

Sarbanes-Oxley Compliance and Remediation Management

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Environmental Business Portfolio Manager

About BP



- 102,900 people in 100 countries across 6 continents
- Exploration in 26 countries
- 27,800 service stations, 21 refineries
- 18.6 Billion barrels of oil and gas equivalent
- 13 Million customers each day

\$285 Billion in sales (2004) - \$15.4 Billion profit

About Remediation Management



- 180 people managing over \$350 Million annual spend for environmental worldwide. Over 1600 full time equivalent (FTE) vendors/contractors are working on this effort daily.
- Includes 4000 retail/distribution sites and over 200 large sites including refineries, manufacturing, mine waste, nuclear, sediments.
- Projects range in size from single storage tanks to complex 200 mile long sites.
- Reports directly through the CFO of BP.

Reporting Requirements Are Intricate



- US Generally Accepted Accounting Principals (GAAP) Financial Reporting Standard (FRS-12)
- UK GAAP
- International Financial Reporting Standards (IAS-37)
- The goal is transparency

Provisioning



Provision is the "best estimate" to conclude the present obligation

- Where the provision involves several potential outcomes, the obligation is weighted by all possible outcomes and their associated probabilities
- Projections early in the life cycle of the project have the highest uncertainty and widest range of outcomes

Harmonization



 Provision for environmental liabilities where a legal or constructive obligation exists

 There is a probable outflow of resources to satisfy the obligation and

 A reliable estimate of outflow to satisfy the obligation can be made

Vetting the numbers



- A multi-disciplined "team" approach including:
 - Technical internal and external experts
 - Legal internal and external counsel
 - Management
 - Financial Finance, Control and Auditing group
 - External Auditors E&Y et al.

Ongoing Reviews



- Team reviews new developments monthly
 - Internal
 - External Service providers are required to provide projected allocations and project updates

- Periodic reviews of provision
 - Updates the provision during 3Q
 - Other material changes are made during year on an exception basis

Value Added with Compliance



- Global Harmonization of function
- Improve process and communications, employee empowerment
- Consistent with BP policy of transparency giving stakeholder awareness of process

Summary of Remediation Management



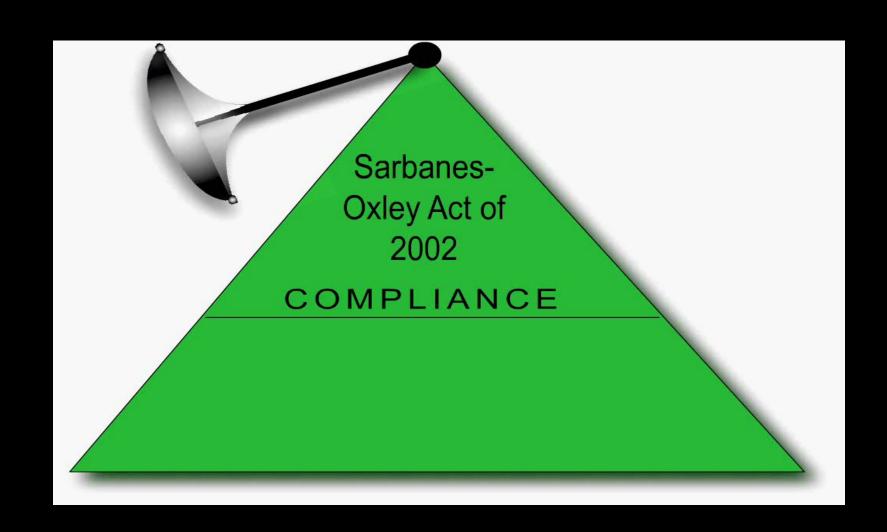
 Remediation Management will complete Sarbanes Oxley implementation during 2005

Global harmonization of function

Transparency for stakeholder awareness

Don't fear the legislation





Opportunities for success





Discussion



