

BITC 40TH ANNIVERSARY PARTNER CASE STUDY



SUMMARY

A long-standing supporter of Business in the Community's education and local enterprise work, bp was a founder member of BITC and provided its first executive director. Education and enterprise have been the continuous threads running throughout its relationship with BITC; however, bp has helped set the wider agenda as responsible business has evolved. It was instrumental in influencing the teaching of responsible business and CSR in business schools and has been at the forefront of the oil industry's approach to climate change. This included supporting the development of BITC's Business in the Environment Index and joining the Environment Leadership Team. Over the last decade, it has returned to its roots in its relationship with BITC, supporting the growth of Business Class and being the major corporate supporter of the arc programme, supporting social enterprise growth. It continues to partner with BITC as it develops these three key priorities of environment, education and enterprise.

HERITAGE AND HISTORY

bp's origins date back to the founding of the Anglo-Persian Oil Company, a subsidiary of the Burmah Oil Company, in 1908. On the outbreak of WWI, the British Government became a major stakeholder in the company after signing a deal with the company to supply the British Navy. It adopted the name British Petroleum (bp) in 1954. During the 1970s political changes in the Middle East led to effective nationalisation of the oil industry across the region; requiring a fundamental shift in strategy. Further changes came with bp's discovery of oil in Alaska in the early 1970s, which sparked discussions about the environmental implications of extracting oil in ecologically-sensitive areas. The project – the Trans Alaskan pipeline system – required US government approval and the implementation of environmental mitigation measures such as raising areas of the pipeline at caribou crossings to avoid disturbing migration patterns.

As discussions evolved, bp sought to take a more active role in emerging thinking on the role of business in society. In 1981, bp Oil's outgoing Managing Director, Denys 'Tiny' Milne, agreed to become Business in the Community (BITC)'s first Executive Director. David Sarre, bp's Personnel Director had attended the new organisation's inaugural dinner, and supported the organisation from the very beginning with a series of secondees, both to BITC and the Local Enterprise Agency network. These included Sarah Darling, seconded in 1983 as one of the first three employees of BITC's new 'City of London Branch'¹.

Fourteen years later, bp would be at the forefront of introducing 'corporate citizenship' into management education. David Grayson of BITC began working with Chris Marsden, bp's Head of Community Affairs, looking at how to influence business schools to teach corporate responsibility. This work ultimately led to bp sponsoring a Corporate Citizenship Unit at Warwick Business School. The unit was set up by Chris Marsden, who would become its first director².

bp – TIMELINE

- 1981** bp is a founding member of BITC. bp Oil's ex Managing Director, Denys 'Tiny' Milne, becomes BITC's first Executive Director
- 1983** bp secondee, Sarah Darling, helps set up BITC's City of London branch
- 1995** bp Corporate Citizenship Unit set up at Warwick Business School, led by Chris Marsden on secondment from bp
- 1996** bp's Company Secretary, David Jackson, is part of the Business in the Environment Leadership Team that launches the BIE Index
- 1997** Lord Browne becomes first CEO of a major oil company to acknowledge climate change and global warming
- 1998** bp publishes its first Environmental and Social Review
- 1999** bp wins BITC's Most Inclusive Annual Report Award and launches its 'Global Social Investment' approach to community relationships
- 2003** bp's corporate responsibility reporting shifts from 'Environmental and Social' to 'Sustainability'
- 2006** launch of 'Tomorrow's Global Company' inquiry co-chaired by bp and Infosys
- 2010** Deepwater Horizon accident in Gulf of Mexico
- 2011** bp becomes key sponsor of BITC's arc programme, supplying business volunteers to mentor social enterprises
- 2017** bp's sustainability strategy evolves to planning for the transition to a low carbon economy
- 2020** bp launches new strategy and announces its ambition to transform from an oil company to an energy company
- 2021** bp is a sponsor of BITC's **Just Transition** research with YouGov in the lead up to COP26 in Glasgow

¹ New City group to help start small businesses, *The Times*, 9 November 1983.

² Corporate Citizenship (1995) & Ethical Corporation (DG article in Dec 2011-12)

THE DEVELOPMENT of SUSTAINABILITY at bp

In May 1997, Lord Browne gave a landmark speech at Stanford University. He became the first CEO of a global oil company to acknowledge that global warming was real and to call for action on climate change.

“Governments, corporations, and individual citizens have all had to redefine their roles in a society no longer divided by the Iron Curtain. A new age demands a fresh perspective on the nature of society and responsibility... There is now an effective consensus that there is a discernible human influence on the climate and a link between the concentration of carbon dioxide and the increase in temperature... it would be unwise and potentially dangerous to ignore the mounting concern.”

Browne’s speech put bp at the heart of debate and divided opinions within the environmental movement. He committed bp to the UN Rio+20 Earth Summit agreements and five steps to tackle climate change. Browne’s speech came just a year after the launch of BITC’s Business in the Environment Index (BIE), in which bp had also played a part. Commentators have long speculated on Browne’s real motivations and beliefs in making the speech. It did, however, have one real impact as it led to the eventual collapse of the industry-funded Global Climate Coalition following bp’s withdrawal from the group³.

In 1996, BITC’s Business in the Environment campaign had developed the BIE Index – a benchmark of companies’ performance on environmental issues. Its publication was controversial, with some fearing that public benchmarking would alienate members. As a member of the BIE Leadership Team, bp’s Company Secretary David Jackson was among those supporting the then BIE Chair Tony Cleaver of IBM in pushing ahead. The BIE Index laid the groundwork for the CR Index and BITC’s diversity benchmarks, and both directly and indirectly affected corporate reporting on sustainability and responsible business issues.

bp (as bp Amoco in the year after the two companies merged) published its first joint Environmental and Social Report in 1998, stating that ‘the environment is the primary challenge facing the industry.’ This reported on its performance in relation to health and safety, environment and social issues. The report also showed how the extent to which the concept of ‘CSR’ had broadened within the company and the extractive industries – there was no mention of charity or charitable donations. In an effort to challenge some of the criticisms made by detractors, bp’s report included independent auditor’s reports on the social elements of its report, and third-party commentary collected independently by the consultancy ERM. Ahead of its time in this regard, bp’s Annual Report won BITC’s Most Inclusive Annual Report Award in 1999.

Also in 1998, bp, along with M&S and Barclays, was among the first of 16 companies to complete the ‘Bruce Naughton Wade CCI’ index – a ‘standard best-practice model to measure CCI programmes’. The Index would be relatively short-lived and its role largely taken over by BITC’s new CR Index in 2002. bp was among the first of 122 companies to participate in the Index, achieving the 2nd highest ranking in the first year.

During the 2000s, bp was hit by a series of accidents, including an explosion at the Texas City Refinery in 2005; a pipeline leak in Alaska; and the Deepwater Horizon disaster in 2010. bp’s response, under CEO Bob Dudley, who took over in October 2010, was a 10-point plan designed to delivery stability and restore trust. This included making bp a safer, more risk-averse business. From a responsible business perspective, both health & safety and environmental issues were inextricable from its operations and largely dominated both its activity and reporting. Yet the scale of the challenge bp faced in responding, particularly to the Deepwater Horizon accident was summed up by Ernst & Young, auditors of its 2010 Sustainability Review,

“We saw that bp’s materiality process has been used to prioritise the issues related to Deepwater Horizon to be included in this report. Although this process includes consideration of the importance of issues to stakeholders, some groups may consider that their individual concerns have not been addressed. Others will feel that the coverage in the report does not do justice to the complexity of certain issues.”⁴

For the next decade, managing and mitigating the impacts of its business remained high on bp’s agenda, but it would not be until late in the decade that it began to fundamentally rethink its role as an energy company (see below). In the wake of Deepwater Horizon, reporting tended to lead with health and safety, followed by restoration work in the Gulf of Mexico. Low carbon investments began to be made, and in 2012 \$1 billion was invested in

alternative energy businesses – moving it towards its ambition to invest \$8 billion by 2015. It was an early adopter of the Global Reporting Initiative’s guidelines and also reported against the UN Global Compact principles.

In February 2020, bp introduced a new purpose to ‘reimagine energy for people and our planet’, setting out ten aims to get to net zero by 2050. In its 2020 Sustainability report, it introduced ten further aims: five related to the planet and five to improving people’s lives. The shift in tone from ‘justifying our business’ to ‘talking proactively about how to manage the energy transition’ came in 2017, when bp’s reporting summarised the new strategy put into place by CEO Bob Dudley – one which would commit the company to actively plan for a transition to a local carbon economy. The 2017 sustainability review was structured in the form of answers to a series of questions ranging from ‘which policies do you think are necessary to make a 2oC world a reality?’ to ‘has your human rights policy changed the way you do business?’ In 2017, bp also shifted its reporting towards an alignment with the UN’s Sustainable Development Goals (SDGs). As a result, sustainability reporting has moved closer to the centre of the company’s overall reporting. The company’s 2020 Annual Report set out the need for bp to change from ‘an International Oil Company to an Integrated Energy Company focused on delivering solutions for customers.’

BEYOND ENVIRONMENT

In 1999, bp developed what it called ‘a radical new approach’ to its relationships with local communities that it called ‘Global Social Investment’, and, in 2003, changed the name of its responsible business-related reporting from ‘Environmental and Social Review’ to ‘Sustainability Review’. This was structured broadly into three areas: operational issues, including the future of energy and safety; managing environmental impacts, and socio-economic impacts. The scale of the business globally was reflected in its global spend on community-related projects – \$115.2 million, of which \$36.7 million was spent in the UK in 2010. In the UK, bp focused on building long-term strategic partnerships in arts, culture and education. bp’s relationship with the Science Museum shows how these have evolved from what was initially a sponsorship-based project into a collaborative research and development partnership. The relationship began with the sponsorship of the Science Museum’s energy gallery, but soon moved into learning programmes. As part of its Olympic sponsorship activity, bp developed an early version of the ‘Carbon Challenge’ with the Science Museum creating a teacher training programme and school roadshow. This work expanded into research conducted with King’s College London and UCL to understand why children make the choices they do around STEM subjects. This subsequently informed the development of its whole education and skills development agenda.

bp & BITC

During the 1980s, bp’s initial engagement with BITC had largely focused on social and economic issues; supporting small business and enterprise through the local enterprise agency network. As awareness of environmental issues grew both in general, and in significance for the company, its focus and engagement with BITC shifted towards the environment with it joining the Environment Leadership Team in the mid-1990s. From 2010 onwards, following bp’s sponsorship of the London 2012 Olympics and the leading role it played in in BITC’s arc and Business Class programmes, the balance of involvement shifted again to social and economic programmes.

In 2012 bp joined BITC’s Education Leadership Team. The Business Class programme – for which bp became the National Champion for STEM – complemented a broad range of STEM-related educational initiatives, delivered in partnership with more than a dozen partners, including the CREST Awards, Science Museum, Engineering Development Trust, Governors for Schools, and **This is Engineering** with the Royal Academy of Engineering, and Engineering UK. bp also developed its own educational platform, bp Educational Resources (bpES), sharing free STEM resources for 4-19 year olds.

It also joined the Enterprise and Culture Leadership Team which now incorporated Arts & Business following its merger with BITC, something bp had been involved in for many years. BITC’s arc programme was designed as an Olympic legacy initiative to provide support to help social enterprises grow and create 2,000 jobs in 15 London boroughs. Olympic sponsor companies were approached to get involved, including bp, which became the programme’s major corporate supporter and only business to

³ Brendan Montague, **When a bp boss finally called for action on climate change**, The Ecologist 28 Sept 2018

⁴ bp plc, Sustainability Review 2010

support the programme for the six years it ran. bp provided core funding as well as employee volunteers to act as mentors. During 2018, 85 bp employees supported 71 social enterprises across East and West London, with both general business advice and project-based volunteering.

bp's long standing involvement in BITC's environment campaign has evolved into a leading role, with the Climate Action Leadership Team currently chaired by bp's Louise Kingham CBE. And in 2021, bp was one of the sponsors of BITC's **Just Transition** research, published in the lead up to the COP26 summit in Glasgow. Representatives from bp also sit on BITC's Employment and Skills Leadership Team, reflecting its long-standing investment in education and skills in the UK. In recent years, bp has used engagement with BITC's diversity and inclusion teams to drive action internally. It is a signatory of the Race at Work Charter and has been named as one of The Times Top 50 Employers for Women between 2019-21.

Steph Hagan, February 2022

07879 845 366 / steph.hagan@btinternet.com

BLURB & ACKNOWLEDGEMENTS: This case study was researched and written by Steph Hagan, an independent researcher and writer (and former BITC employee), as part of BITC's 40th Anniversary Year celebration. It is one of a series of 'Anniversary Partner Case Studies', focusing on five of BITC's founder member companies, their responsible business journeys and relationships with BITC. As with all historic research, the story is only as complete as the surviving documents and memories of those still living allow us to tell. We would like to thank the companies and their archivists for their help, support and input. Information was also gathered from BITC's own archive and documents in the public domain including the British Newspaper Archive.