

US Benefits



BP America
501 Westlake Park Blvd.
Houston, TX 77079

April 2021

Dear plan participant:

Enclosed please find the Annual Funding Notice for the BP Retirement Accumulation Plan (the "Plan"), which includes information as of December 31, 2020.

To meet the requirements of the 2006 Pension Protection Act, BP is required to send this annual notice to all participants by April 30, 2021 using the Department of Labor template.

To learn more about your available benefits, you may contact the following resources:

- **BP Retirement Services at Fidelity** at 1-877-272-3334 (toll-free within the U.S.). From outside the U.S., you can dial your country's toll-free AT&T Direct® access number, then enter 1-877-272-3334. Participants calling from an area not supported by AT&T Direct should use the following international collect number: 1-508-787-9902. Participants with a hearing or speech impairment should use TTY 711. Representatives are available Monday through Friday (except New York Stock Exchange holidays) from 7:30 a.m. to 11:00 p.m., Central time.
- If you are currently receiving a pension benefit, you may also obtain additional plan documents such as Summary Plan Description and Plan Documents by writing to the address below. When requesting such documents, please be sure to include your name, a contact number, date of birth and the last four digits of your social security number so that the correct documents can be provided to you.

BP Legal
Benefit Plan Documents
P.O. Box 940669
Houston, TX 77094-7669

Sincerely,

BP US Benefits

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SUPPLEMENT TO ANNUAL FUNDING NOTICE
OF
BP RETIREMENT ACCUMULATION PLAN (PLAN)
FOR
PLAN YEAR BEGINNING JANUARY 1, 2020
AND ENDING DECEMBER 31, 2020 (PLAN YEAR)

This is a temporary supplement to your annual funding notice which is required by the Moving Ahead for Progress in the 21st Century Act, the Highway and Transportation Funding Act of 2014, and the Bipartisan Budget Act of 2015. These federal laws changed how pension plans calculate their liabilities. The purpose of this supplement is to show you the effect of these changes. Prior to 2012, pension plans determined their liabilities using a two-year average of interest rates. Now pension plans also must take into account a 25-year average of interest rates. This means that interest rates likely will be higher and plan liabilities lower than they were under prior law. As a result, bp may contribute less money to the plan at a time when market interest rates are at or near historical lows.

The "Information Table" compares the impact of using interest rates based on the 25-year average (the "adjusted interest rates") and interest rates based on a two-year average on the Plan's: (1) Funding Target Attainment Percentage, (2) Funding Shortfall, and (3) Minimum Required Contribution. The funding target attainment percentage is a measure of how well the plan is funded on a particular date. The funding shortfall, if any, is the amount by which liabilities exceed net plan assets. The minimum required contribution is the amount of money an employer is required by law to contribute to a plan in a given year. The following table shows this information determined with and without the adjusted interest rates. The information is provided for the Plan Year and for each of the two preceding plan years.

INFORMATION TABLE						
	2020		2019		2018	
	With Adjusted Interest Rates	Without Adjusted Interest Rates	With Adjusted Interest Rates	Without Adjusted Interest Rates	With Adjusted Interest Rates	Without Adjusted Interest Rates
Funding Target Attainment Percentage	103.31%	91.44%	103.10%	89.47%	103.08%	88.19%
Funding Shortfall	\$0	\$541,033,026	\$0	\$699,331,778	\$0	\$800,817,631
Minimum Required Contribution	\$0	\$214,626,597	\$0	\$211,651,521	\$0	\$213,383,016

**ANNUAL FUNDING NOTICE
FOR
BP RETIREMENT ACCUMULATION PLAN**

Introduction

This notice includes important information about the funding status of the BP Retirement Accumulation Plan (“the Plan”) for the plan year beginning January 1, 2020 and ending December 31, 2020 (“Plan Year”). It also includes general information about the benefit payments guaranteed by the Pension Benefit Guaranty Corporation (“PBGC”), a federal insurance agency. All defined benefit pension plans must provide this notice every year regardless of their funding status. This notice does not mean that the Plan is terminating. It is provided solely for informational purposes, as required by federal law, and you are not required to respond in any way.

How Well Funded Is Your Plan

The law requires the administrator of the Plan to tell you how well the Plan is funded, using a measure called the Funding Target Attainment Percentage (“FTAP”). The Plan divides its Net Plan Assets by Plan Liabilities to get this percentage. In general, the higher the percentage, the better funded the plan. The Plan’s Funding Target Attainment Percentage for the Plan Year and each of the two preceding plan years is shown in the chart below. The chart also shows you how the percentage was calculated.

Funding Target Attainment Percentage			
	2020	2019	2018
1. Valuation Date	January 1, 2020	January 1, 2019	January 1, 2018
2. Plan Assets			
a. Total Plan Assets	\$7,133,505,003	\$7,201,740,522	\$7,266,524,525
b. Funding Standard Carryover Balance	\$1,349,988,893	\$1,256,840,967	\$1,285,862,578
c. Prefunding Balance	\$0	\$0	\$0
d. Net Plan Assets (a) – (b) – (c) = (d)	\$5,783,516,110	\$5,944,899,555	\$5,980,661,947
3. Plan Liabilities	\$5,597,940,967	\$5,765,831,120	\$5,801,697,733
4. Funding Target Attainment Percentage (2d)/(3)	103.31%	103.10%	103.08%

Plan Assets and Credit Balances

The chart above shows certain “credit balances” called the Funding Standard Carryover Balance and Prefunding Balance. A plan might have a credit balance, for example, if in a prior year an employer contributed money to the plan above the minimum level required by law. Generally, an employer may credit the excess money toward the minimum level of contributions required by law that it must make in future years. Plans must subtract these credit balances from Total Plan Assets to calculate their Funding Target Attainment Percentage.

Plan Liabilities

Plan Liabilities in line 3 of the chart above is an estimate of the amount of assets the Plan needs on the Valuation Date to pay for promised benefits under the Plan.

Year-End Assets and Liabilities

The asset values in the chart above are measured as of the first day of the Plan Year. They also are “actuarial values.” Actuarial values differ from market values in that they do not fluctuate daily based on changes in the stock or other markets. Actuarial values smooth out those fluctuations and can allow for more predictable levels of future contributions. Despite the fluctuations, market values tend to show a clearer picture of a plan’s funded status at a given point in time. As of December 31, 2020, the fair market value of the Plan’s assets was \$7,466,611,197. On this same date, the Plan’s liabilities, determined using market rates, were \$6,547,600,000.

Participant Information

The total number of participants and beneficiaries covered by the Plan on the Valuation Date was 41,264. Of this number, 13,445 were current employees, 10,957 were retired and receiving benefits, and 16,862 were retired or no longer working for the employer and have a right to future benefits.

Funding & Investment Policies

Every pension plan must have a procedure to establish a funding policy for plan objectives. A funding policy relates to how much money is needed to pay promised benefits. The funding policy of the Plan is to accumulate a pool of assets sufficient to meet the obligations of the Plan in a manner that allows for liquidation of assets to pay plan liabilities without any additional contributions to meet liquidity needs. bp, as the plan sponsor, will endeavor to accomplish this at the lowest practicable economic cost.

Pension plans also have investment policies. These generally are written guidelines or general instructions for making investment management decisions. The investment policy of the Plan is as follows:

The Investment Committee (the “Committee”) of BP Corporation North America Inc. (the “Company”) acts as the plan fiduciary. The Committee has the authority and obligation to establish an investment guideline for the Master Trust and to appoint managers, including internal staff, to manage the assets of the Plans in accordance with the investment guidelines. The Committee will seek to allocate assets with respect to the Plans in a manner that minimizes volatility and maximizes return within stated risk parameters.

The Master Trust will be invested in accordance with the long-term policy ranges shown below:

Asset Class	Allocation Range
Equities	
<i>U.S. Equities:</i>	10% - 30%
<i>Non U.S. Equities:</i>	0% - 20%
Fixed Income	49% - 69%
Alternative	
<i>Private Equities</i>	0% - 25%
<i>Private Credit</i>	0% - 4%
Cash	0% - 10%

Under the investment policy, the Plan's assets were allocated among the following categories of investments, as of the end of the Plan Year. These allocations are percentages of total assets:

Asset Allocations	Percentage
Cash (interest bearing and non-interest bearing)	1.5%
Value of interest in master trust investments account	98.3%
Value of funds held in insurance co general account (unallocated contracts)	0.2%

For more information about the Plan's investments, as described in the Master Trust chart above, contact BP Retirement Services at Fidelity (see the "Where To Get More Information" section below).

Events Having a Material Effect on Assets or Liabilities

By law this notice must contain a written explanation of new events that have a material effect on plan liabilities or assets. This is because such events can significantly impact the funding condition of a plan.

For the plan year beginning on January 1, 2021 and ending on December 31, 2021, the Plan expects the following events to have a material effect:

- Annuity Purchase: The transfer of 6,428 retired participants to an insurer as part of an annuity purchase was completed on July 28, 2020.
- Corporate Actions:
 - Sale of BP Alaska division operations as of June 30, 2020
 - Sale of PetroChemical division operations as of December 31, 2020, and
 - Workforce reductions in connection with 'Reinvent bp' reorganization initiative which was completed in 3 phases with exits occurring during 2020 and 2021

The table below shows the Plan's projected liabilities and assets as of December 31, 2021, before and after these events, determined using assumptions that are used for bp's financial reporting as of December 31, 2020.

Event	Liabilities before Event	Liabilities after Event	Percent change in liabilities	Assets before Event	Assets after Event	Percent change in assets
Annuity purchase	\$7,532,000,000	\$7,122,000,000	-5.4%	\$7,494,000,000	\$7,107,000,000	-5.2%
Corporate Actions	\$7,122,000,000	\$6,243,000,000	-12.3%	\$7,107,000,000	\$6,327,000,000	-11.0%

In addition, effective December 31, 2020, the Enstar Corporation Retirement Plan (plan number 058) merged into the BP Retirement Accumulation Plan (plan number 050). No provisions of either plan are affected other than to represent the merger of these plans. The impact of this event was not material.

Right to Request a Copy of the Annual Report

Pension plans must file annual reports with the US Department of Labor. The report is called the "Form 5500." These reports contain financial and other information. You may obtain an electronic copy of your Plan's annual report by going to www.efast.dol.gov and using the search tool. Annual reports also are available from the US Department of Labor, Employee Benefits Security Administration's Public Disclosure Room at 200 Constitution Avenue, NW, Room N-1515, Washington, DC 20210, or by calling 202.693.8673. Or you may obtain a copy of the Plan's annual report by making a written request to the Plan Administrator. Annual reports do not contain personal information, such as the amount of your accrued benefits. You may contact the Plan Administrator if you want information about your accrued benefits. The Plan Administrator is identified below under "Where to Get More Information".

Summary of Rules Governing Termination of Single-Employer Plans

If a plan terminates, there are specific termination rules that must be followed under federal law. A summary of these rules follows.

There are two ways an employer can terminate its pension plan. First, the employer can end a plan in a "standard termination" but only after showing the PBGC that such plan has enough money to pay all benefits owed to participants. Under a standard termination, a plan must either purchase an annuity from an insurance company (which will provide you with periodic retirement benefits, such as monthly for life or for a set period of time when you retire) or, if the plan allows, issue one lump-sum payment that covers your entire benefit. The Plan Administrator must give you advance notice that identifies the insurance company (or companies) selected to provide the annuity. The PBGC's guarantee ends upon the purchase of an annuity or payment of the lump-sum. If the plan purchases an annuity for you from an insurance company and that company becomes unable to pay, the applicable state guaranty association guarantees the annuity to the extent authorized by that state's laws.

Second, if the plan is not fully-funded, the employer may apply for a distress termination. To do so, however, the employer must be in financial distress and prove to a bankruptcy court or to the PBGC that the employer cannot remain in business unless the plan is terminated. If the application is granted, the PBGC will take over the plan as trustee and pay plan benefits, up to the legal limits, using plan assets and PBGC guarantee funds.

Under certain circumstances, the PBGC may take action on its own to end a pension plan. Most terminations initiated by the PBGC occur when the PBGC determines that plan termination is

needed to protect the interests of plan participants or of the PBGC insurance program. The PBGC can do so if, for example, a plan does not have enough money to pay benefits currently due.

Benefit Payments Guaranteed by the PBGC

When the PBGC takes over a plan, it pays pension benefits through its insurance program. Only benefits that you have earned a right to receive and that cannot be forfeited (called vested benefits) are guaranteed. Most participants and beneficiaries receive all the pension benefits they would have received under their plan, but some people may lose certain benefits that are not guaranteed.

The amount of benefits that the PBGC guarantees is determined as of the plan termination date. However, if a plan terminates during a plan sponsor's bankruptcy, then the amount guaranteed is determined as of the date the sponsor entered bankruptcy.

The PBGC maximum benefit guarantee is set by law and is updated each calendar year. For a plan with a termination date or sponsor bankruptcy date, as applicable in 2021, the maximum guarantee is \$6,034.09 per month, or \$72,409.08 per year, for a benefit paid to a 65-year-old retiree with no survivor benefit. If a plan terminates during a plan sponsor's bankruptcy, the maximum guarantee is fixed as of the calendar year in which the sponsor entered bankruptcy. The maximum guarantee is lower for an individual who begins receiving benefits from PBGC before age 65 reflecting the fact that younger retirees are expected to receive more monthly pension checks over their lifetimes. Similarly, the maximum guarantee is higher for an individual who starts receiving benefits from PBGC after age 65. The maximum guarantee by age can be found on the PBGC's website, www.pbgc.gov. The guaranteed amount is also reduced if a benefit will be provided to a survivor of the plan participant.

The PBGC guarantees "basic benefits" earned before a plan is terminated, which include:

- pension benefits at normal retirement age;
- most early retirement benefits;
- annuity benefits for survivors of plan participants; and
- disability benefits for a disability that occurred before the date the plan terminated or the date the sponsor entered bankruptcy, as applicable.

The PBGC does not guarantee certain types of benefits:

- The PBGC does not guarantee benefits for which you do not have a vested right, usually because you have not worked enough years for the company.
- The PBGC does not guarantee benefits for which you have not met all age, service, or other requirements.
- Benefit increases and new benefits that have been in place for less than one year are not guaranteed. Those that have been in place for less than five years are only partly guaranteed.
- Early retirement payments that are greater than payments at normal retirement age may not be guaranteed. For example, a supplemental benefit that stops when you become eligible for Social Security may not be guaranteed.
- Benefits other than pension benefits, such as health insurance, life insurance, death benefits, vacation pay, or severance pay, are not guaranteed.

- The PBGC generally does not pay lump sums exceeding \$5,000.

In some circumstances, participants and beneficiaries still may receive some benefits that are not guaranteed. This depends on how much money the terminated plan has and how much the PBGC recovers from employers for plan underfunding.

For additional general information about the PBGC and the pension insurance program guarantees, go to the “General FAQs about PBGC” on PBGC’s website at www.pbgc.gov/generalfaq. Please contact your employer or plan administrator for specific information about your pension plan or pension benefit. PBGC does not have that information. See “Where to Get More Information About Your Plan,” below.

Where to Get More Information

For more information about this notice, you may contact the BP Retirement Services at Fidelity by phone at 1.877.272.3334 or by mail at BP Retirement Services at Fidelity, P.O. Box 770003, Cincinnati, OH 45277-0070 or by overnight delivery at Fidelity Investments, 100 Crosby Parkway, Covington, KY 41015. Participants with a hearing or speech impairment should use TTY 711. For identification purposes, the official plan number is 050 and the plan sponsor’s name and employer identification number or “EIN” are BP Corporation North America, Inc. and 36-1812780. For more information about the PBGC, go to the PBGC website, www.pbgc.gov.