the Tangguh fields through production sharing contracts (PSCs) issued by Pertamina, the national oil and gas company. Through its ownership shares in these PSCs, BP has 50% of total bookable reserves, with the balance shared by Mitsubishi (16%), Nippon (12%), British Gas (11%), Kanematsu Corp (10%) and Nissho Iwai (1%).

The project area, Berau-Bintuni Bay, is one of high biodiversity and distinctive indigenous cultures. The project will involve tapping the fields, processing the natural gas into LNG and loading it for shipment, primarily to East Asian markets.

Two normally unmanned offshore production platforms will collect gas from the reservoir and send it through sub-sea pipelines to a processing facility on the south shore of Berau-Bintuni Bay. The LNG will then be exported from a tanker terminal.

A development decision is expected to be made in 2002, allowing the 42-month construction programme to start in 2003 and LNG exports to begin in 2006.

The land acquired for the processing facility measures 3,200 hectares, much of which will remain a 'green zone'. When fully

The Tangguh project intends to set high standards in socially and environmentally responsible resource development.



operational, the project will require around 500 workers of all skill levels. The construction phase will require a temporary workforce peaking at between 3,000 and 5,000. Pertamina and BP will select a world-class construction contractor who will be required to hire a certain number of people from Papua and from specific local communities.

From the outset, the Tangguh project is being designed and implemented according to an integrated, holistic approach, emphasizing community, partnership, consultation and corporate responsibility. In addition to generating substantial government revenues, it will work with diverse partners and local communities to attain sustainable development, cultural preservation and biodiversity conservation.

Compared with other resource extraction projects, the direct physical impacts of developing the fields are relatively small. Environmental impact mitigation is being incorporated into almost every aspect of project design.

The project is working with local government and other partners to implement a diversified growth strategy, promoting project-related activities in regional towns that can accommodate economic growth rather than in the project area itself.

An independent assessment of the views of the many stakeholders in the Tangguh project has been prepared and is published as part of the location report on *bp.com*

about location reporting

Location reports provide insight into the diversity of BP's operations. They demonstrate transparency about our activities in new countries and our track record in communities we have been part of for a long time. They set out to be reports, not brochures or advertisements.

A number of underpinning principles distinguish them from other communications. They:

- give an integrated account of the business operations, environmental and social performance
- demonstrate our awareness of the context the business is operating in and describe our response
- are as complete as possible, not selective, honouring the commitment to report our performance, good and bad
- include direct, independently collected statements from stakeholders
- are independently verified.

The criteria for choosing locations are that they:

- are material units of business with strategic importance for the group that make, or have the potential to make, a significant contribution to BP's financial performance
- reflect the geographic and business spread of BP's operations
- demonstrate how we conduct the business in a range of environments, from mature operations in industrialized countries to new business opportunities in developing countries.

south africa

www.bp.com/location_rep/south_africa



We have operated in South Africa since the early 1920s. Today BP Southern Africa (Pty) Limited has its head office in Cape Town and is one of 10 oil companies in the country. We are a national fuel marketer, with 780 BP branded sites concentrated in Gauteng (Johannesburg/Pretoria), Durban and Cape Town. Our share of the fuels market is some 16%.

In South Africa, oil companies are discouraged from running service stations themselves. Independent operators run the stations, which preserves them as small businesses. Similarly, self-service does not exist, in order to preserve employment on forecourts.

In our other operations we sell more than 7,000 tonnes of marine lubricants annually through South African ports. Air BP also operates in South Africa, supplying aircraft fuel to both international and local air carriers at all major airports.

We established a chemicals business in 1998 to market and distribute products from our global chemicals operations and from the Sapref refinery.

Sapref (South Africa Petroleum Refineries) at Reunion, 16 kilometres (10 miles) south of Durban, is 50% owned by BP. Shell owns the other 50% and operates the refinery. We also own a half share with Shell in the lubricating and oil blending plant at Island View. With the acquisition of Castrol in 2000, we gained three other lubricants plants. Blendcor, in Durban, is another joint venture company between BP and Shell that manufactures and distributes lubricants.

Empowerment

The South African government published a White Paper on energy in late 1998, followed by an Oil Industry Charter on black economic empowerment within the oil industry. The charter gave all oil companies in South Africa 10 years to



What others say

The South Africa location report was first published in 2000 and updated in late 2001. It includes commentary from stakeholders – independently researched in May 2000 – about the extent to which we are living up to our business policies.

These are some of those comments:

On ethical conduct

“At the lower management level there are some individuals who do not act in the way that the commitments imply.”
(Non-governmental organization)

“BP’s behaviour is far more principled than other oil companies.” (Dealer)

On employees

“People who work for BP say they are supported in developing their skills.” (Senior government official)

“We have good policies regarding recruitment of employees from the previously disadvantaged groups but we have to accelerate our performance.” (Senior manager)

“Still racist.” (Blue collar worker)

On relationships

“Relationships with BP would improve with more interaction, more of a long-term commitment.”
(Social investment beneficiary)

“Relationships are beginning to develop well now that BP is changing its attitude to franchisees.” (Dealer)

The full commentary is published as part of the location report on the *bp.com* website. We are keen to listen and hear what people think about us. However, we do not necessarily accept or agree with all the views expressed.

transfer ‘a quarter of all facets of the liquid fuels industry’ to historically disadvantaged South Africans.

The BP response embraces a range of initiatives that aim to effect genuine and meaningful change.

During 2001 we took a dramatic step forward by taking into BP Southern Africa black empowerment partners, who hold an equity stake giving them 25% shareholder voting rights and three seats on the board. Our new partners are two organizations profoundly committed to the battle to overcome historical disadvantage. They are the Mineworkers Investment Company (MIC) and WDB Investment Holdings (WDBIH), owned by the Women’s Development Banking Group. The majority of the financial returns generated out of the partnership for MIC and WDBIH will go to fund social programmes in rural and urban areas.

HIV/AIDS

Our HIV/AIDS policy and programme are underpinned by key ethical and moral principles: non-disclosure, confidentiality, tolerance and non-discrimination.

We acknowledge that the disease affects all levels of the workforce. We aim to reduce the stigma and discrimination against people who are infected by providing access to appropriate education and counselling, primary care and medical services to staff and their families. There is no compulsory testing for recruitment, promotion or career development. However, voluntary testing on a confidential basis and with appropriate pre- and post-test counselling arrangements is encouraged. Individuals cannot be denied promotion, training and skills on the basis that they have HIV/AIDS. BP Southern Africa is affiliated to the South African Business Council Against HIV/AIDS.

texas

www.bp.com/location_rep/tx/bus_overview



BP's regional headquarters in Houston, Texas, USA, hosts more than 20 business units across 13 states. These include exploration and production assets onshore and in the Gulf of Mexico, and the gas, power and renewables stream.

We operate the Texas City refinery (the largest in BP) and five Texas chemicals plants, and have a share in 4,000 miles of pipelines throughout the state. Within the region, the company employs about 8,000 people full-time and hundreds of additional people under contract in Texas.

'What Others Say' – a commentary

'What Others Say' was conceived by BP in 1998 in response to criticism that its reporting lacked input from stakeholders. Since then the process has been developed, by me, various colleagues and other CSR practitioners, into a powerful tool for evaluating the performance of BP operations against the company's business policy commitments. It has been applied to BP businesses in North America and Europe, Africa and Asia Pacific, including oil exploration and production (Angola), chemicals (China) and retail (South Africa and Australia).

'What Others Say' involves independent consultants soliciting the views of a range of individuals and organizations who are presented with the BP policy commitments, for example, on ethical conduct, and asked to provide their assessment of the performance of the operation they have contact with. 'How far does BP live up to this? What could be improved?' Care is taken to include critics as well as likely advocates. The consultant then reports back to BP, including quotes as far as possible, reflecting both the views most generally held and dissenting comments. BP, in turn, commits to publishing the report in full as part of the location reports on the website. Details of the process used are also published.

The strength of 'What Others Say' is that it gives a voice to those directly affected by the company's actions, for example, people living in a village that is to be relocated as part of the Tangguh gas project in Indonesia or young men working at petrol stations operated by BP franchisees in South Africa. It also yields specific suggestions that can help managers improve performance and it provides assurance to readers that the views reported are representative and not subject to BP editorial influence.

How could the tool be strengthened? 'What Others Say' is a qualitative evaluation, but I suspect that its impact on managers working within a performance measurement culture would be strengthened by adding a measurement scale showing change over time and differences in performance between policies. And its value to those outside the business would be enhanced by publishing follow up comments from the business unit.

Jill Shankleman
CSR Consultant (formerly of ERM)
February 2002

The Texas report was first published on *bp.com* in 2000.

The business and operating features were updated during 2001, and the environmental and social sections and stakeholder comment in March 2002.

Our HSE performance continues to show improvement in Texas. However, we face significant challenges and numerous initiatives are under way. For example, air quality in the Houston-Galveston area has been ranked worst in the nation, and we aim to play our part by reducing emissions and waste. Additionally, we must continue to drive down accidents and injuries at our own facilities and those operated by our partners and suppliers.



location reporting

Our Chocolate Bayou plant's wildlife habitat enhancement programme is certified by the Wildlife Habitat Council. BP was also the first corporation to join the Gulf Coast Prairies Safe Harbor Program, a voluntary approach to preserving native prairies.

BP needs to maintain effective working relationships with key elected and appointed officials across the region. While the federal government regulates some aspects of natural gas transportation and oversees many environmental requirements, states have sole authority and significant impact on many aspects of operations.

BP's largest US-based contingent of unionized workers resides in the greater Texas Gulf Coast area. Our basic labour contracts were renegotiated in February 2002. The national union threatened strike action at five US refineries, including Texas City, but negotiations continued and a strike was averted.

Other key stakeholders are the more than 100,000 royalty owners (land or mineral-rights owners who share profits) and about 2,000 joint interest/venture partners, mostly based in the Gulf Coast and Rocky Mountain states.

Last year BP made contributions of more than \$7 million to communities in the 13 states. United Way contributions from the Houston area were an additional \$1.7 million. Employees invested more than 64,000 hours in volunteer and fundraising projects in the Houston area alone.

In focus groups conducted by the Terra Group, community organizations and social service groups in the Houston area were very positive about BP. The company was praised for its response to local emergencies and its involvement in other causes was welcomed.

china

www.bp.com/location_rep/china



The China report on *bp.com*, published in 2001, provides an overview of our business operations and the broader context for our investments, updated to February 2002. It also looks at our upstream oil and gas assets, which we believe demonstrate our track record as responsible investors in China. It features two independently researched accounts of the views of stakeholders. One covers the views of local stakeholders, while the other reports on national and international opinion about our involvement in China. Contributors to the second study were invited to review their comments in January 2002.

Since the early 1980s, operational investments made by BP, Amoco and ARCO have totalled more than \$4 billion. Our businesses include oil and gas exploration and production and the supply of fuel, lubricants and purified terephthalic acid (the raw material for polyester). Other activities include the supply of aviation fuel, import and marketing of liquefied petroleum gas, fuel retailing, lubricants blending and sales, joint venture chemicals plants, including a \$200 million acetic acid plant in Chongqing, and sales of chemicals technology licences.



In 2000, BP paid \$578 million and \$378 million respectively to take equity stakes in PetroChina and Sinopec. These investments have been criticized by groups outside China, notably those with an interest in Tibet and Sudan. In response we have continued to make it clear that neither we nor PetroChina have any business activities in Sudan. As regards our partners' impacts on the Tibetan people living in China, we have still not been given specific allegations relating to their social or environmental impacts in Qinghai Province or the Autonomous Region of Tibet.

However, we continue to explore and review the legitimate limits to our responsibility and where we can be a force for progress. Over the past year we have discussed these issues with a range of stakeholders. We believe it is appropriate to look at how our industry can best manage its environmental and social impacts in culturally and environmentally sensitive areas wherever we operate. We have openly discussed this with a range of partners in China and made progress on working with some of them to gain support for the introduction of international best practice in the country.

scotland

www.bp.com/location_rep/uk/bus_overview



BP is one of Scotland's biggest industrial investors. We are also one of the leading suppliers of energy products such as gas and oil in Scotland. The Scotland location report was first published on *bp.com* in March 2000 and most recently updated in March 2002.

Our upstream business, managed from Aberdeen, explores for and produces oil and natural gas and brings ashore 40% of the total UK North Sea production through the Forties Pipeline System to Grangemouth. We operate two of Europe's largest oil terminals, Sullom Voe in Shetland and Hound Point on the Forth. We also have producing fields in the North Atlantic, West of Shetland.

BP is reviewing its North Sea operations to achieve further improvements in business performance and competitiveness. We expect some job losses as a result, but these changes are expected to provide a sound business platform for the long term. £2.8 billion (\$4 billion) of exploration and production investment is planned during 2001 to 2004.

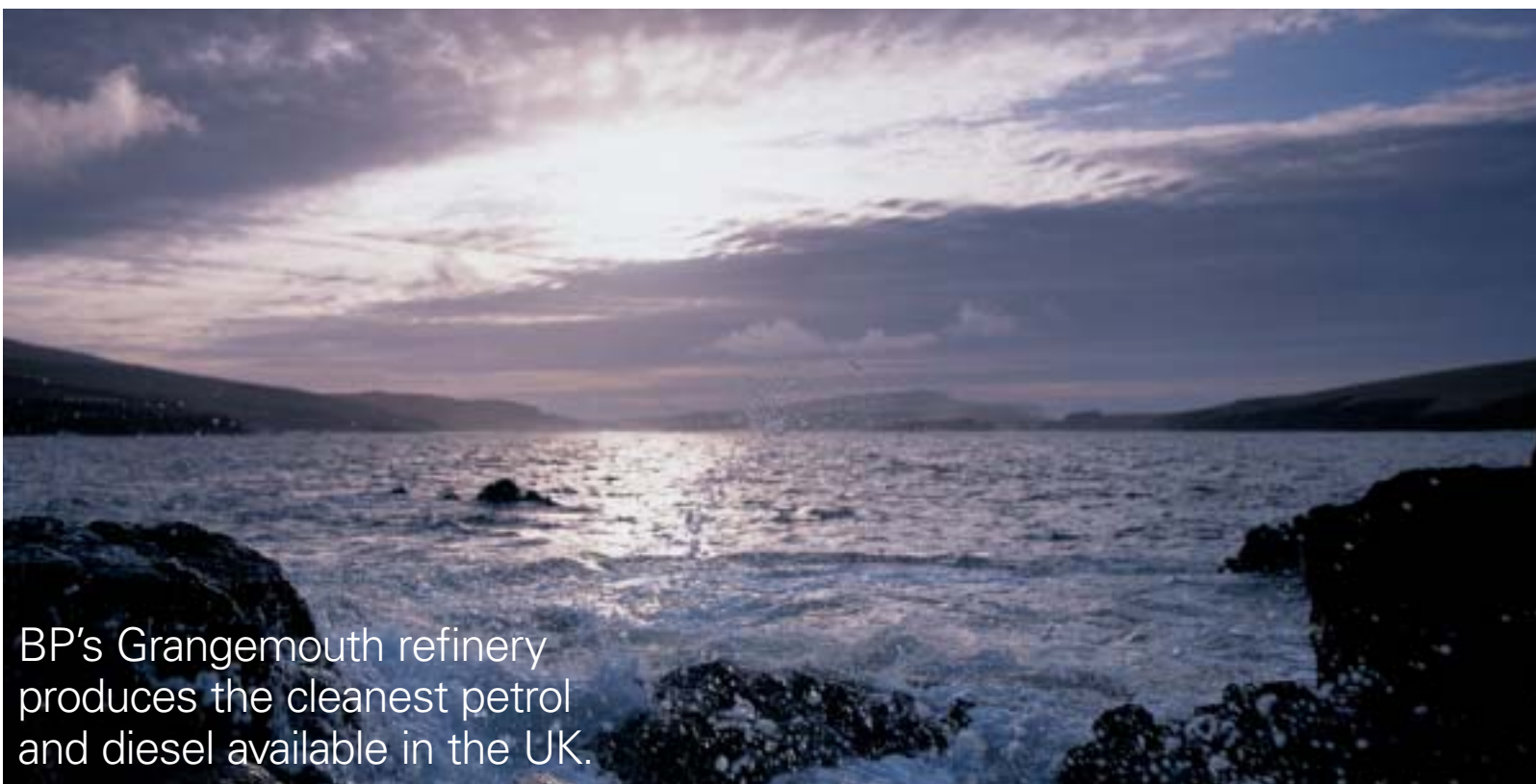
At Grangemouth we have one of the largest and most integrated oil and gas complexes in the world. There are three main areas of manufacturing: the crude oil processing plant at Kinneil, the refinery and the petrochemicals plant.

The refinery has an annual capacity of around 10 million tonnes. It produces fuels, mainly for the Scottish transport and heating fuels business. It also supplies feedstocks to the neighbouring chemicals plants and is at the forefront of producing environmentally friendly fuels such as lead replacement petrol (LRP), sulphur-free diesel and sulphur-free petrol.

Grangemouth also produces around 1.8 million tonnes of petrochemicals each year. These form the basis for many everyday items most people take for granted, including plastics, textiles, pharmaceuticals, packaging materials, home insulation and synthetic rubber for car tyres.

Unfortunately, despite a high level of investment, BP's operations at Grangemouth have not achieved a competitive return in recent years. As a result of action aimed at securing the site's future and restoring competitiveness, around 700 jobs are expected to be lost over the next two years. Working with our public sector partners, BP has made provision for careers support and outplacement for staff made redundant.

Other activities in Scotland include retailing – with around 250 BP branded sites – together with supply and distribution, liquefied petroleum gas, Air BP and BP Marine.



BP's Grangemouth refinery produces the cleanest petrol and diesel available in the UK.

attestation statement

To BP p.l.c.

We have reviewed BP's Environmental and Social Review 2001 (the Review), as outlined below, in order to substantiate its contents.

The Review has been prepared by the company, which is responsible for selecting the information and collecting the data for presentation therein.

This attestation statement in itself should not be taken as a basis for interpreting BP's performance in relation to its non-financial policies.

Approach

There are currently no statutory requirements or generally accepted standards in the UK relating to the preparation, publication and attestation of corporate environment and social reports. We have therefore used a customized attestation process involving detailed challenge of the contents of the Review, selected document review, interviews with executives and managers, and site-based reviews to understand how the non-financial policies are being implemented and reported upon.

Basis of our review

Our terms of reference agreed with BP were to:

1. Discuss, with a selection of BP executives and senior managers, each of the four non-financial policies (Health, Safety and Environmental Performance, Ethical Conduct, Employees, and Relationships) to understand objectives and priorities for embedding the policies, the means to accomplishing those objectives and the degree to which those objectives were met.
2. Review selected documents which provide internal assurance to BP management that policy objectives and priorities are being met.
3. Review a selection of external media sources for reports relating to BP's adherence to its policies, as a check on the appropriateness of the information reported and statements made in the Review.
4. Test evidence supporting the Review's data, statements, and assertions at a sample of BP sites.
5. Review relevant documents, such as minutes of meetings of the board of directors and the board's Ethics & Environment Assurance Committee, to assess management awareness and review of policy commitments.
6. Review HSE data management systems and samples of data reported by sites to assess whether data has been collected, consolidated and reported accurately.
7. Challenge the Review to substantiate its content.

Conclusions

On the basis of our review, in accordance with the terms of reference for our work, we conclude that:

- Assertions and claims made in the Review are supported by the evidence obtained during the attestation process.
- The objectives for implementation of the non-financial policies described in the Review are consistent with those which the board and senior managers have set in the course of the year.

- The board has monitored the implementation of the non-financial policies over the period. As part of such monitoring, it is the responsibility of management to identify any material issues or concerns that may be arising, together with the actions they are taking to address them. In the course of our review, we have seen evidence of this process working in practice.
- The Review covers a selection of issues highlighted in the media over the reporting period. Decisions regarding the inclusion of such material and the degree to which the Review contents address key stakeholder concerns are based on BP's judgement.
- We have made observations to BP management as a result of the visits to sites (sites visited are listed in the Review Approach section of our statement, which can be found on *bp.com*). Among these observations are:
 - At the sites visited it was observed that in some cases data reporting procedures and data quality assurance processes are not adequately documented. However, we are not aware of any material modifications that should be made to the HSE data which would affect assessment of group-wide HSE performance.
 - The policies are understood and responsibilities for implementing them have been made clear across relevant functions. Communication of the non-financial policy expectations to contractors and suppliers tends to focus on the Health, Safety and Environment Policy expectations, but less often extends to the other non-financial policies.
 - We have observed leadership and commitment to the non-financial policies. We have seen continuing effort to develop training programmes, guidelines and procedures to achieve the aims of the non-financial policies.
 - There is variation in regional and business unit implementation of the non-financial policies. For example, we observed increased management effort on the Ethical Conduct Policy implementation in areas where the risks are perceived to be most significant. At some sites we observed that work had been undertaken to increase the proportion of local employees in the workforce, but not all sites visited had set formal targets relating to wider diversity issues.
 - We saw evidence that significant progress has been made in embedding the HSE policy expectations within the former Burmah Castrol site visited. Site management recognize the need to focus on embedding the other non-financial policies.
 - We saw evidence that the non-financial policy expectations are considered in the evaluation and design of projects in Indonesia and Vietnam.
 - There are few measures established for the Relationships and Ethical Conduct Policies, which makes it difficult for BP to demonstrate performance improvement.
 - Social impact assessments were conducted in several countries visited during the reporting period. The findings of the social impact assessments were being used to develop social investment strategies.

Ernst & Young LLP
London
20 March 2002

Further information

The paper used for this Review meets the strictest environmental standards set by the Nordic Swan Council and is fully recyclable. The pulp used to produce the paper is generated locally, fully sustainable and bleached without the use of elemental chlorine.

Design and production

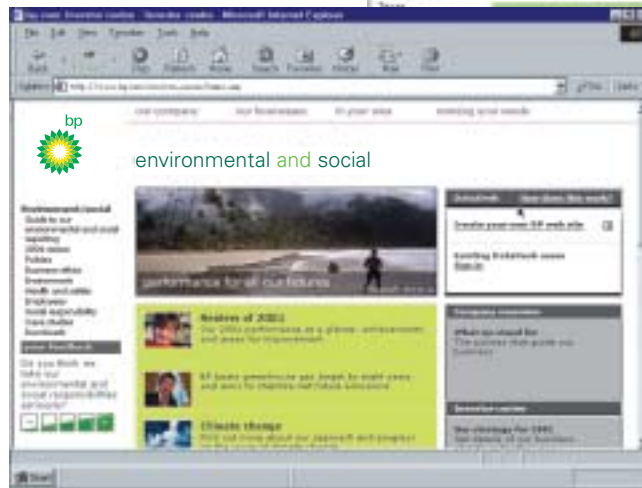
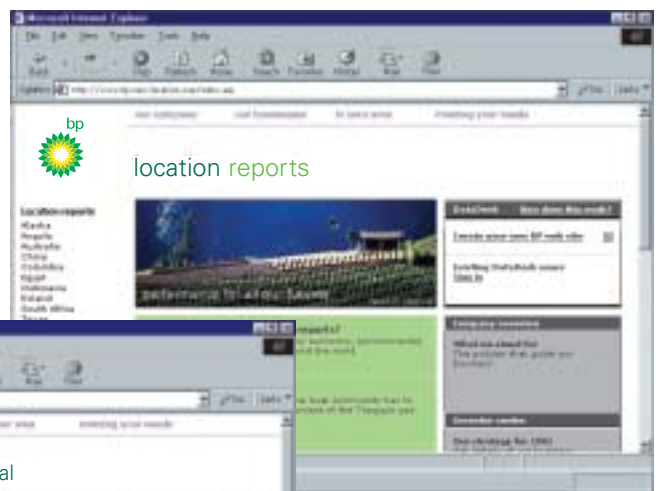
Designed and typeset by Pauffley, London
Printed in England using **pureprint** technology by
The Beacon Press (certificated to ISO 14001 and EMAS)

further information

This review provides a selection and summary of the information available on our website, *bp.com*. Topics covered in the 'environmental and social' section under 'our company' include those listed below. They are supported by a wide range of case

studies illustrating current practice in health, safety and environmental performance management and social investment. Many of our sites also produce verified environmental statements that can be downloaded from *bp.com*

- Accidents
- Air emissions
- Biodiversity
- Business ethics
- Climate change
- Corruption
- Decommissioning
- Diversity and inclusion
- Energy use
- Human rights
- Impact assessment
- Impact of our products
- Land restoration
- Learning and development
- Location reports
- Oil and chemical spills
- Ozone depleting substances
- Pay and benefits
- Policies
- Political contributions
- Recruitment
- Renewable energy
- Road safety
- Safe use of our products
- Social investment
- Staff consultation and survey data
- Stakeholder engagement
- Sustainable development
- Verification
- Waste
- Water
- Workforce health
- Working in sensitive areas



Publications and downloads

Further copies of the Environmental and Social Review, together with a range of other BP publications, can be obtained in the USA and Canada from:

Telephone toll-free: +1 800 638 5672

Fax: +1 312 856 4883

E-mail: shareholderus@bp.com

and in the UK and the rest of the world from:

BP Distribution Services, Suite 2, Lansdowne Place,
17 Holdenhurst Road, Bournemouth, Dorset BH8 8EW, UK

Telephone: +44 (0)870 241 3269

Fax: +44 (0)1202 299893

E-mail: bp-bpds@educationconnections.co.uk

Downloads of all our main group reports can be accessed from our website at www.bp.com

