

## **BLOOMBERG TV VISIT ON AUG. 1**

### **SUMMARY BRIEF AND TALKING POINTS FOR SWD**

**Overview:** Bloomberg TV will travel to BP's Houston campus to film live broadcasts of "Bloomberg Daybreak: Americas," Bloomberg's flagship morning show focused on the important financial and global news of the day, and "Bloomberg Commodities Edge," a program dedicated to the biggest names and news in the commodity world. A Bloomberg crew will film both shows from the Helios trading floor, with BP executives being interviewed for each program.

**Date/Time:** Thursday, Aug. 1

- 6:00-8:00 a.m. CST – "Bloomberg Daybreak: Americas"
  - **(Brian Gilvary on 7:40-7:50 a.m.) – Group Results**
- 12:00-1:00 p.m. CST – "Bloomberg Commodities Edge"
  - **(Susan Dio on 12:30-12:40 p.m., Orlando Alvarez on 12:40-12:50 p.m.)**

*Note: "Commodities Edge" is typically 30 minutes in length but will be extended to a full hour for this special broadcast.*

**Reporter:** Alix Steel



Steel is the co-anchor (with David Westin) of "Bloomberg Daybreak: Americas," and the sole anchor of "Bloomberg Commodities Edge." She has previously interviewed several BP executives for her programs, including Bob Dudley, Lamar McKay, Bernard Looney, Brian Gilvary, Tufan Erginbilgic and Spencer Dale.

#### **Recent examples of BP executive interviews with Alix Steel**

- **Bob Dudley** (March 2019, at IHS-CERAWeek in Houston)
- **Bernard Looney** (March 2019, at Bloomberg New Energy Finance Conference in NYC)
- **Spencer Dale** (February 2019, at Bloomberg TV studios in NYC)
- **Brian Gilvary** (October 2018, remote from London)

#### **Format:**

- **"Bloomberg Daybreak: Americas"** – Steel will do a **LIVE** interview at **7:40-7:50 a.m. CST** with Brian Gilvary. The interview will take place on the Helios trading floor during the second hour of the show's two-hour broadcast. Gilvary will be the only BP guest on this program, though Bloomberg will likely invite and interview other non-BP guests on the set at Helios.
- **"Commodities Edge"** – Steel will interview Susan Dio and Orlando Alvarez for this special edition of the show, which will also be on the Helios trading floor. The interviews will be **LIVE**, with **Dio's slot scheduled for 12:30-12:40 p.m. CST and Alvarez's for 12:40-12:50 p.m.** The first half of the program will be devoted to the day's commodity news and may include non-BP guests.

### **Potential Interview Topics:**

- **Gilvary:** BP's 2Q results, BP Group strategy, brief overview of IST/NAGP and other energy news topics of the day.
- **Dio:** Recent momentum and growth of BP's U.S. businesses, including U.S. onshore; energy transition investments in U.S.; reflections on first year in role women in energy; post-Harvey recovery/modernization of Westlake campus.
- **Alvarez:** Overview of NAGP and trading floor, natural gas market outlook, role – and case for -- natural gas in energy transition.

*Note: While general topics and lines of questioning will be mutually agreed to beforehand, specific news topics/events may emerge that bring late changes.*

### **BP Objectives:**

- Convey confidence in BP's strategic direction.
- Highlight continued business momentum, globally and in the U.S.
- Underscore BP's unique expertise in physical supply and trading, innovative financial structures and world-class analytics and how they deliver long-term value.
- Promote and defend role of natural gas in the global fuel mix.
- Continue to position BP as a progressive and pragmatic voice in the climate discussion – and as a modern company and employer looking to the future.

*(Note: 2Q financial results and key messages to be included separately. Separate, more detailed talking points will also be developed for speakers.)*

## **TALKING POINTS FOR SWD**

### **TOPICS/ISSUES COVERED**

- BP in America
- U.S. Momentum
- IST/NAGP
- Lower-carbon Benefits of Natural Gas
- Energy Transition (and U.S. examples)
- Women in Energy/BP
- Houston Campus
- Hot U.S. Policy Topics (ANWR, Methane, Trade, Carbon Pricing)
- BP Group Themes/Messages
- Key Excerpts from RWD Chatham House speech

### **U.S. Themes/Messages**

## BP in America

- BP has been operating in the U.S. for more than 150 years through our heritage companies.
- BP has a larger economic footprint in the U.S. than in any other nation, and it has invested more than \$115 billion here since 2005.
- We support over 125,000 jobs across the country — including our 14,000 U.S. employees — and we reinvest every dollar we earn here right back into the U.S. economy.
- Over 40 percent of BP shares are held in the U.S., more than in any other country.
- Since the (November) 2016 election, BP has announced a new \$9 billion project in the deepwater Gulf of Mexico called Mad Dog 2, a \$10.5 billion acquisition of BHP's U.S. unconventional assets, a \$1.3 billion Atlantis Phase 3 development and a field expansion at Thunder Horse.

## U.S. Momentum

- We are entering the third year of our five-year strategy and remain on-track to deliver on our 2021 targets.
- The U.S. has been a big part of the story -- and remains a significant contributor to BP's momentum.
- Indeed, our U.S. business is really firing on all cylinders right now.
  - **Upstream** –
    - **GOM** –
      - Expanded the Atlantis and Thunder Horse fields
      - Started up Constellation project
      - FID of Atlantis Phase 3
      - Over the last five years, BP's net production in the Gulf of Mexico has increased by more than 60 percent, rising from less than 200,000 boe/d in 2013 to more than 300,000 boe/d today. BP anticipates its production in the region growing to around 400,000 boe/d through the middle of the next decade.
    - **BPX Energy** – Completed largest acquisition in 20 years with \$10.5B purchase of BHP's world-class U.S. unconventional assets. The deal strengthens our position in the liquids-rich regions of the Permian, Eagle Ford and Haynesville basins.
    - **Alaska** – Celebrated 40 years of production at Prudhoe Bay and continuing to find ways to extend the life of the field.
  - **Downstream** –
    - **Refining** – 3 U.S. refineries all running well
    - **Retail** – In 2018 in U.S., opened 176 BP stations, reintroduced Amoco brand and acquired nearly 200 stores operating under the Thornton's banner.
  - **Alternative Energy** –
    - **Wind** – Remain one of the largest operators in the nation, with nine operated sites and interest in a 10<sup>th</sup>.

- **Solar** – Growing in the U.S. via LightsourceBP, with first three U.S. projects announced and more to come.
  - **Ventures** – Since 2006, invested more than \$400 million in dozens of U.S. companies (recent examples below)
  - **Other**
    - **Marketing and Trading** – Continuing to improve our capabilities and providing a vital linkage between energy products and customers.
    - **Shipping** – Recently added six new, state-of-the-art LNG tankers to respond to growing demand for lower-carbon natural gas around the world. The vessels will help service a 20-year liquefaction contract with the Freeport LNG facility in Texas, as well as other international LNG projects in BP's global portfolio.
    - **Technology** – Here in Houston, we continue to expand our Center for High-Performance Computing, which houses one of the largest supercomputers for commercial research in the world.

## IST (Global)

- We connect BP to the world's traded markets for oil, gas, power, refinery and chemical feedstock and currencies.
- Our combination of unique expertise in physical supply and trading, innovative financial structures and world-class analytics delivers long-term value – from wellhead to end customer.
- 2,500 people worldwide in 23 countries
- 12,000 customers in 140 countries

## NAGP

- BP is the **largest marketer of natural gas in North America**, selling more than 20+ billion cubic feet each day, enough to heat every home in the U.S. for nearly two years.
- In an average year, BP's marketing and trading business serves **more than 3,500 customers** across North America.
- BP manages **more than 11 billion cubic feet of transportation capacity** and schedules gas flows on **more than 140 pipelines** across North America.
- BP is **one of North America's top wholesale and retail power marketers** and is the **largest natural gas marketer in the region**. This represents a crucial part of our broader strategy to advance the energy transition, since gas can dramatically reduce carbon dioxide emissions in the power sector.
- Natural gas is an important part of the solution/energy mix to the dual challenge – both globally and in the U.S.
- The U.S. power market relies on natural gas and various forms of renewable energy (solar, wind) to satisfy demand – and BP is well-positioned to satisfy this demand with its upstream gas business, wind business, and investment in the LightsourceBP solar business.
- Our power team is committed to the dual challenge through its support of new gas-fired generation, wind generation, and solar generation projects – and is

recognized as a leader in providing risk-management services to power generators and consumers of wholesale and retail power.

- In addition, we are expanding our **natural gas liquids (NGLs) business** both domestically and globally.
- BP provides its customers — including oil and gas producers, refineries, petrochemical plants and power generators — with hedging products and other risk management services that support capital investments and promote long-term economic growth.
- It was the first energy company to register as a “**swap dealer**” — an entity that participates in certain derivatives markets — under the Dodd-Frank Act.

### IST (Other)

- MARPOL 2020 – undertaking rigorous testing in preparation for new maritime pollution requirements that will significantly reduce the limit on sulfur content in marine fuels globally
- BP is the largest supplier of renewable natural gas (biogas) to the U.S. transportation sector. Ownership in RNG production facilities in Michigan, Tennessee and Oklahoma.

### Lower-Carbon Benefits of Natural Gas

- America's energy-related CO2 emissions have fallen back to where they stood in the early 1990s.
- The main reason is that gas has been displacing other fossil fuels in electricity generation.
- Gas accounted for 32% of U.S. electricity generation in 2017, up from 19% in 2005.
- Over that same period, coal's share of generation went from 50 to 30%.
- BP sees natural gas as not only a “bridging” fuel, but also a “destination” fuel, since it can provide crucial backup generation for renewables such as wind and solar.
- The industry needs to control methane emissions, but we can do it by developing and deploying advanced technologies.
- BP's Lower 48 business has achieved significant methane reductions through a number of voluntary actions.

The International Energy Agency on July 16 issued a report making the climate case for natural gas, but with caveats (*Axios summary below*)

**What they did:** The report explores the past and potential of replacing coal-fired power and heating with gas. Here are a couple of big takeaways...

- **It has already helped.** IEA estimates that since 2010, coal-to-gas switching has avoided CO2 emissions that are equivalent to putting another 200 million electric vehicles on the road drawing on zero-carbon power during the same period. And there's cost-effective potential for even greater switching.

- **It beats coal despite methane.** While emissions of the powerful greenhouse gas methane from natural gas production and transport erode its CO2 benefits to a hotly debated degree, IEA says it's still a winner.
- **By the numbers:** "On average, coal-to-gas switching reduces emissions by 50% when producing electricity and by 33% when providing heat," IEA said.
- **Known unknowns:** One important caveat is the information gap. "We don't know the full extent of [methane] emissions globally because we have yet to see the kind of field studies of actual emissions" as done in the U.S., Mark Brownstein, a top official with the Environmental Defense Fund, tells me.
- **Better tracking is needed.** IEA, in unveiling its methane emissions tracking tool, noted "wide divergence" in estimates and called for more data.
- **Industry can do more.** IEA said the oil industry can do a lot more with available tech to detect and stem methane emissions at no net cost.

**What they're saying:** "The issue isn't gas vs coal. It's whether the oil and gas industry is doing everything possible to make emissions of methane as low as possible," Brownstein tells me. The answer, he said, is no, even as some major companies are clamping down.

**But, but, but:** Coal-to-gas switching does not come anywhere close to putting the world on an emissions path that avoids blowing past the temperature goals of the Paris climate agreement.

**The bottom line:** "It is clear that switching between unabated consumption of fossil fuels, on its own, does not provide a long-term answer to climate change, but there can nonetheless be significant CO2 and air quality benefits, in specific countries, sectors and timeframes, from using less emissions-intensive fuels," IEA said

## BP/Energy Transition

- BP is taking action to support the world's transition to a lower-carbon economy.
- We are limiting greenhouse gas emissions across our businesses while continuing to meet growing global energy demand.
- BP has decades of experience addressing this dual challenge, and today all four parts of our business strategy are working to advance a lower-carbon future. Those four components include:
  - **Growing advantaged oil and gas in the upstream** – Invest in more oil and gas, producing both with increasing efficiency
  - **Market-led growth in downstream** – Innovate with advanced products and strategic partnerships.
  - **Venturing and low-carbon across multiple platforms** – Pursue new opportunities to meet evolving technology, consumer and policy trends.
  - **Modernizing the whole group** – Simplify our processes and enhance our productivity through digital solutions.

- Put more simply, BP's strategy for advancing the energy transition is based around a basic framework: "Reduce-Improve-Create."
- We're working to reduce emissions in our operations, improve our products, and create new low-carbon businesses while growing our established portfolio of renewables.
- Globally, BP plans to allocate at least \$500 million a year for low-carbon activities.
- The transition to a lower-carbon economy is the challenge of our time.
- No one company or sector can meet the challenge alone.
- To deliver significantly lower GHG emissions, every type of energy must be cleaner and better. A race to renewables will not be enough.
- That's why BP is making bold changes across our entire business — by reducing, improving and creating.

*AET Investments/Examples in U.S.*

- BP has one of the largest operated portfolios of renewable energy assets among the major international oil companies, with a large presence in the U.S.
  - BP Wind Energy – Operates 9 sites in six states and holds interest in another site in Hawaii.
  - LightsourceBP – After BP announced in 2017 plans to spend \$200M over three years to acquire a 43% stake in the UK's Lightsource, the joint partnership has recent announced three large U.S. projects:
    - (May 2019) – Alabama Municipal Electric Authority, 100MW
    - (Feb. 2019) – Penn State Solar Project, 70 MW
    - (Feb. 2018) – Mid-Kansas Electric Company, 20 MW
  - Biofuels - BP has a joint venture with DuPont known as Butamax, which converts corn sugar into bio-isobutanol — a biofuel that is more energy rich than ethanol and can be blended with gasoline in higher concentrations. In 2017, Butamax acquired existing ethanol plant in Scandia, KS, and is now working to add capacity to produce bio-isobutanol there.
- Elsewhere, BP is the largest supplier of renewable natural gas to U.S. transportation sector.
- Since 2006, BP Ventures also has invested more than \$400 million in dozens of U.S. companies, including several recent examples:
  - \$30 million investment in Calysta, working to enhance the sustainability of fish and livestock farming by generating their feedstock protein from methane. (Announced June 27)
  - \$30 million invested in Fulcrum BioEnergy, which makes lower-carbon jet and diesel fuel from household garbage. (First commercial-scale plant under construction near Reno, Nevada, begins production in 2020 and will convert 175,000 tons of household garbage into 10.5 million gallons of fuel a year.)
  - \$20 million invested in Beyond Limits (artificial intelligence and cognitive computing)
  - Co-investing, alongside OGCI fund, in Solidia, which produces lightweight concrete in a way that can reduce its carbon footprint by up to 70 percent.

- In the downstream, BP Castrol — America's No. 1 motor oil brand for consumers who change their own oil — offers a growing number of carbon-neutral engine oils and lubricants. In 2017, it launched Castrol EDGE Bio, a USDA-certified motor oil made with base stocks derived from sustainably produced sugar cane.
- BP also launched a renewable diesel unit to produce lower-carbon fuel at its Cherry Point refinery, completed a modernization project that has allowed its Cooper River Chemicals plant to reduce both the amount of electricity it uses and emissions it produces, and reduced its methane emissions in its onshore operations in the lower 48 states.
- Elsewhere, in 2018 BP partnered with Tesla to install a high-storage battery at its Titan 1 wind farm in South Dakota. This project is the first of its kind in BP's U.S.-operated wind business and a potential step forward in the performance and reliability of wind energy.

### **One-Year Reflections (and BP purpose statement)**

- It's a very challenging time for our industry, but also a very exciting one.
- Over our history, we've repeatedly faced moments of change and successfully adapted to meet the growing needs of billions of people.
- The energy we provide truly helps advance human progress.
- Today we find ourselves embarking on another transition.
- The world is looking for us to continue to provide energy to fuel economic growth and improve lives – but in new ways, with cleaner emissions.
- This dual challenge is one of the foremost issues of our time and particularly relevant to our industry.
- It presents BP with all sorts of exciting possibilities.
- When it comes to addressing the climate challenge, we agree on much more than people realize.
- BP agrees the world is not on a sustainable path.
- BP supports a rapid transition to a low carbon economy and agrees on the need to move to a net-zero world.
- And I'm excited and inspired to be in a role where I can help make a difference.

### **Women in Energy/BP**

*(Excerpt from Women Offshore UNITE conference speech)*

- We now know that true excellence requires a workforce made up of people of different backgrounds, ethnicities and genders.
- At BP, we haven't fully cracked the code on this, but we continue to make progress, especially when it comes to increasing the representation of women at the senior levels.
- Examples:
  - Women now leading three critical U.S. businesses (GoM, Alaska, oil trading)
  - BP America Board of Directors. 18 months ago, our 10-member board had only one woman. Today, it has four.
  - Today, 50% of non-executive directors on BP PLC board are women.

- Two women on Group executive team in London (not one a year and a half ago)
- In global roles, we have women leading BP's global upstream engineering and our global shipping business.
- And last year, I became the first woman to become chairman and president of BP America.
- We're enormously proud of our progress and we have made a commitment to continue this.
- A commitment at the corporate level is an absolute must for women professionals to advance and thrive.

## **Houston Campus**

- Houston is the company's U.S. headquarters, and it is home to the largest concentration of BP employees in the world, with more than 4,000 working across the region.
- The Westlake campus is the primary hub for BP's upstream business in the U.S., and a main location for its gas-trading business. The company's Gulf of Mexico business and its wind energy business also are based in Houston.
- In August 2017, Hurricane Harvey did significant damage to BP's Westlake campus, flooding the main Westlake One office tower (and child care center).
- Since then, work has been underway to repair the damage as well as to upgrade and modernize Westlake One.
- It's been challenging, in part, because we've been re-instating our main office tour, an older building that we've taken the opportunity to modernize.
- Over the course of 3Q 2019, we will introduce a new Westlake One first floor experience featuring a new lobby and café along with best-in-class destination space and amenities.
- The goal is to create a modern, agile and inclusive work environment that fosters innovation and collaboration.
- It will truly be representative of BP as a global energy company with major presence in the U.S.

## **U.S. Policy Topics/Issues**

### **Arctic National Wildlife Refuge (ANWR)**

We review access and exploration possibilities worldwide and consider participating only if they are consistent with our business strategy, competitive with opportunities we have elsewhere and we are confident that we can operate safely and responsibly, meeting regulatory requirements and our own high standards.

### **Methane**

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- But BP is not waiting for perfect regulations. We're driving down methane emissions throughout our business.
- Last year BP announced an industry-leading methane intensity target of 0.2% -- a target praised by the Environmental Defense Fund and others for its stringency – and we are holding emissions to that goal.
- In our U.S. onshore operations, we have replaced around 99 percent of our high-bleed pneumatic controllers with continuous low-bleed and intermittent pneumatic controllers, and are deploying drones and other new remote leak-detection technologies.
- We're also sharing lessons learned with industry and others through a series of methane roundtable events we've hosted in London, Washington, Beijing, and next month Brussels.
- BP is a founding member of the Oil and Gas Climate Initiative, which brings together 13 of the world's largest energy companies and has set up a \$1 billion investment fund to address methane emissions and other issues.
- BP is also a signatory member of the Methane Guiding Principles and within it we're leading development of a plan to accelerate implementation of best practice guidelines across the natural gas value chain.

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## Trade

- As a global company with complex supply chains, we are concerned about the potential impact of steel and aluminum tariffs and the likelihood that retaliation/trade wars will negatively impact the oil and gas industry in the U.S., negating benefits of the recently-passed tax cuts.
- These policies could disrupt the global supply network and discourage investments in the U.S.

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- BP has long supported free trade: doing business in 70 countries depends on the free movement of goods and services.

Climate Policy, Carbon Price & Washington State

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## BP Group Themes/Messages

- **We know where we are going:** We have set out a clear direction of travel with our five-year strategy and are executing it well.
- **We like what we have:** We have worked hard to shape a portfolio of world-class assets and distinctive market positions.
- **We are already in action:** We recognize and are embracing the energy transition. We see possibility and opportunity in it for BP.
- **We are optimistic but realistic:** The precise pace and trajectory of this transition is unknowable. It will depend on consumer preferences, technology and policy changes.
- **We know what it will take to win:** Which is why our strategy allows us to flex and adapt – the winners in this transition will be those who learn fastest and have a portfolio that adapts the quickest.
- **We are part of the solution:** We see ourselves as part of the solution, but we must be financially strong to deliver. That means making sure we are an attractive investment throughout the energy transition.

## Key Excerpts from RWD's speech at Chatham House in London on July 16

*"The frustration from my side is that we agree on much more than people realize. "BP believes the world is not on a sustainable path...we support a rapid transition to a low carbon economy....[and agrees on] the need to move to a net-zero world."*

### **Applauding the UK government's backing of move to net zero and set out the path to get there:**

*"Zero-carbon power keeping us warm and the lights on...provided largely by renewables and supported by decarbonized gas, including the use of carbon capture use and storage (CCUS).*

*"Streets humming with electric and hydrogen-powered cars and the skies and seas being navigated by planes and ships powered by biofuels and hydrogen.*

*"It's a world where people and businesses will have moved away from a throw-away culture and are embracing the circular economy...*

*"Where we harness nature's power to reduce emissions – through planting trees and nurturing peatlands."*

### **On the important role that energy majors like BP have to play:**

*"Because of our technical capabilities, financial resources and global reach, we're not just part of the future, we're an important part of the solution.*

*"That's not to say we'll be the same companies.*

*"At BP, we've never stopped evolving and modernizing since we began doing business 110 years ago."*

**One key thing:**

*"If we were to really focus on only one area, I'd say it has to be carbon pricing, because it impacts the consumer behaviors which dictate corporate investment."*