Slavery and human trafficking statement 2018

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Slavery and human trafficking statement 2018

This statement relates to the financial year ending 31 December 2018. It is published by BP p.l.c. and its relevant subsidiaries\(^1\) in compliance with the UK Modern Slavery Act.

1. Introduction

Modern slavery is a term used in policy and law to describe forms of exploitation which constitute serious violations of human rights, including human trafficking and forced labour. BP supports the elimination of all forms of modern slavery. Such exploitation is entirely at odds with BP’s ethics and our strong commitment to respecting the rights of our workforce. We are determined to take action to safeguard the rights of our employees and contractor personnel, building on long-established BP commitments, policies and processes.

2. About our business

We are a global energy business with operations in Europe, North and South America, Australasia, Asia and Africa. We operate in 78 countries and have around 73,000 employees and 54,000 suppliers, including contractors, vendors, service providers and contingent labour, plus thousands more in our wider supply chain. We recognize the potential for labour rights violations in our industry and we are focusing our efforts where we believe that risk is greatest. Through awareness-raising, risk reviews and enhanced contractual frameworks, we have taken – and will continue to take – steps to strengthen our ability to prevent and remedy abuses.

At group level, we set expectations for how our businesses conduct their activities. These include our code of conduct (code), human rights policy and operating management system (OMS).

Each of our businesses is required to conduct its activities to deliver conformance with these expectations and manage risks, including modern slavery, associated with its activities. Often our businesses establish business or local operating site requirements or other arrangements to help them deliver conformance.

3. Our code and human rights policy

Our code and human rights policy together reinforce our support for the elimination of all forms of modern slavery, such as human trafficking, forced labour and child labour.

Our code is based on our values and clarifies the principles and expectations for how we work at BP. It applies to all BP employees and members of the board. Employees are required to report any human rights abuse in either our operations, or those of our contractors and other business partners. The code makes explicit reference to the role all parties can play in the elimination of human trafficking, forced labour and child labour.

Our human rights policy commits us to respect internationally recognized human rights as set out in the International Bill of Human Rights and the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work. We recognize our responsibility to avoid complicity in human rights abuses – including modern slavery – as described in the UN Guiding Principles on Business and Human Rights (UNGPs) and continue to incorporate these principles into our business processes.

We address failures by our employees to adhere to our code and policies; this may involve disciplinary action, up to and including termination of employment. Similarly, if a contractor or supplier fails to act in a manner consistent with our expectations or their contractual obligations, we look to work with them to resolve the issue to improve the situation of the people affected. If a serious breach is found and no corrective action is taken, we reserve the right to terminate contracts.

Our OMS sets expectations for how businesses conduct their activities, including guidance on respecting the rights of workers. We screen our major projects early in the development stages, including with respect to labour rights and workforce welfare, to help identify and prevent potential impacts. Where we find an issue, including once project work has begun, we seek to remedy it.

In addition to requiring employees to report human rights abuses, we expect them, and encourage contractors, communities and other third parties to speak up if they see something they think could be unsafe or unethical. At our worksites we help make sure people are aware of our confidential global helpline, OpenTalk, and, as relevant, community complaints systems and workforce grievance mechanisms.

We encourage a ‘speak up’ culture throughout our organization and with our contractors and suppliers in their work for us. Fostering a culture of ‘seeing something and saying something’ is one important way in which we can strengthen our ability to respect the rights of our employees and others who work for us. In light of these efforts and the steps that we continue to take in relation to raising awareness of human rights and issue-specific training on labour rights and modern slavery, we expect that BP employees, our contractors and suppliers will be increasingly aware of the signs that labour rights abuses may be occurring and will speak up if they see them.

4. Modern slavery and our governance

We take the risk of modern slavery seriously. The board and executive management of BP p.l.c. continue to be engaged in reviewing our progress in identifying and addressing potential modern slavery issues within higher-risk parts of our businesses and supply chains. At the BP p.l.c. board level in 2018, the main board reviewed and approved our 2017 slavery and human trafficking statement and through its safety, ethics and environment assurance committee reviewed our approach to assessing and managing risks associated with modern slavery. At executive management level, the group operations risk committee reviewed progress on managing the risks of modern slavery.

Our human rights working group, which is made up of representatives from across the business, considers current and emerging human rights risks of potential group significance. In 2018, as in previous years, this included

\(^1\)BP p.l.c. and its subsidiaries are separate legal entities. References to “BP”, “we”, “our” and similar terms are to BP p.l.c. and its subsidiaries generally, to one or more of them, or to those who work for them. Relevant BP subsidiaries in scope of the Act’s disclosure requirement and making this statement for the financial year 2018 are as follows: Air BP Ltd; ARCO British Limited; LLC; BP (Abu Dhabi) Ltd; BP Amoco Exploration (In Amenas) Ltd; BP Aromatics Ltd; BP Berau Ltd; BP Beaux Ltd; BP Chemicals Ltd; BP Commodities Trading Ltd; BP Eastern Mediterranean Ltd; BP Energy Europe Ltd; BP Exploration (Alphal) Ltd; BP Exploration (Angola) Ltd; BP Exploration (Azerbaijan) Ltd; BP Exploration Beta Ltd; BP Exploration (Caspian Sea Ltd); BP Exploration (Delta) Ltd; BP Exploration (Epsilon) Ltd; BP Exploration North Africa Ltd; BP Exploration Operating Company Ltd; BP Gas Marketing Ltd; BP International Ltd; BP Kuwait Ltd; BP Marine Ltd; BP Oil UK Ltd; BP Shipping Ltd; BP Wiriagar Ltd; Britannic Marketing Ltd; Britannic Strategies Ltd; Britannic Trading Ltd; Britoil Ltd; Castrol Ltd; Lubricants UK Ltd and Wiriagar Overseas Ltd.
reviewing progress in the management of modern slavery risks and our disclosure under the Modern Slavery Act. Our internal audit function also conducted an audit, which concluded in March 2018, of the design effectiveness of BP’s governance framework and approach to managing modern slavery risk in our business and supply chains.

5. Training

We continue to strengthen employee awareness of potential human rights impacts that may arise from our work. We provided training to nearly 400 people in 2018, covering what human rights means in an operational context, as well as specific topics including labour rights and modern slavery. This underpins our approach to managing modern slavery risks by supporting capability development in relevant parts of our businesses and functions.

To reach more of our employees around the world, in 2018 we converted our training on labour rights and modern slavery risk into e-modules. While the training is open to any BP employee, it is primarily aimed at people who work on projects, in operational roles and in functions such as procurement, human resources and ethics and compliance. For those who may work at site level on projects or operations, training helps them to identify potential labour rights issues and modern slavery in practice and what steps to take. It addresses: awareness of labour rights, modern slavery and labour practices associated with increased worker vulnerability; how modern slavery risk indicators may occur in our industry or supply chains; and how to identify warning signs. It also provides role-specific information on some ways individuals can help identify and manage the risks of modern slavery, including by implementing effective prevention measures and remedies.

6. Assessing the risk of modern slavery

Since 2016, we have been taking a systematic approach to reviewing the risk of modern slavery in our businesses and supply chains, applying the risk assessment methodology described in our first annual statement.

Our group-wide approach helps us to identify those services, commodities or activities and the countries in which we operate, or from which we source, that present the highest risks to the rights of the relevant workforce. To do this effectively we use third-party risk data and consider factors that contribute to risk including workforce vulnerability and other local factors, informed by expert knowledge. Our approach informs BP businesses’ understanding of in-country risks and prioritization of technical expertise, support and capability development to manage those risks.

We undertake further reviews to monitor our contractors and suppliers on a risk-prioritized basis, through questionnaires or on-site labour rights assessments, including worker interviews. The assessments look into issues such as prevention of forced labour and human trafficking and respect for other rights outlined in the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work. They focus on modern slavery risk indicators, such as passport retention, recruitment or other fees, wage deductions, employment contracts, working hours, shift patterns and living conditions. Where we have appropriate capability, we may conduct these assessment activities ourselves; in other cases, we use external expertise, such as the non-profit organization Verité. In conducting such assessments, we work collaboratively with suppliers, to better understand and manage the risk locally.

We are in action conducting new assessments, as well as implementing sustained corrective action and oversight for assessments that took place in previous years. In 2018, 18 businesses were under review and we undertook new assessments in a number of locations; we provide more detail on some of these in the case study and examples document attached to this statement. Some of our assessment activities in 2018 identified indicators of modern slavery risk; in those cases, we are sharing the findings of the assessment with the JV partner and supplier, encouraging or requiring them to take effective corrective action, raising awareness and providing support as appropriate. In addition, if we identify areas for improvement in our processes, we put in place preventative controls, such as supplier labour rights due diligence pre-contract and induction checks.

If we find that we have caused or directly contributed to adverse impacts on workforce rights, we are committed to provide for, or co-operate in, the remediation of those impacts.

Through our modern slavery risk review work we have learned that some of the key warning signs, such as recruitment or other fees, wage deductions and lack of freedom of movement, are symptomatic of systemic challenges in the countries where we work, and will require sustained efforts to resolve, including helping contractors and suppliers to develop their capability and business processes and systems.

In 2018, we supported our businesses’ identification and mitigation of modern slavery risk as part of our group risk management system by helping businesses to understand the factors likely to lead to modern slavery risk. This is helping our businesses to assess whether modern slavery risk may be present in their operations and supply chains and put in place appropriate management plans.

7. Managing modern slavery risks

We expect all of our contractors and suppliers to act consistently with our code and human rights policy. In support of this, the standard model contracts used by our procurement teams when agreeing new contracts require our contractors and suppliers, in their work for BP, to respect internationally recognized human rights, including those relating to modern slavery. We are prepared to take appropriate action in support of these contractual commitments.

In 2018, we worked to integrate BP’s supplier expectations, published in 2017, into processes for sourcing and contracting for goods and services. Our supplier expectations document provides a concise point of reference for contractors and suppliers, to help them act consistently with our code and human rights policy. It encourages them to promote a ‘speak up’ culture among their workforce and provide a channel through which to raise concerns.

In 2018, we held supplier events to communicate our expectations on labour rights in a number of locations, including Oman. We discussed the action we are taking and expect our suppliers to take to address labour rights and modern slavery risks, the need to raise concerns and the importance of our suppliers communicating this to their own employees, suppliers and business partners.

We continue to strengthen the way in which we assess
suppliers and contractors on human rights across our businesses, including mitigations and monitoring over the lifetime of a contract. In 2018, we took action in a number of areas to enhance our practices, consistent with our group approach to prioritizing activity where we believe there is a higher risk to the rights of our workforce.

- In our upstream business, we continued to systematize modern slavery risk management, moving from top-down risk assessment to embedding it into business processes, in particular by continuing to implement our pre-contract human rights due diligence process to screen suppliers for higher-risk activities and engaging with suppliers, post-contract award, to close gaps identified and manage risks. Our focus is on potential adverse impacts on the labour rights of our contracted workforce on BP-operated sites and BP-owned or chartered vessels.

- In our shipping business, we enhanced our strategic sourcing and e-sourcing procurement templates to include mandatory questions on human rights, including modern slavery, and developed a new supplier engagement pack. We have built these in to our business processes ensuring there is a clear and consistent message setting out BP expectations pre-award. We have also updated our standard contract templates to provide for compliance with modern slavery obligations and developed a risk profile of our supply chain.

- In those parts of our downstream business where we previously conducted risk-prioritized labour rights assessments, we continued to work with contractors and suppliers to support the implementation of corrective actions required to meet BP’s expectations. We also undertook further assessments at selected sites.

- Our biofuels business engaged a third party to review the effectiveness of its supply chain social compliance assessment and supplier development program.

8. Working with others

We recognize the importance of multi-stakeholder collaboration and peer learning as we seek to strengthen our ability to assess and address modern slavery risks in our businesses and supply chains. In 2018, we participated at group level in the UN Global Compact UK Network’s Modern Slavery Act Working Group and Business for Social Responsibility’s Human Rights Working Group. We engaged with several leading civil society organizations on our group approach to managing and reporting on modern slavery and have sought to reflect their views and priorities in this statement. We also began to develop guidance to help BP businesses and functions in their dialogue and collaboration with civil society organizations and other third parties, in support of risk management or capability development activities relating to modern slavery in our priority countries.

We continue to collaborate with IPIECA, our industry association for environmental and social issues, to develop guidance and tools to support the industry and our contractors to address labour rights risks, including modern slavery, at large operating sites. We co-led IPIECA’s labour rights project in 2018 and will remain constructively engaged to support cross-industry learning and risk management approaches.

We are working with a number of our peers to create an oil and gas industry framework for human rights supplier assessments, with a particular focus on labour rights. The first phase of this industry initiative, announced at the UN Global Compact CEO conference in New York in September 2018, focused on the development of a standard human rights questionnaire for suppliers, drawing on earlier collaborative work in IPIECA.

The second phase of the programme aims to establish an independent third party platform through which participating companies can share the results of these assessments. The third phase aims to provide participating companies with access to assessment and audit services for both the questionnaire and worksite-level human rights assessments. The objective is to eliminate the duplication experienced by both operators and their suppliers, when completing screening and due diligence processes, making it easier and more efficient for suppliers to demonstrate how they respect human rights and to support improvements in working conditions in participating companies’ supply chains.

9. Looking ahead

We are developing a more systematic approach to managing the risk of modern slavery and other labour rights issues, including by our businesses developing multi-year plans for implementation and clearer accountabilities, reflecting our cross-functional approach to managing risks. To support this, we are developing a set of labour rights and modern slavery expectations, which are based on what we have learned through the risk reviews and on-site assessments we have undertaken. The expectations were used on a trial basis by a number of BP businesses in 2018, with a view to finalising them in 2019.

We remain committed to improving our understanding and management of modern slavery risks over time. We know that there is more work to do and we expect our approach to managing the risk of modern slavery to continue to evolve as we learn from our risk reviews, refine our practices and continue to build capability in our business.

Bob Dudley
Group chief executive
21 June 2019

This statement has been approved by the Board of BP p.l.c. and of each of its relevant subsidiaries, in compliance with the UK Modern Slavery Act. It was approved by the Board of BP p.l.c. on 23 May 2019.

BP businesses around the world are taking measures to assess and address the risk of modern slavery. See the attached document for examples and case studies illustrating BP’s approach. For further examples of actions that BP businesses took in 2018 and more information on our human rights policy, code of conduct and how BP manages potential human rights impacts, see our sustainability report 2018 at bp.com/sustainability.
We have worked to build the capability of the local BP team to enable them to engage directly with suppliers on these issues and to review labour rights issues at pre-contract stage and site HSSE inductions. We have undertaken further assessments at selected sites, including in China and Saudi Arabia, and are using the findings to help our contractors and joint venture partners deepen their understanding of the risks to the workforce and improve their labour practices.

Corrective action plans have been put in place and we continue to engage with our business partners in support of their delivery.

### Case study: Upholding labour rights in Oman

We commissioned independent assessments of labour conditions in our contractor workforce in Oman, where we work with contractors that employ migrant workers, on our Khazzan project, which began producing gas in 2017 and will eventually supply around 40% of the country’s daily gas needs. The assessments, which included terms of recruitment and employment, identified issues related to working practices, passport retention, recruitment fees and worker grievance mechanisms.

Since the initial assessments three years ago, we have made significant progress by working with our contractors to:

- Develop action plans to reduce the risk of modern slavery on site and in their supply chains.
- Put in place policies that prohibit forced labour, including specifically in relation to recruitment fees and restriction on workers’ freedom of movement.
- Improve the way we communicate our expectations on labour rights to our contractors, including hosting management forums to raise awareness and share good practices.

To strengthen our controls, BP employees are on site, monitoring conditions and raising worker awareness of their rights at work. This includes asking labour rights questions during workforce site inductions and making sure there is an effective mechanism for workers to raise concerns. Where we find contractors are not following our expectations we require them to take corrective actions; for example we have asked some contractors to repay recruitment fees to workers.

### Example: In our Greater Tortue Ahmeyim project in Mauritania and Senegal, we are working to build awareness and capability in relevant BP teams and contractors and to develop appropriate mitigations and interventions, where required. We have engaged our major contractors on the management of risks to workforce welfare and labour rights. Following due diligence during our bid programme, we emphasized our expectations of how contractors should apply relevant processes and practices, and the importance of communicating and overseeing conformance with these down their supply chain. This has been achieved through cross-functional co-operation between our procurement, human resources, ethics and compliance, project and worksite teams, and their counterparts in suppliers.

### Examples: In our downstream business in Malaysia, our suppliers who we previously assessed have been making improvements to their policies and practices, in particular in relation to the retention of passports, recruitment, on-boarding and employment contracts. We have worked to build the capability of the local BP team to enable them to engage directly with suppliers on these issues and to review labour rights issues at pre-contract stage and site HSSE inductions. We have undertaken further assessments at selected sites, including in China and Saudi Arabia, and are using the findings to help our contractors and joint venture partners deepen their understanding of the risks to the workforce and improve their labour practices.

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### Example: In 2018, Verité carried out an assessment at one of our shipyard contractors that carries out maintenance and repairs in the UAE, uncovering a number of findings, including payment of recruitment fees by workers and the retention of workers’ passports. We are engaging with that supplier to help ensure that corrective measures are put in place.

### Case study: Managing labour rights risks in our Australian dealer network

BP is one of Australia’s leading premium fuel retailers with around 1,400 branded retail fuel sites across the country, of which approximately 350 are company-owned, 550 are owned and operated by Dealers and 450 belong to distributors. BP in Australia does not operate as a franchisor. Dealers and Distributors, who are independent business owners, sell BP branded fuel and use the BP brand on fuel-related infrastructure, such as forecourts and petrol pumps.

In 2016, BP Australia was part of the broader, systematic effort across BP to identify and assess potential modern slavery risks. The Reseller (Dealers and Distributors) network was identified as a potential risk, since BP does not have day-to-day oversight of the businesses as they are independent.

As a result of this risk identification process, BP Australia together with the Reseller network devised a process that seeks to address the challenges associated with improving modern slavery risk assurance across the network. The following processes were instituted to respond to the risk:

- A clear procedure was developed to respond to complaints of mistreatment received from staff of Resellers. The procedure maintains individual confidentiality and allows BP to respond appropriately to a received complaint.
- New provisions were included in the independent Dealers’ and Distributors contracts that required them to conduct a compulsory annual compliance audit in relation to specified statutory obligations. Resellers can choose their own auditors, with audits to be conducted to BP’s specified minimum scope (for example fair work and safety practices). Each Reseller must provide an audit certificate to BP annually.
- BP can conduct an escalated audit, at its own discretion and cost in circumstances where BP considers it necessary to do so. This may be through a formal complaint or via an audit failing.

In the first year of operating the program, BP has succeeded in signing up approximately 75% of Dealer sites to the program (excluding a large dealer operation in South Australia that will conduct a separate program due to the number of sites they operate). Of the sites that have completed their audits, over 96% of them have worked with the auditor and achieve a ‘pass’ audit certificate.