



BP's impact on the UK economy between 2014 and 2018



2019 update based on
research and analysis
by Oxford Economics



Bird's-eye view on board the semi-submersible drilling rig Deepsea Aberdeen, in the North Sea, west of Shetland in Scotland.

BP's impact on the UK economy between 2014 and 2018

This is the fifth anniversary update of the original report by Oxford Economics, *BP's impact on the UK economy, September 2015*.

This summary reflects the economic contribution for the calendar year 2018 and can be read alongside the previous reports for a year-on-year comparison. It also highlights the consistency of BP's contribution to the UK economy over the previous five-year period.

BP's impact has remained consistently strong over time

Between 2014 and 2018, BP worked with an **average of 800 UK suppliers of capital goods** and **3,150 UK suppliers of goods and services** to generate an average yearly contribution of:

- **£9.7 billion to UK GDP**
- **128,000 jobs**
- **£4.2 billion in UK taxes** paid or collected.

The combined productivity of BP's employees and supply chain increased by 26% between 2014 and 2018, helping increase BP's gross value added to the UK economy by 18% over that period.

BP – advancing the energy transition

BP is committed to providing the energy that fuels growth but with fewer emissions. It launched an updated strategy in 2018 to tackle this dual challenge, including the 'reduce, improve, create' framework.

Find out more at bp.com/energytransition

BP performed strongly in 2018

In comparison to previous years, BP's overall UK economic impact increased in 2018 in terms of gross value added to the UK economy, largely due to an increase in profitability and direct contribution to the economy.

2018 UK highlights

BP's Downstream business:

- Acquired the **UK's largest electric vehicle charging company**, rebranding it as BP Chargemaster.
- Opened **7 new retail sites with M&S Simply Food**, creating over 100 new jobs.
- Became a founding **partner in the Smart Mobility Living Lab: London** to build the UK's most advanced environment for developing future transport technologies, services and business models.

The North Sea business celebrated two milestones:

- **20 years of production** from the **Eastern Trough Area Project (ETAP)** hub – the model for industry collaboration within the Oil & Gas Authority's Maximising Economic Recovery strategy.
- **Start-up of the giant Clair Ridge project**, 75 km west of Shetland in the North Sea:
 - Designed for a 40-year production life.
 - First offshore deployment of BP's LoSal[®] enhanced oil recovery technology.

In addition, innovative engineering work led by UK-based BP teams led to the start-up of the Shah Deniz 2 development in Azerbaijan to bring new sources of natural gas to Europe via the Southern Corridor Pipeline. This complex project was recognized with the **Royal Academy of Engineering Major Project Award 2019**.

In low carbon and venturing activities:

- BP Ventures invested in Voltaware – a monitoring system to track energy consumption, **improve efficiency and reduce costs**.
- AB InBev and Lightsource BP announced the **UK's biggest ever unsubsidised solar power deal** to brew Budweiser beer with 100% renewable electricity.
- BP announced its part in the Clean Gas Project, a **world-first in CCUS technology** for capturing emissions from gas-fired power generation.

BPme

app for digital fuel purchases
launched in UK

7 M&S Simply Food

stores opened in 2018

1,228

BP retail stores across
the UK

Serving over

7 million customers

each week

2018 economic impact highlights

- BP supported an estimated **£10.3 billion** gross value added contribution to the UK's gross domestic product (GDP) and **123,120 UK jobs** in 2018.
- Of this total, BP's direct UK operations – such as oil and gas fields, petrochemical plants, fuels retailing facilities and major offices – created a **£4.8 billion** gross value added contribution to UK GDP and employed **15,835 people**.
- An estimated **0.5% of UK GDP** in 2018 was in some way reliant on BP's activities – whether directly, indirectly, or through BP's capital expenditure. That is **£1 in every £183** of GDP created in the UK during the year.
- BP spent a total of **£6.4 billion with UK suppliers**:
 - Over **£4.5 billion** on non-capital goods and services from **2,620 suppliers**, supporting an estimated **£3.9 billion** indirect contribution to GDP and **78,000 jobs**.
 - Almost **£1.9 billion** spent on capital goods from **630 suppliers**, supporting an estimated **£1.7 billion** gross value added contribution to GDP and **29,000 jobs**.

Images below:
RocketRoute MarketPlace app being used by a pilot during Air BP fuelling.

BP's FreeWire electric vehicle (EV) rapid charging service launched at the Hammersmith service station in London, UK.



- BP's direct activity, as well as its operational and capital expenditures with UK suppliers, is estimated to have supported **1 in every 263 jobs** in the UK in 2018, or **0.4% of all employment** in the country.
- BP spent a further **£1.4 billion** with **UK-registered businesses operating overseas**.
- **BP Ventures** invested a total of over **£55 million** in **11 businesses** across the UK, aligned with its **Upstream, Downstream** and **Alternative Energy** interests.
 - Investment increased by £37 million over the period 2014-2018.
- Around **40% of BP's global R&D expenditure** in 2018 was on work conducted in the UK.
- BP paid more than **£1.8 billion in dividends** to UK-based shareholders in 2018.
- In 2018, BP paid or collected **£2.8 billion in UK taxes**. That is equivalent to **£1 for every £222** paid to HMRC in 2018, or **0.45% of all tax receipts**.

Images below:
Air BP aircraft fuelling at Chester airport in the North West of England, UK.

Manor Farm Solar Farm managed by Lightsource BP in Dorset, UK.



£10.3bn

contribution made to
UK GDP



123,120

jobs supported by
BP, one in every 263
in the UK



1968

BP has been working
with UK schools
since 1968



£1.8bn

paid in dividends
to UK-based
shareholders



1966

Supporting
world-class arts
and culture in the
UK since 1966



£1.4bn

spent with
UK-registered
businesses operating
overseas



0.5%

of UK GDP supported by BP's activity



£6.4bn

spent with UK suppliers



£4.6bn

spent on non-capital goods and services from UK suppliers



630

UK suppliers for capital expenditure



£1.9bn

spent on capital goods from UK suppliers



2,620

UK suppliers of goods and services



Channels through which BP contributes to the UK economy

Direct Impact



BP employs staff. Its operations generate GDP and tax for HM Treasury.

Indirect Impact



OPERATIONAL SPEND

BP spends money with suppliers across the UK who employ staff, generate GDP and pay taxes.

Indirect Impact



CAPITAL SPEND

BP also undertakes capital investment, spending money with additional UK suppliers, which generates more jobs, GDP and tax.

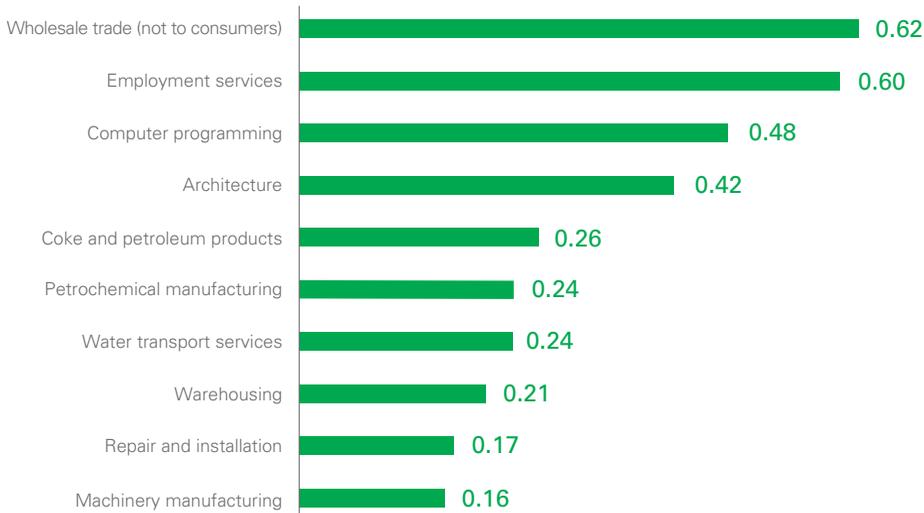
Total Impact

Together all these effects comprise the total economic impact of BP on the UK economy.

BP's impact on the UK economy by sector

Ten UK industrial sectors receiving the largest amount of BP's UK operational procurement spend in 2018

£ billion
Source: Oxford Economics



The Clair Ridge platform

Designed for a
40-year
production life

71 of 122
project contracts
delivered in the UK

£1.5 billion
invested with UK
suppliers

View overlooking the Clair Ridge platform and the Floatel Victory, west of the Shetland Islands in the North Sea, UK.



BP's impact on the UK's regional economy

Procurement impact and supplier diversification

BP spending (£ million)



Source: BP, based on invoice location

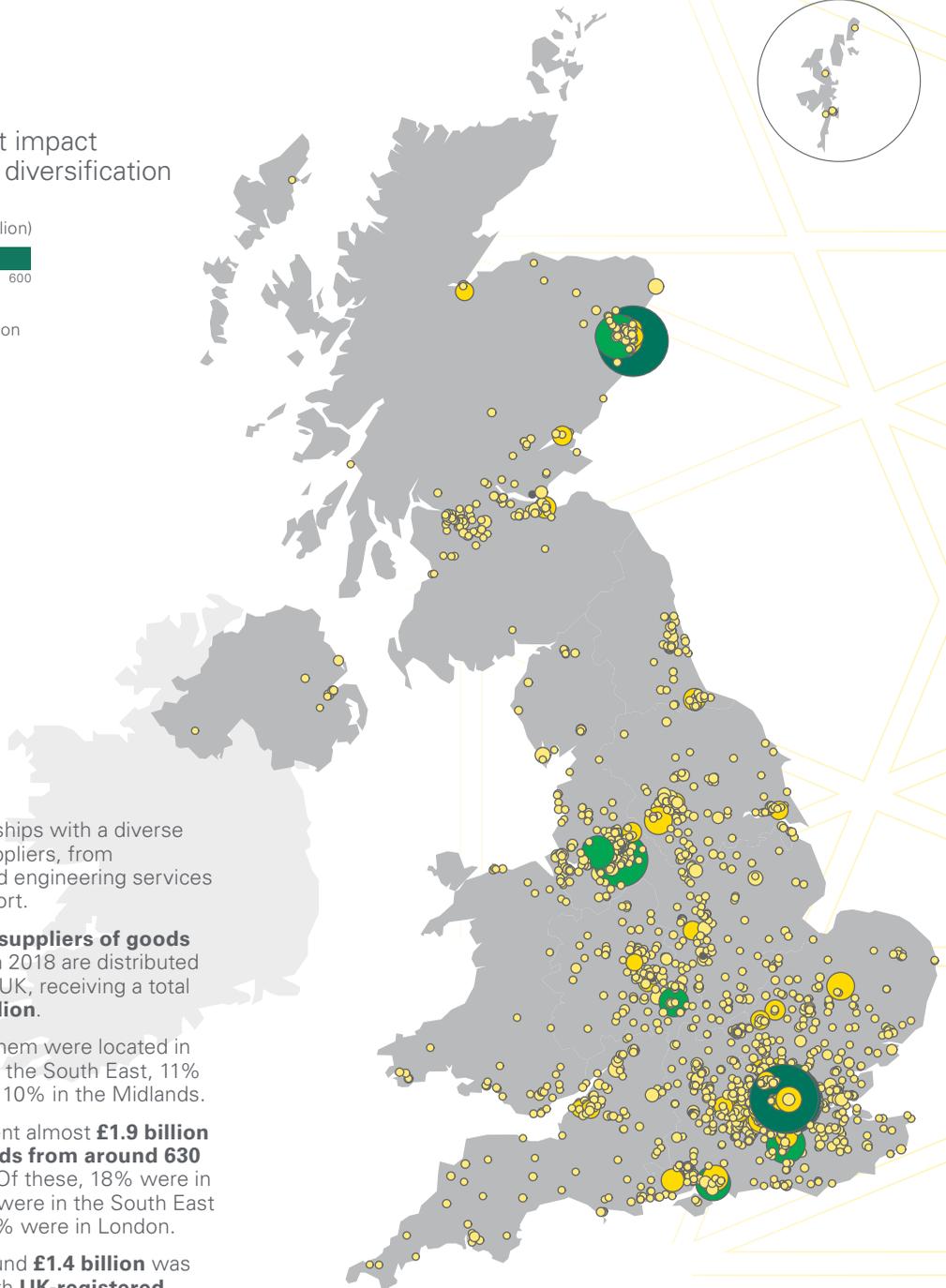
BP has relationships with a diverse range of UK suppliers, from architectural and engineering services to water transport.

BP's **2,620 UK suppliers of goods and services** in 2018 are distributed throughout the UK, receiving a total of over **£4.5 billion**.

Some 27% of them were located in London, 21% in the South East, 11% in Scotland and 10% in the Midlands.

In 2018, BP spent almost **£1.9 billion on capital goods from around 630 UK suppliers**. Of these, 18% were in Scotland, 20% were in the South East and another 20% were in London.

In addition, around **£1.4 billion** was spent by BP with **UK-registered businesses operating abroad**.





Clockwise from top:
A night-time view of the BP service station in Hammersmith, London, UK.

Gas trading at the BP office in Canary Wharf, London, UK.

Centre:
BP employees at the petrochemicals business in Saltend in Hull, UK.

Bottom:
Engines waiting for testing at BP's Technology Centre in Pangbourne, Berkshire, UK.

A laboratory technician at the Enhanced Oil Recovery laboratory (EOR) in Sunbury, UK.

Laboratory analysis in the petrochemicals business in Saltend in Hull, UK.



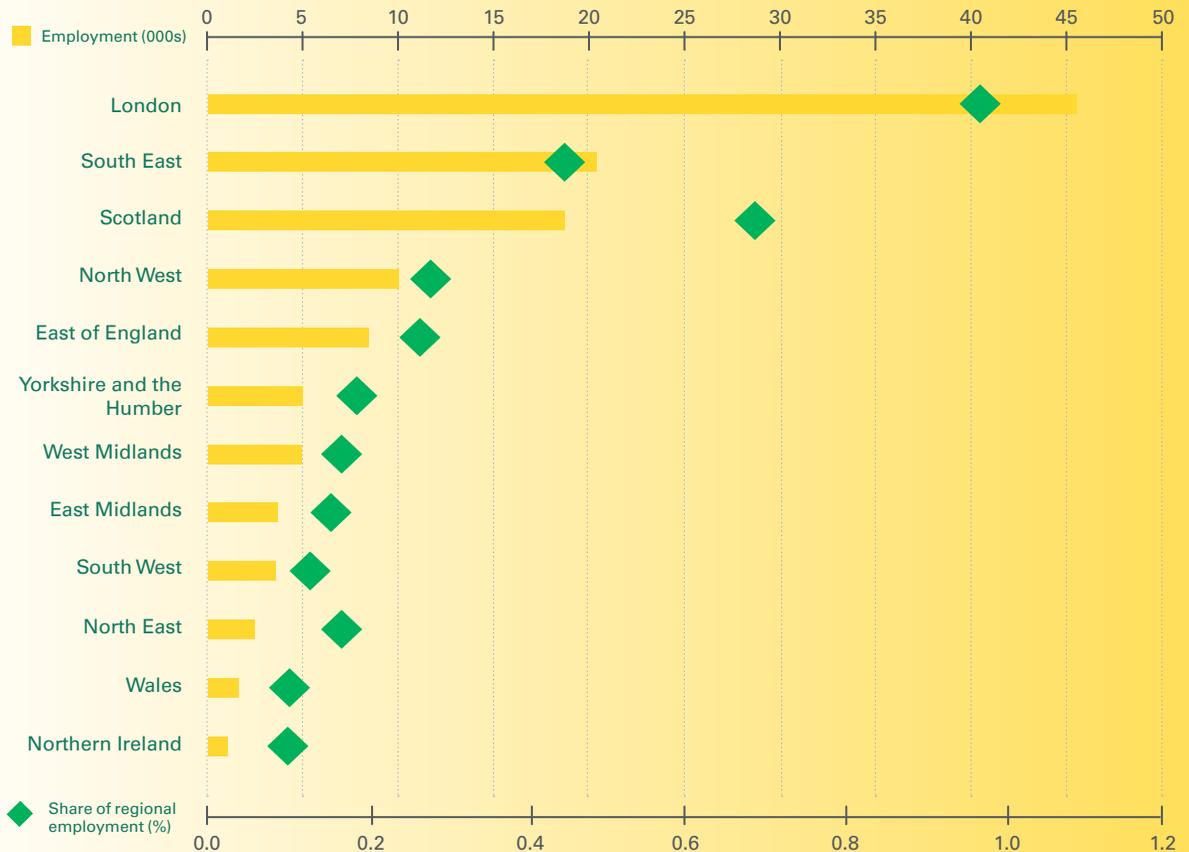
BP's impact on the regional economy

Employment impact

123,120 British jobs were supported by BP in 2018, with direct UK operations creating £4.6 billion gross value added contribution to UK GDP and employing 15,835 people.

The indirect impact of BP procurement of goods and services and capital expenditure supported an estimated additional 107,285 people in the wider UK economy.

Overall, London, the South East and Scotland were the biggest jobs beneficiaries from BP's direct and indirect impacts. BP supported employment equivalent to 1% of all employment in London, 0.7% in Scotland, and over 0.4% in the South East.

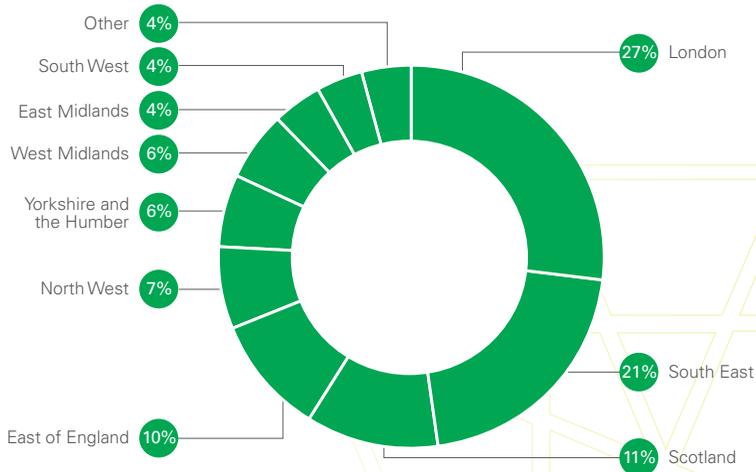


Source: BP, Oxford Economics, ONS

BP's UK operating locations

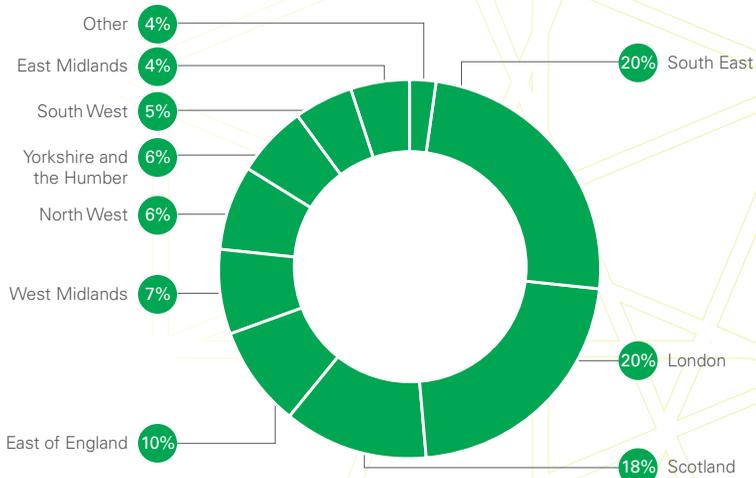
Estimated geographic distribution of BP's 2,620 UK suppliers of goods and services in 2018

Source: Oxford Economics



Estimated geographic distribution of BP's 630 UK suppliers of capital goods in 2018

Source: Oxford Economics



Assets key

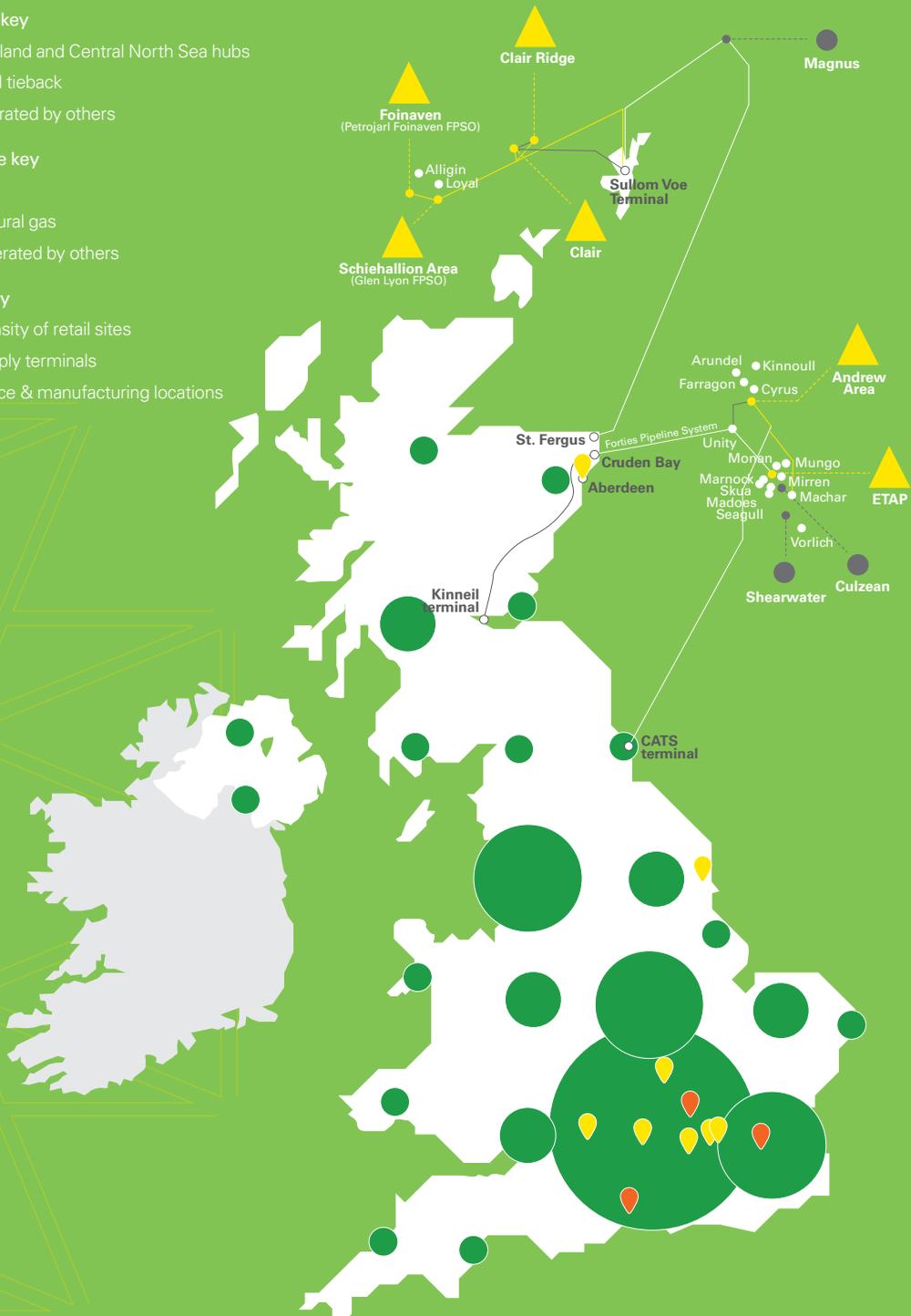
- ▲ Shetland and Central North Sea hubs
- Field tieback
- Operated by others

Pipeline key

- Oil
- Natural gas
- Operated by others

Map key

- Density of retail sites
- 📍 Supply terminals
- 📍 Office & manufacturing locations



BP's ongoing social contribution to the UK

Committed to UK arts, culture and education

BP continued to demonstrate a consistent commitment to UK communities through its support for schools, arts and culture, sport, community organizations and charities.

Building on its ground-breaking Enterprising Science educational research programme to understand how and why young people choose to study STEM subjects, BP extended its relationship with the Science Museum Group as the

founding partner of its Academy of science engagement across the UK.

2019 marks the 30th anniversary of BP's support for the BP Portrait Award at the National Portrait Gallery – the most prestigious portrait painting competition in the world.

Creating value in local communities

BP's UK employees volunteered **22,500 hours** and generated over **£2 million** of contributions to community organizations **during 2018**.

On average over the period **2014-2018**, BP's UK employees have volunteered **33,965 hours** and generated over **£2.5 million** of contributions each year.

You can find out more:
bp.com/uk/bpinthecommunity

Methodology

For a description of the methodology used in performing this analysis, please refer to the information at:
bp.com/uk/economicimpact

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and

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and professionals
each year

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capital training
programme to

300
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Building capacity in

15

UK science centres

**Creating
resources**

for teachers and educators



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Cover image:
Aerial view of the Hill Farm Solar Farm managed
by Lightsource BP on the Isle of Wight, UK.