

March 10, 2021

API Executive Committee,

Enclosed please find background materials to facilitate your preparation for our upcoming Executive Committee (EC) meeting on Wednesday, March 24, 2021

We will meet from 1:00 p.m. until 3:00 p.m. CT. Attire is business.

API follows CDC guidelines regarding social distancing as well as federal and local regulations. Enclosed are health and safety protocols that we ask you to adhere to. While we look forward to meeting in-person, we are prepared to transition to a virtual meeting if necessary and will accommodate Committee Members that wish to participate virtually.

API management will present an advocacy plan for our framework for climate action and

The agenda for this meeting also contains several matters that require the EC's attention, including:

- The election of a new EC member,
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- A discussion on API's Diversity, Equity and Inclusion initiative, and
- The Center for Offshore Safety's annual business plan.

We will send additional materials for the Board of Directors Meeting in a separate mailing. Please let me know if you would like to discuss any of these materials in advance of the meeting.

All the best,



Mike



As always, the health and safety of our members and staff is a top priority. As such, API and I have established the following protocols for participation in the March 24, 2021 Executive Committee Meeting:

1. If you have been exposed to COVID-19 within 14 days of the meeting or have experienced flu-like symptoms or a fever within 5 days of the meeting, please stay home and participate virtually. If attending in person, please see the attached COVID-19 screening questionnaire.
2. Points of entry will be limited to allow for touch-free temperature checks via temperature monitors located at the front door. We recommend _____.
3. Touchless sanitation stations have been placed throughout _____, including in all meeting rooms. API will also provide individual hand sanitizer.
4. The Executive Committee meeting will take place _____.
The meeting room will be set to ensure social distancing.
5. Masks are required in all common areas of _____ and during our meeting. Please maintain social distancing and sanitize/wash hands frequently.
6. Restrooms, elevator buttons, door handles and other high touch areas are sanitized every hour by _____.
7. To minimize risk, we will not provide lunch. Individually wrapped snacks and beverages will be available.
8. AV equipment will be sanitized before use.

As of March 10, 2021



**API Executive Committee Meeting
Self-Certification COVID-19 Screening Questionnaire**

1. Have you had signs of fever, cough, sore throat, chills, or shortness of breath in the past 24 hours?

Yes ____ No ____

2. Have you had contact with a person who is suspected to have or confirmed to have COVID-19 in the past 2 weeks?

Yes ____ No ____

3. Have you been asked to self-isolate or quarantine by your doctor or a local public health official in the past 2 weeks?

Yes ____ No ____

4. Have you had contact with any person with unexplained flulike symptoms in the past 2 weeks?

Yes ____ No ____

If you have answered 'yes' to any of the above questions, please coordinate with [REDACTED]
[REDACTED] to facilitate virtual participation at the March 24 meeting.



American
Petroleum
Institute

API Executive Committee & Board of Directors Meetings

2021

ALL TIMES CENTRAL

March 24 (Wed.)	Executive Committee In-Person Meeting	1:00 p.m. - 3:00 p.m.
March 25 (Thurs.)	Board of Directors Virtual Meeting	Zoom: 9:00 a.m. - 11:00 a.m.

June 8 (Tues.)	Executive Committee Dinner
June 9 (Wed.)	Executive Committee Meeting

October 14 (Thurs.)	Executive Committee Virtual Meeting	Zoom: 1:00 p.m. - 3:00 p.m.
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November 7 - 8 (Sun. and Mon.)	Chairman's Reception and Dinner Annual Meeting Governance Meetings*
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December 7 (Tues.)	Executive Committee Virtual Meeting	Zoom: 1:00 p.m. - 2:00 p.m.
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Board of Directors Reception and Dinner
Executive Committee Meeting
Board of Directors Meeting

Executive Committee Dinner
Executive Committee Meeting

Executive Committee Meeting	Conference Call
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Chairman's Reception and Dinner
Annual Meeting
Governance Meetings*

Executive Committee Meeting	Conference Call
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* Governance Meetings denotes meetings of the following API Committees: Executive Committee, Board of Directors, Climate, Communications, Downstream, General Membership, Labor Management, Midstream, Natural Gas Markets, PAC Board and Upstream.

API Executive Committee Meeting

Agenda

Wednesday, March 24, 2021

1:00 p.m. – 3:00 p.m. CT

1. Call to Order and Antitrust

Greg Garland, Chairman and CEO, Phillips 66 and Chairman, API

2. Governance Items

Greg Garland, Chairman and CEO, Phillips 66 and Chairman, API

- Approval of the March 1, 2021 Executive Committee Meeting Minutes (Attachment A)
- Election of a New Member to the Executive Committee (Attachment B-1)
- Election of Board Level Committee Chairs (Attachment B-2)
- API Gold Medal Award Nomination (Attachment C)

3. Finance Committee Report (Attachments D & E)

Chairman, API Finance Committee

4. President and CEO Report

Mike Sommers, President and CEO, API

5. Climate Change Proposal and Advocacy Plan (Attachment F)

Megan Bloomgren, Senior Vice President, Communications, API

Frank Macchiarola, Senior Vice President, Policy, Economics and Regulatory Affairs, API

6.

(Attachment G)

Megan Bloomgren, Senior Vice President, Communications, API

Bill Koetzle, Senior Vice President, Government Affairs

7. Communications Update:

(Attachment H)

Megan Bloomgren, Senior Vice President, Communications, API

8. Diversity, Equity and Inclusion Initiative (Attachment I)

Amanda Eversole, Executive Vice President and COO, API

9. API Safety and Environmental Programs Report: Center for Offshore Safety (Attachment J)

Debra Phillips, Senior Vice President, Global Industry Services, API

Russel Holmes, Director, Center for Offshore Safety

10. Wrap-up

Greg Garland, Chairman and CEO, Phillips 66 and Chairman, API

**MINUTES OF THE EXECUTIVE COMMITTEE MEETING
AMERICAN PETROLEUM INSTITUTE**

**Monday, March 1, 2021
5:00 p.m. – 6:00 p.m. ET
Video Conference Call**

The Executive Committee (EC) met with the following members:

Greg Garland, Chairman and Chief Executive Officer of Phillips 66 & Chairman of the API Board

Mike Sommers, President and Chief Executive Officer of API

Absent:

Staff in Attendance:

Amanda Eversole, Executive Vice President and Chief Operating Officer
Paul G. Afonso, Senior Vice President, Chief Legal Officer and Corporate Secretary
Megan Bloomgren, Senior Vice President, Communications
Bill Koetzle, Senior Vice President, Government Relations
Frank Macchiarola, Senior Vice President, Policy, Economics and Regulatory Affairs

1. Welcoming Remarks

Greg Garland, API Chairman of the Board, called the meeting to order and reminded the Committee of its anti-trust obligations.

2. Governance Items

Mr. Garland called for the approval of the minutes from the February 3, 2021, meeting. The minutes were approved. Mr. Garland informed the Committee that nomination will be formally considered at the March 24 meeting. Mr. Garland motioned that the Executive Committee, acting as the Nominating Committee, formally consider the following candidates to serve on the API Board of Directors:

The Committee approved these nominations. The API Board will consider approval of their nominations at the March 25, 2021 meeting.

3. President and CEO Report

Mike Sommers, President and CEO, provided an update on API's Climate Change Proposals based on a series of discussions with API policy committees. The elements of the plan include:

- 1) Support a Carbon Price Policy
- 2) Promote Technology and Innovation
- 3) Mitigate Emissions from Operations
- 4) Advance Cleaner Fuels
- 5) Establish Comparable Climate Reporting

Mr. Sommers turned the discussion over to Frank Macchiarola, Senior Vice President, Policy, Economics and Regulatory Affairs for further discussion. API staff will prepare an update to be discussed with the Executive Committee on March 24 and the API Board on March 25, 2021.

4. Adjourn

There being no further business, the meeting adjourned at 6:00 p.m.

Respectfully submitted,

Paul G. Afonso
Senior Vice President, Chief Legal Officer
and Corporate Secretary

ELECTION OF A NEW MEMBER TO THE API EXECUTIVE COMMITTEE

Objective: The Executive Committee to endorse the election of _____ to the API Executive Committee (EC), effective March 25, 2021.

Discussion: _____ has served on API's Board of Directors since 2017. _____ also actively participates in civic and industry groups including sitting on the boards of _____

Action: The EC to endorse the election of _____ to the EC, effective March 25, 2021. The API Board will formally consider _____ election to the EC at the March 25, 2021 meeting.

NOMINATION OF BOARD LEVEL COMMITTEE CHAIRS

Objective: Endorse the nomination of _____
as the Midstream Policy Committee Chair effective April 1, 2021 and _____
as the Climate Committee Chair effective after June 1,
2021.

Discussion: API management recommends _____ to be nominated as the Midstream Policy
Committee Chair. The current chair, _____
_____ is retiring, and _____ will assume _____ position within _____. API also recommends
_____ to be nominated as the Climate Committee Chair to take over upon transition of the
current chair, _____. _____ has been an active member of the Committee
since its inception in March 2020.

Action: Endorse the nomination of _____ as
the Midstream Policy Committee Chair effective April 1, 2021 and _____
as the Climate Committee Chair effective after June 1, 2021.

2021 API GOLD MEDAL AWARD NOMINATIONS REQUEST

Objective: Call for nominations for the 2021 API Gold Medal for Distinguished Achievement.

Background: The API Board of Directors created the Gold Medal for Distinguished Achievement in September 1946. In September 2009, the API Executive Committee (EC) broadened the criteria for Gold Medal Award recipients as follows:

The API Gold Medal annual award is to recognize individuals who have made substantial contributions of particular and outstanding benefit to the oil and natural gas industry which have enabled the industry to better serve the public welfare. Such contributions may include enhancing industry's ability to collaborate with the government to address matters of national concern, fostering development of comprehensive and economically viable energy policies, promoting the interests of the industry in all its branches, promoting the mutual improvement of industry members, or advancing developments in the arts and sciences connected with the oil and natural gas industry.

The EC serves as the Committee on Awards and may elect to award more than one person, or it may elect not to grant the award if the required criteria are not met. Recipients must be present at the API Annual Meeting in order to receive the award.

We will also present Gary Heminger the 2020 API Gold Medal at the API Annual Meeting this November.

A ballot for voting will be created and sent to you after the nominations are finalized. The recipient(s) will be announced at the June EC meeting. Attached is a list of past API Gold Medal Recipients (**Attachment C-1**).

Action: Please send your 2021 API Gold Medal for Distinguished Achievement nomination(s) via the attached form (**Attachment C-2**) to Kristin Westmoreland by close of business Friday, April 22, 2021.

Recipients
of
The Gold Medal for Distinguished Achievement
(Gold Medal not Awarded Every Year)

1946	Henry Ford	1988	Rawleigh Warner, Jr.
1947	William M. Burton	1989	
1948	Charles F. Kettering	1990	John F. Bookout
1949	J. Howard Pew	1991	Fred L. Hartley
1950	Walter C. Teagle		C. C. Garvin, Jr.
1951	Ernest O. Thompson	1992	Richard M. Morrow
1953	Otto D. Donnell	1993	George M. Keller
1954	Wallace E. Pratt	1994	Collis P. Chandler, Jr.
1956	J. Frank Drake	1995	C. J. (Pete) Silas
1957	Warren K. Lewis	1996	Constantine S. Nicandros
1958	W. S. S. Rodgers	1997	Allen E. Murray
1960	Eugene Holman	1998	Richard J. Stegemeier
1965	M. J. Rathbone	1999	Robert L. Parker, Sr.
1966	A. C. Rubel	2000	Kenneth T. Derr
1967	A. Jacobsen	2001	H. Leighton Steward
1968	R. Swin Follis	2002	Michel T. Halbouty
1969		2003	Roy M. Huffington
		2005	James W. Kinnear
1971	Michael L. Haider	2006	Lee R. Raymond
1972	Leonard F. McCollum	2007	James C. Day
1973	Albert L. Nickerson	2008	James Justiss, Jr.
1974	Jake L. Hamon	2009	Ray L. Hunt
1975	Robert G. Dunlop	2010	David J. O'Reilly
1977	James C. Donnell, II	2011	Claiborne Deming
1979	Frank N. Ikard	2012	James J. Mulva
1980	Charles E. Spahr	2013	James T. Hackett
1981	Dean A. McGee	2014	Clarence P. Cazalot
1982	George R. Brown	2015	J. Larry Nichols
1983	John E. Swearingen	2016	Stephen I. Chazen
1984	Jerry McAfee	2017	David J. Lesar
1985	H. A. (Dave) True, Jr.	2018	Rex W. Tillerson
1986	Robert O. Anderson	2019	John Watson
1987		2020	Gary Heminger*

* Will be presented at the 2021 API Annual Meeting

For Action

Attachment C-2
API Executive Committee
March 24, 2021

NOMINATION FORM

To: API Committee on Awards

Subject: Candidate Nomination Form
2021 API Gold Medal for Distinguished Achievement

Please send your 2021 API Gold Medal for Distinguished Achievement nomination(s) to Kristin Westmoreland (email [REDACTED] prior to the close of business on Friday, April 22, 2021. Should you have any questions, do not hesitate to call [REDACTED]

I recommend the following candidate(s) be considered by the Committee on Awards for the 2021 API Gold Medal for Distinguished Achievement:

_____ I do not have a recommendation for 2021.

The following comments are offered in support of the above recommendation:

Submitted by: _____ Date: _____

API FINANCE COMMITTEE REPORT

API Finance Committee

Objective: Provide an update on the 2020 unaudited financial statements and the annual audit.

Discussion:

2020 Year-End Results

The unaudited financial statements for the year ending December 31, 2020 shows that API's from 2020 general operations is . This is higher than the forecasted presented to the Finance Committee in September 2020. The over forecast is primarily the result of an .

Including the impact of the retirement plans and other non-cash activities (i.e. depreciation expense and lease standard adjustments) the total .

Annual Audit

At the December 29, 2020 meeting, the Finance Committee unanimously approved API's recommendation to replace RSM USA LLP and engage CliftonLarsonAllen (CLA) for API's 2020 fiscal audits.

CLA will meet with the Finance Committee on March 23, 2021 to finalize the audit process. The completed audit report will be presented to the Finance Committee in June and the results will be reported to the Executive Committee in June and the API Board of Directors in November.

API Membership

API management continues to monitor the impact of the economic environment, industry developments and a changed political landscape on API's membership retention and recruitment efforts. Despite ongoing challenges to the industry, we feel the overall health of the membership remains strong.

API membership currently stands at . This is consistent with 2020 year-end numbers and includes a balance of additions and resignations, with fluctuations primarily in the General Membership.

Action: None. For information only.

CLIMATE CHANGE PROPOSAL

Objective: To endorse API's climate change proposal and advocacy plan for next steps on public engagement including with the Biden administration, Congress and the broader public.

Background: During the month of February, the API policy committees met at the direction of the API Executive Committee to enhance the industry's policies and initiatives on climate change. The purpose of this effort was two-fold. First to strengthen our climate change advocacy with the Biden administration and Congress as the U.S. seeks to establish a nationally determined contribution consistent with the Paris Agreement.

The proposal includes the following five points:

1. **Endorse Carbon Pricing** *to drive economy-wide, market-based solutions.*
2. **Accelerate Technology & Innovation** *to reduce emissions while meeting growing energy needs.*
3. **Further Mitigate Emissions from Operations** *to deliver environmental progress.*
4. **Advance Cleaner Fuels** *to provide lower-carbon choices for consumers.*
5. **Drive Climate Reporting** *to support consistency and transparency.*

1. Endorse Carbon Pricing

API proposes the following position on carbon pricing:

API supports well-designed, market-based, economy-wide carbon pricing as the most impactful government climate policy instrument to reduce CO₂ emissions while helping keep energy affordable, instead of mandates or prescriptive regulatory action.

As policymakers consider various policies and approaches to address the risks of climate change, API will continue to engage based upon its climate principles and issue specific framework on carbon pricing (**Attachment F-1**) and work to integrate legislation that prices carbon across sectors and political jurisdictions while avoiding duplication.

2. Accelerate Technology & Innovation

API currently supports government funding of basic research toward the objective of reducing emissions, with a focus on technologies evaluated based on the potential for the largest scale and most economic GHG emissions abatement opportunity across the economy.

Based upon our industry's history and expertise we can help to further develop and promote the commercial promise of carbon capture, utilization and storage, and hydrogen technologies. **API proposes** to work with policymakers and other trade associations to:

- Fully appropriate funding for low carbon RD&D programs authorized in the Energy Act of 2020.
- Increase substantially Congress-appropriated funding for government research on a range of low or no carbon technologies, including capturing and storing carbon and production and supply of hydrogen, with formal assessment of funded technologies on the basis of potential for GHG abatement at the lowest cost.

- Implement federal policies consistent with the NPC study to substantially increase support for CCUS to achieve “at-scale phase” deployment.
- Implement policies to expand the infrastructure needed to secure a place for these low carbon technologies in the economy.

3. Further Mitigate Emissions from Operations

Flaring:

API proposes to advance to the second phase of its two-phase Flare Management Program under The Environmental Partnership to address associated gas flaring. This includes API analysis of existing/planned infrastructure and projected oil and natural gas production to better understand and ultimately inform the consideration of an associated gas flaring reduction target or goal.

API maintains that the regulation of flaring is best managed at the state level, and we will continue to work with both state and federal agencies to address routine gas flaring and proceed with the development of an operational guidance document on flaring, based on the best practices identified by The Environmental Partnership.

API proposes to encourage members to individually commit to no routine flaring by a certain date (e.g., World Bank’s Zero Routine Flaring Initiative by 2030), and promote the development of a common definition of routine flaring.

Methane: API currently supports cost-effective policies and direct regulation that achieve methane emission reductions from new and existing sources across the supply chain. Additionally, the oil and natural gas industry remains committed to the development and deployment of new technologies and practices through industry initiatives, like The Environmental Partnership, to better understand, detect, and mitigate emissions.

API proposes to engage in a two-year aerial survey project, managed by The Environmental Partnership, supported by supplemental funding from interested member companies. To collect meaningful data as quickly as possible, the project is purposefully designed to be iterative. Each phase of the project, starting in the second quarter of 2021, will inform subsequent project design and data collection to advance EPA approval of the aerial survey technology to satisfy regulatory requirements. As part of this effort, API will also support investigation, testing, and advancement of additional detection technologies. These projects can help inform API’s advocacy with the Biden administration as the EPA considers regulatory requirements to address emissions from existing sources and to continue to reduce methane emissions through voluntary collaborative industry efforts.

API proposes to engage proactively in the national debate regarding abandoned wells as a potential contributing factor to methane, by actively working with the Interstate Oil and Gas Compact Commission (IOGCC) to determine where opportunities exist for collaboration on state priorities associated with abandoned wells; to develop a stand-alone federal initiative that will provide federal grant money to meet the needs of the states while reducing potential environmental impacts from abandoned wells; and to participate as a thought partner with authors of federal initiatives focused on abandoned wells.

Refining: **API proposes** to establish a voluntary program for carbon emissions reductions available to all refineries to reduce GHG emissions. Further discussions are necessary to develop a meaningful program to incentivize and measure significant carbon emissions reductions. Such a program would identify a recommended target that is achievable and would result in meaningful GHG emissions reductions, along with a third-party reporting mechanism (i.e., Solomon or OGCI).

Additionally, **API proposes** to conduct forums to share information on topics such as refinery carbon emissions reduction efforts, and energy efficiency that protect company intellectual property and conform to API antitrust guidelines.

4. Advance Cleaner Fuels

Differentiated Natural Gas and LNG: API currently supports policies that expand the use of U.S. natural gas in both domestic and global markets. As investors and large natural gas customers increasingly look to understand the emissions impact of their suppliers, there has been a rising interest in a standardized and transparent market for natural gas differentiated by its emissions intensity.

Differentiated, or “responsible” natural gas is becoming increasingly important to buyers in both domestic and international gas markets. **API proposes** supporting the ongoing development of markets for differentiated natural gas, recognizing the significance of these efforts in ensuring natural gas continues to be viewed as a major component of a lower carbon energy future. API will continue to seek opportunities to engage with entities in the process of developing these initiatives and will explore the possibility of leveraging the work of API Global Industry Services in establishing criteria and methodologies for certifying differentiated natural gas.

Electricity: In promoting the sustained role for natural gas in an increasingly carbon constrained electricity sector, API has current principles for evaluating—and potentially supporting—Clean Energy Standard (CES) proposals that are inclusive of natural gas. In recognition of API’s newly proposed position in support of an economy-wide carbon pricing (outlined above), **API proposes** that its framework position on CES should be retained. API will make it clear that carbon pricing is the most impactful government policy instrument to reduce emissions. However, we will be prepared to engage on CES proposals consistent with our framework position.

Transportation Fuels: **API proposes** supporting technology neutral policies at the federal level that drive GHG emission reductions in the transportation sector using a holistic approach for fuels, vehicles and infrastructure systems.

More specifically, **this proposal** includes: 1) fuel standards, 2) vehicle standards based on a technology neutral, lifecycle approach for lower GHG emissions, 3) fuel/vehicle system optimization to improve efficiency and 4) supportive infrastructure measures.

Regarding fuel standards, **API proposes** supporting well-designed (technology neutral, lifecycle-based, and feasible) federal standard to reduce the carbon intensity of fuels.

API proposes engagement with EPA and renewable fuel stakeholders to develop strategies that eliminate the annual deadlock over RFS volume mandates, and result in a well-designed fuel standard for 2023 and beyond, either through regulation or legislation.

Regarding vehicle standards, **API proposes** support for the use of technology neutral fuel economy and GHG standards as an effective method to reduce the carbon impact of all transportation modes.

API proposes support for transitioning the standards from a tailpipe basis to a full lifecycle approach that encompasses both vehicles and fuels.

Finally, **API proposes** considering support for the adoption of a 95 RON octane standard for new vehicles to facilitate cost effective fuel economy improvements, as part of a holistic policy framework to reduce CO₂ emissions from transportation in conjunction with the fuel and vehicle standards mentioned above. API would not support a 95 RON standard on a stand-alone basis.

5. Drive Climate Reporting

API recognizes that policy makers, financial stakeholders and others seek to understand GHG emissions across the entire oil and natural gas value chain.

API proposes supporting industry sustainability reporting consistent with the *IPIECA-API-IOGP Sustainability Reporting Guidance* and promoting member efforts in this space.

API proposes supporting consistent climate-related financial risk and opportunity disclosures amongst the industry, including reporting consistent with or leveraging Task Force on Climate-related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB) frameworks. API will continue to monitor and seek to influence the further evolution of external reporting frameworks.

For more information on API's existing Climate-Related Reporting Initiative see **Attachment F-2**.

Next Steps: API will release a climate action framework outlining the above policy recommendations and new industry initiatives, following approval by API's Board of Directors. API will highlight the industry's climate framework as building on the industry's climate progress to date and supporting the U.S. government's new contribution to the Paris Agreement.

Following Board approval, API will release the framework

Action: To endorse the five-point climate change proposal and supporting advocacy plan.

Status:	Approved by Executive Committee in October 2019 and Board in November 2019
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CARBON PRICING

Government policies to price the carbon intensity of economic activities to correspond with the externality associated with their GHG emissions; includes policies to calculate the social cost of carbon.

*This document does not represent an endorsed API advocacy position;
API will use the following principles to evaluate government policy proposals.*

Issue-Specific Framework of API Policy Principles on Carbon Pricing

API expects continued efforts by policy makers to price carbon as a way to reduce GHG emissions. Any government policies to price carbon should include complementary policies that support significant investments in innovation to develop technologies that lower the cost of GHG emissions abatement across the economy. API will engage policy makers so that the design of a potential approach would price carbon at the outset for all relevant GHG emissions from all relevant sectors and account accurately for the benefits, costs and amounts of GHG emissions, according the following principles:

- Goal – The goal of policies to put a price on carbon should be to achieve GHG emissions reductions at the least cost to society, in order to meet the dual challenge of continued economic growth while addressing the risks of climate change.
- Scope of Coverage – Policies to put a price on carbon should be based on carbon-equivalent emissions only on a GWP100 basis and should cover the widest scope of GHG emissions US economy-wide as practically and economically achievable, including all emitters.
- Policy Duplication and Interoperability – If a price on carbon is introduced, it should minimize the burden of duplicative regulations: by *-either-* preempting other duplicative programs to reduce GHG emissions *-or-* being interoperable with these other policies, such that there is minimal duplication of the price on carbon that consumers or emitters pay.
- Setting the Ambition and Trajectory – API advocates that policy construct should be phased in over time and that, ultimately, the carbon price should not exceed the marginal cost of carbon emissions or the cost caused by an additional ton of carbon emitted into the atmosphere.¹¹

¹¹ If a carbon pricing government policy uses the Social Cost of Carbon (SCC) to set a boundary on either a carbon price or a cap on emissions, it should adhere to the following criteria:

- Determined through a Notice and Comment Process.
- Based on transparent analyses (models, assumptions and inputs) that are subject to peer review.
- Calculated with discount rates of 3% and 7%, consistent with OMB Circular A-4.
- Based on a time horizon consistent with those most widely-used in integrated assessment models
- Account for US benefits as a share of global benefits.

- Rate or Cap Adjustments – The price on carbon or emissions cap should be adjusted periodically through a defined, rational, and transparent process to meet GHG emissions targets. Periodic rate adjustment should provide certainty for the economy and maintain the integrity of the carbon pricing policy.
- Uniform Treatment – A policy to put a price on carbon should ensure uniform cost of GHG emissions on a CO₂ equivalent basis throughout the economy.
- Transparency for Consumers – The carbon pricing system should be designed so that consumers have transparent incentives, based on actual GHG emissions if possible, to reduce GHG emissions efficiently. With respect to transportation fuels, a government policy-imposed carbon price should be disclosed at the point of retail sale.
- Baseline – As applicable, the point in time reference or baseline against which future targets for reducing GHG emissions are determined in the design of a policy to put a price on carbon should be 2005. This is already the baseline for which US economy-wide policy action has been determined in global climate negotiations.
- Credits –
 - a. Accounting for net emissions. Credit should be provided for substances priced where GHG emissions are captured or sequestered downstream of the point where the price on carbon is assessed, such as for fossil fuels used as feedstocks in manufacturing activities where the carbon is permanently stored.
 - b. Participation of parties. Allow any parties to generate emission reduction credits and participate in the carbon pricing program to incentivize broad participation.
 - c. Credits. Allow for the trading of credits and their use in compliance.
 - d. Early action. Provide credit for early and/or voluntary actions.
 - e. Credit for other regulatory compliance. As applicable, credit should be granted for compliance with other non-climate related regulations that produce a corollary benefit of reducing GHG emissions.
- Global Carbon Markets – As applicable, allow for international trading in carbon mitigation through interoperability with other carbon pricing regimes outside the US.
- Avoidance of Carbon Leakage – A policy regime to put a price on carbon should include a WTO-compliant mechanism to prevent the movement, or “leakage,” of industry or trade from the US that may create economic competitive disadvantages – and to prevent the offshoring or outsourcing of GHG emissions that would negate overall global GHG emissions reductions. A policy to put a price on carbon should be globally integrated so that US entities have the incentive to reduce their carbon footprint on a worldwide basis without being competitively disadvantaged.

CLIMATE-RELATED REPORTING INITIATIVE

Objective: Provide the API Executive Committee (EC) with a status report on Phase II of the API Climate-related Reporting Initiative (the Reporting Initiative).

Background: The purpose of the Reporting Initiative is to broaden support for the oil and natural gas industry and build a strategic relationship with the financial services industry by providing relevant information to enhance consistency and comparability in climate-related reporting. At its November 9, 2020 meeting, the EC endorsed moving to Phase II to consult with selected financial sector stakeholders to seek their input on the API Draft Template for Standardizing GHG Emissions Reporting (API Draft Template). In November 2020, the EC directed that Scope 3 GHG emissions indicators be removed from the API Draft Template for potential consideration at a later time.

Next Steps: For Phase II consultation, the Climate Committee has identified a *primary* set of members of the financial services industry

For Phase II consultation, the Climate Committee has endorsed the API Draft Template (**Attachment F-2i**).

Consultation with these primary stakeholders is intended to begin in April 2021 and continue into the summer 2020 after proxy season. In late summer or fall 2021 Phase II consultation will broaden to a *secondary* set of stakeholders with outreach to the Sustainability Accounting Standards Board (SASB) and the SASB Investor Advisory Group as well as a relevant third party such as an academic influential that understands the industry's broad scope and value.

Action: None. For information only.

API Draft Template for standardizing GHG emissions reporting

1. General

1.1	Date published:	
1.2	IPCC AR GWP:	AR4
1.3	Basis:	Equity

No.	Indicator	Units	2020	2021
2. Direct GHG Emissions (Scope 1)				
2.1	Direct GHG Emissions (Scope 1) - All GHGs	(million metric tons CO ₂ e)	-	
2.1.1	Upstream - All GHGs	(million metric tons CO ₂ e)		
2.1.1.1	CH ₄	(million metric tons CO ₂ e)		
2.1.2	Midstream - All GHGs	(million metric tons CO ₂ e)		
2.1.2.1	CH ₄	(million metric tons CO ₂ e)		
2.1.3	Downstream - All GHGs	(million metric tons CO ₂ e)		
2.1.4	LNG - All GHGs	(million metric tons CO ₂ e)		
2.1.5	Oil and Natural Gas Field Services - All GHGs	(million metric tons CO ₂ e)		
2.1.5.1	CH ₄	(million metric tons CO ₂ e)		
2.2	Flaring - All GHGs (subset of Direct Emissions - Scope 1)	(million metric tons CO ₂ e)		
2.2.1.1	Volume of Flares	(mmcf)		
3. Indirect GHG Emissions from Imported Energy (Scope 2)				
3.1	Indirect GHG Emissions from Imported Electricity + Heat + Steam + Cooling (Scope 2, Market-based)		-	-
3.1.1	Upstream - All GHGs	(million metric tons CO ₂ e)		
3.1.2	Midstream - All GHGs	(million metric tons CO ₂ e)		
3.1.3	Downstream - All GHGs	(million metric tons CO ₂ e)		
3.1.4	LNG - All GHGs	(million metric tons CO ₂ e)		
3.1.5	Oil and Natural Gas Field Services - All GHGs	(million metric tons CO ₂ e)		
4. GHG Mitigation				
4.1	GHG Mitigation from CCUS, Credits, and Offsets		-	-
4.1.1	Carbon Capture Utilization or Storage (CCUS for Direct Emissions - Scope 1) - All GHGs	(million metric tons CO ₂ e)		
4.1.2	Renewable Energy Credits - (RECs for Indirect Emissions - Scope 2) - All GHGs	(million metric tons CO ₂ e)		
4.1.3	Offsets (Total) - All GHGs	(million metric tons CO ₂ e)		
5. Intensity - Direct GHG Emissions (Scope 1)				
6.1	Scope 1 Upstream Carbon Intensity	[ratio - options on tab 1a]		
6.2	Scope 1 Upstream Methane Intensity	[ratio - options on tab 1a]		
6.3	Scope 1 Upstream Flaring Intensity	[ratio - options on tab 1a]		
6.4	Scope 1 Midstream Methane Intensity	[ratio - options on tab 1a]		
6.5	Scope 1 Downstream Carbon Intensity	[ratio - options on tab 1a]		
6.6	Scope 1 LNG Carbon Intensity	[ratio - options on tab 1a]		
6. Third-party Verification				
7.1	Assurance Level			
7.2	Assurance Provider			

For Information

**Attachment G
API Executive Committee
March 24, 2021**

For Information

**Attachment G
API Executive Committee
March 24, 2021**

For Information

**Attachment H
API Executive Committee
March 24, 2021**

COMMUNICATIONS UPDATE:

Note: this is the same pre-read found in the API Board of Directors packet (Attachment E-1ii)

For Information

**Attachment H
API Executive Committee
March 24, 2021**

Note: this is the same pre-read found in the API Board of Directors packet (Attachment E-1ii)

DIVERSITY EQUITY & INCLUSION INITIATIVE

Objective: Advance API's Diversity, Equity and Inclusion (DE&I) Initiative and confirm strategic direction.

Background: In response to the national debate on racial inequality, the Executive Committee (EC) directed API to establish a DE&I Initiative. The Initiative's primary focus was improving workforce and supplier diversity and two pilot programs were launched last summer with the support of EC member representatives.

According to a recent IHS Markit study, people of color and women make up 33% and 20% of our industry's workforce respectively.

With changing demographics and attitudes among younger generations,

In addition, many executives have noted that the industry should demonstrate the same commitment to sparking local business growth and employee diversity in the U.S. as it has demonstrated internationally.

API Approach to DE&I: API has developed a 5-part strategy to support greater DE&I in the oil and natural gas industry. This includes incorporating a variety of elements from across API which together advance a more robust program.

1. **Accelerator:** Leverage pilot programs to demonstrate ability to create faster and more efficient diversity outcomes, starting with workforce and supplier diversity. The workforce pilot is focused on creating a more robust pipeline for recruiting diverse candidates for operations, maintenance and technical roles in the downstream segment. An upstream pilot leveraging lessons learned in the downstream will be discussed with the Upstream Committee in May. The supplier diversity pilot is initially focused on demand side solutions by providing education and best practices on supplier diversity programs. See **Attachment I-1** for additional information.
2. **Communications:** Ensure our industry's commitment to DE&I continues to be incorporated in the external industry narrative, including proof points and stories. Develop networks to share internal best practices and content.
3. **Education, Research and Industry Knowledge:** Support K-12 STEM education through the STEM Careers Coalition, powered by Discovery Education. Lead quantitative and qualitative research anchored by a series of IHS reports which look at the long-term U.S. demographic and labor market trends that will create future job opportunities for people of color and women in the industry. Provide accredited Minority Serving Institutions (MSI) with free access to API's standards – giving students a leg up in acquiring the practical knowledge needed to enter and succeed in the industry.

Governance: This topic is unlike other API policy or program areas and does not neatly fit within the purview of any one existing committee. Last summer, EC members designated senior level representatives with organization-wide responsibilities for DE&I to sit on a Working Group (WG) and provide input and oversight of our program of work. API feels it important to expand participation to all member companies, which is supported by the WG. Board companies will be invited to join the WG at the March meeting and all non-board companies will receive a follow up invitation.

Key Points:

1. **Target Audience.** This initiative started with a focus on Black Americans. It became clear as we developed the body of work that it is important to open the aperture to other opportunities to increase diversity in the industry. In the Houston workforce pilot in the downstream, for example, we felt it important to also focus on the Hispanic community given the local demographics.
2. **Scope.** API is proceeding within the defined scope of the two pilots and 5-part strategy outlined above.
3. **API Certification.** The workforce task force has faced a variety of complexities, including 1) labor market reductions across the industry, 2) industry consolidation/restructuring occupying attention of HR professionals and
the task force is scoping a proposed 6-month API certification which would be administered by approved partner professional/technical (P-tech) schools and complement existing programs. The concept is to provide a sponsored, defined pathway for entry-level oil and gas careers that would be attractive to diverse talent groups. A 6-month certification would jump-start students' ability to gain basic knowledge and skills required in the industry and career pathway opportunities ranging from internships to entry level positions to 2-year P-tech degrees. The concept will be initially tested in the Houston area where the industry has well-establish P-Tech relationships. Further work will be done to determine whether curricula should be tailored for business segments or positioned as an introduction to the broader industry.
4. **Existing Resources.** API has led this initiative by repurposing existing resources, and we plan to continue forward in this regard throughout 2021. If the EC envisions bolder steps for 2022 such as impacting the capacity of minority small businesses, we will need to resource the program accordingly. For now, we are letting groups such as the Greater Houston Partnership, the Business Roundtable, the National Association of Manufacturers, et. al. further develop their offerings so we can complement and not recreate efforts.

Action: Confirm API's approach to DE&I.

DE&I PILOT PROGRAM UPDATE

Objective: Provide an update on the progress of API's workforce and supplier diversity pilot programs which are being led by two task forces comprised of EC member companies. These pilots are meant to test the industry's ability to drive greater progress at a faster rate by learning from limited scope projects and eventually scaling the successful outcomes.

Supplier Diversity: The supplier diversity pilot program is focused on educating API members on the business case for supplier diversity and expanding the pipeline and capacity of diverse suppliers who can support the oil and natural gas industry. The pilot work plan is comprised of demand side and supply side programming:

1. **Establish a Baseline:** Efforts began with the first all-member survey on supplier diversity to establish a baseline and better understand the industry's current supplier diversity activities. The key takeaways verified task force assumptions that expertise is concentrated within a small subset of companies.
2. **Demand Side Programming:** API launched Diversity Matters, a series of in-depth discussions on DE&I topics. The first sessions in the Diversity Matters series are designed to increase awareness for API members on the business case for supplier diversity and share best practices. To learn more, contact API COO Amanda Eversole ([REDACTED]).
3. **Supply Side Programming:** The task force is scoping out opportunities to develop the capacity of diverse suppliers over the long-term. Initial program research includes capabilities assessments, industry-specific curricula that addresses education gaps and leveraging existing programs to make connections for growth capital.

Workforce: The task force is focused on joint training programs by leveraging existing partnerships and expanding allies to better recruit and serve minority skill seekers. The goal of these programs is to expand the industry's ability to hire from a diverse pipeline. The target audiences for these programs are high school and community college students and mid-career transitioners for positions in operations, maintenance and technical functions in the downstream.

The task force has identified two downstream-focused locations for initial implementation – San Francisco (spring cohort is underway) and Houston. After the pilot demonstrates scalability, the task force will consider expanding beyond the downstream and into other areas of our industry. In addition, the task force is establishing a broad framework of opportunities open to all API members. This includes engaging community partners and joint trade associations to provide opportunities for API members to: 1) learn industry best practices on workforce recruitment; 2) development, utilize communications toolkits; and 3) network with diverse stakeholders. Finally, the task force is scoping a 6-month API certification conducted in partnership with professional/technical schools, as part of their 2-year curriculum, which would provide basic skills and understanding of career pathways within the industry.

Action: None. For information only.

**API SAFETY AND ENVIRONMENTAL PROGRAMS REPORT:
CENTER FOR OFFSHORE SAFETY**

Objective: To share with the API Executive Committee (EC) API's intention to more regularly report on programs that support safety and environmental progress. This report will focus on upstream programs with emphasis on the Center for Offshore Safety (COS).

Background: API publishes standards and administers a variety of related programs that help to advance industry performance in safety, the environment and other aspects of operational integrity. To ensure appropriate focus remains on these important issues, API will periodically report progress to the EC and Board of Directors, with focus on particular segment programs as well as cross-sector initiatives.

In October 2020, API took a significant step forward in bringing together safety and environmental segment standards and programs under a common framework and commitment to accelerating safety and environmental progress through its new API Energy Excellence platform. Launched publicly during API's State of American Energy Event in January 2021, API Energy Excellence is a systems-based framework that contains 13 elements that are broadly applicable across industry segments. The elements serve as a roadmap for accelerating operational integrity, drawing upon existing segment standards and programs. API has incorporated the program into its messaging and boilerplate statement, promoted the new program in social media, and has planned for paid content to run in the *Houston Chronicle* in the coming weeks. In support of member reporting beginning in early 2022, API has formed an Energy Excellence Resource Network, with more than 100 companies nominating designees. This Network will be engaged in webinars and good practice sharing forums throughout the year, and nominations can be sent to [REDACTED] API will share further information with the EC and Board on progress throughout the year.

Each API Segment Committee has also created tailored tools and programs to support safety and environmental progress. For the past decade, the COS has provided a forum for companies operating in the offshore OCS to contribute to systems approaches for advancing safety and environmental protection; share good practices to facilitate their proliferation; and interact with BSSE on implementation and certification issues related to their adoption of API RP-75, *Recommended Practice for a Safety and Environmental Management System for Offshore Operations and Assets*.

Discussion: The Center for Offshore Safety has not only undergone several significant governance changes over the past year (e.g. new Director, new Chair, elimination of dues assessed for API members, etc.), it has also been delving more deeply into understanding offshore safety and environmental trends and developing responding actions. In the past year, there have been five offshore OCS fatalities, which have been a significant point of conversation. In addition, COS publishes an annual performance report, and the 2020 report (2019 data) included a mixed bag of both positive developments and concerning trends:

- Two incidents that resulted in three fatalities were reported in 2019 by COS member companies; only one fatality (2015) was reported to COS in the preceding six years.
- Twenty-three mechanical lifting/lowering incidents in 2019 were a significant increase over the seven reported in 2018. All incidents that involve mechanical lifting, regardless of the severity of the consequences were also up significantly in 2019 to 137 as compared to 38 in 2018.

- Both Days Away from Work, Restricted Work, Job Transfer (DART) and Recordable Injury Illness Frequency (RIIF) are down slightly from 2018 yet remain higher when compared to 2014-2016.
- 2019 marks 5 years in a row with zero Level 1 of Well Control Incidents (confirmed loss of well control), and 4 years with zero Level 2 Well Control Incidents (barriers failed, but no loss of well control).

Based on these trends, as well as an analysis of the third round of BSEE audits, COS 2021 priorities are three-fold: safety and environmental management systems, data and leadership. Focus areas for systems include expansion of good practices in risk-focused audits and process safety/verification of barriers of protection, adding to the six new systems documents published in 2020. Specific to the data relative to recent incidents, the COS Lifting Subcommittee will publish a *Guidance on Development of an Effective Crane Maintenance Tracker (CMT)* as well as recommendations for data collection following an offshore crane incident. These initiatives have received broad lifting-industry support, as well as BSEE involvement. These efforts also complement BSEE's initiative to reduce lifting incidents by 50% in 2021. Finally, in the area of leadership, COS is engaging in the area of worker fatigue (mental, emotional and physical) through a Fatigue Risk Management Work Group, which has been widely reported by industry as a key safety driver given the prevalence over the past year of natural disasters, industry downturn and organizational changes. COS also recently published *Guidelines for Leadership Site Engagement, 2nd edition* to support offshore visits from senior leaders to bolster and support a safety culture.

COS will continue to engage collaboratively with trade affiliates and the U.S. regulators, BSEE and USCG, on offshore safety. Both BSEE and the USCG are participating actively in COS work groups and good practice development activities through representatives at both the national and regional levels. COS looks forward to continued cooperative efforts with the new BSEE Director, once announced, and the new senior USCG leadership expected this summer.

Next Steps: During future EC meetings, reports will be provided on other segment programs, activities and progress, including upstream onshore (Onshore Safety Alliance); midstream (Pipeline Safety Management System Assessment program); Downstream (Process Safety Site Assessment Program); and API Energy Excellence.

Actions: None. For information only.