

Company description

BP Plc is one of the world's largest oil and gas integrated players with operations in Exploration & Production (92% of 2008 profit) and Refining and Marketing (8%). In the Upstream, BP is delivering growth mainly from assets in the US Gulf of Mexico, Azerbaijan, Angola and Russia, while rationalising its mature asset portfolio. In its downstream, BP has a major presence in Europe and the US. BP is employing over 92,000 people and is operating in over 100 countries worldwide.

Sustainability analysis – Overview

Based on Dexia AM's sustainability analysis of the Energy Sector, BP has been included in the sustainable universe and categorised as a 'Runner Up' company. A brief description of how the company addresses its key sustainability challenges is summarised below:

Table: Most relevant Macro/Micro criteria

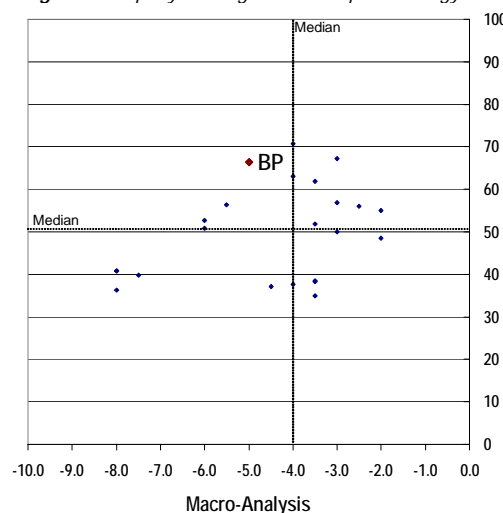
Macro Analysis: Key Sustainability Challenges

- Resource depletion
- Climate change

Micro Analysis: Stakeholder themes

- Corporate Governance (Investors)
- Product-related Environmental Impact (Environment)
- Health & Safety (Employees)
- Public Authority Relations (Society)
- Socio-Economic Interactions (Society)
- Energy & Climate Change (Environment)

Figure: Company ranking in the European Energy Sector



Macro-Analysis

- BP displays a strong production growth outlook and benefits from a broad resource base (43 years of production vs. 36 years in average for peer group). The group is well positioned on deepwater (20% of its 2011e production vs. 11% for European peers). BP has also one of the most complex refining portfolios (its Nelson Complexity Index is 10 vs. 8.5 for its European peers). The group has an average geopolitical exposure compared to peers, despite its exposure to Russia.
- From a climate change perspective, the group benefits from: a low exposure to heavy oils and a relatively good exposure to LNG (15% in 2011e vs. 10.5% for peers) and from its exposure to alternative energies (in 2008 BP invested \$1.4bn in wind, solar, biofuels and carbon capture and storage, representing slightly more than 6% of its 2008 capital expenditures).

Micro-Analysis

- In the Environment's domain, BP leads the Majors on process-related GHG emissions relative to its asset base (BP's average 2003-2007 GHG emissions / Gross Cash Invested were 0.27 KgCO₂e/€ vs. 0.44 for its direct peers).
- In the Employee's domain, BP leads on health & safety performance figures (BP's average 2003-2007 Lost Time Injury Rate was 0.45 / per 1m hours worked vs. 1.94 for its direct peers) but Texas City refinery explosion in 2005 raised some concerns regarding safety oversight and cost cutting policies.
- In the Society's domain, a Transparency International 2008 report measuring revenue transparency to foreign countries ranked BP as a 'Middle' Performer. BP has an efficient community management system with established panels of independent experts.

Important information concerning the sustainability analysis

Dexia AM's Sustainability Analysis is based upon different sources of information developed by Dexia AM's SRI team, among others: sector studies and company analyses by Dexia AM's sustainability analysts, "Dexia AM's Sustainability Analysis Research Methodology 2006", "Methodology Guidelines November 2005" by Franca Morroni, "Dexia AM SRI Business Case 2004" and Dexia AM leading SRI principles and multiple research conducted since 1996 as well as data from selected SRI data providers.