

Our participation in trade associations: climate

Draft 2

NOTE: This is a word version of the draft report. The Board will be provided with a designed version based on this text. The final report will run to 16 pages plus covers.

DRAFT

Table of contents

Our participation in trade associations: climate	1
Table of contents	2
Introduction from Bernard	3
Executive summary spread	4
Summary findings table	4
The role of trade associations	6
Policy differences and review	7
Our approach to advocacy and lobbying	8
Advancing the energy transition	9
Review methodology	10
Principles for review	10
Positions assessed	10
Overall assessment of climate activities and positions	11
Assessment of broader value to BP	11
Action planning	11
Limitations of this review	11
Detailed findings	13
Associations deemed as not aligned	13
Associations deemed as mostly aligned	15
CASE STUDY: Working with AFPM on climate policy	15
Associations deemed as aligned	19

Introduction from Bernard

[GAP: 600 words]

PHOTO: Bernard.

[GAP: case study on IOGP and safety with photo]

DRAFT

Executive summary spread

[GAP: One-page summary covering:

Value and activities of trades.

Approach to climate-related advocacy.

General observations on process and findings.

Next steps/ gaps.]

[GAP: diagram to show numbers not aligned, mostly aligned, aligned]

Summary findings table

Not aligned – 2 associations

Associations deemed not aligned have stated opposition to BP positions with limited balancing support in other areas. Associations in this category area as follows:

Western Energy Alliance (WEA): BP has decided not to renew its membership in WEA due to material differences around federal methane policy and changes made to BP's asset portfolio in the US onshore.

Western States Petroleum Association (WSPA): BP has decided to resign its membership in WSPA as a result of material differences regarding policy positions on carbon pricing.

Mostly aligned – 6 associations

An association has been deemed mostly aligned if it demonstrates alignment against most positions. In practice, this means that:

- One or more positions assessed as mostly aligned; and/or
- No position on Paris or climate science; and/or
- Most positions assessed as 'no position'.

Associations in this category area as follows:

- AFPM [GAP: summary findings from detailed findings section]
- API [GAP: summary findings from detailed findings section]
- AIP [GAP: summary findings from detailed findings section]
- CAPP [GAP: summary findings from detailed findings section]
- NAM [GAP: summary findings from detailed findings section]
- US Chamber [GAP: summary findings from detailed findings section]

Aligned – 22 associations

Associations that are aligned were defined as those that had:

- Aligned positions on Paris and climate science; and

- No significant misalignments in other areas; and
- Limited areas of 'no position'.

Associations in this category area as follows:

- Australian Industry Greenhouse Network (AIGN)
- Australian Petroleum Production & Exploration Association (APPEA)
- Business Council of Australia (BCA)
- Business-Europe
- European Chemical Industry Council (CEFIC)
- European Round Table of Industrialists (ERT)
- Fuels Europe
- Bundesverband der Deutschen Industrie (BDI)
- Mineralölwirtschaftsverband (MWV)
- Verband Der Chemischen Industrie (VCI)
- International Air Transport Association (IATA)
- International Association of Oil and Gas Producers (IOGP)
- International Emissions Trading Association (IETA)
- International Gas Union (IGU)
- IPIECA
- Oil and Gas Climate Initiative (OGCI)
- World Business Council on Sustainable Development (WBCSD)
- Vereniging Nederlandse Petroleum Industrie (VNPI)
- VNO-NCW
- Spanish Association of Petroleum Products Operators (AOP)
- Confederation of British Industry (CBI)
- Oil & Gas UK (OGUK)

The role of trade associations

BP is a member of many trade associations across the world. We join associations, in part, so that our views on a variety of topics are considered. We engage in policy debates on subjects of legitimate concern or opportunity for BP, our staff, and the communities in which we operate.

We share our perspective on emerging policy issues with trade associations in which we participate, where we believe our contribution is beneficial both to BP and to the wider discussion.

We believe being a member of a trade association provides wide range of benefits in addition to engaging in the policy debate. For example:

- Supporting understanding of issues, including different views and perspectives.
- Contributing to the development of equipment, operating and safety standards.
- Developing and sharing knowledge and promoting good practice.
- Providing input and expert advice on behalf of the sector to regulatory bodies and institutions.
- Supporting professional development.

We consider several factors when joining and reviewing our memberships, including:

- Alignment with business purpose, focus areas, activity and positions – including those related to climate.
- Value to BP's business or the implications of not being involved.
- Ability for BP to influence.
- Presence of appropriate arrangements with respect to anti-trust and competition law.
- Financial and time commitments.

Our code of conduct sets out our expectations for working with our business partners. It requires our employees to clearly communicate expectations to our partners, take the appropriate measures if expectations are not met, and report any indications that a business partner is not complying with their obligations.

BOX: types of trade association

Trade associations are extremely diverse and can be broadly grouped into three types:

- General or multi-sectoral business associations.
- Sector-specific industry associations.
- Issue-specific associations.

Trade associations can be global, regional, national or local in scope.

Each individual association may have its own legal status, governance arrangements and membership requirements, and its specific activities may be influenced by the social, political and legal environment it faces.

Policy differences and review

We understand that positions taken on any topic by all trade association are often be a compromise view, arrived at through their individual decision-making processes where there could be widely differing views among their membership. We share our perspective on emerging policy themes with them, but as one member among many, we do not expect to dictate what they write or say.

This means our position and trade association positions are unlikely to always be the same. However, we will seek alignment between our positions by:

- **Assessing respective positions at the time of joining.**
- **Ongoing monitoring.**
- **Active engagement within the association where appropriate – this may include during periods of new policy formulation.**
- **Focused reviews of key association positions.**

We monitor our memberships of associations, and the positions or campaigns they undertake, to enable us to consider whether our memberships remain appropriate. We may publicly dissent from a trade association position or resign our membership if there is material misalignment on high-priority policy issues.

We will provide a summary of our key association memberships to our board.

These ongoing processes apply to the full range of association activity – not just those related to climate. This review of climate positioning is an additional activity and is taking place in response to stakeholder interest – including shareholders.

We will provide regular updates as necessary and undertake a similar review in two-years' time.

Our approach to advocacy and lobbying

Open and well-informed discussion between governments, business, investors, academic bodies, non-governmental organizations and the public is vital as public policies are debated and solutions developed.

We cooperate and engage with governments, regulators and legislators in the development of proposed policy that is relevant to our business. These policies can affect us in a wide range of areas – from tax and employment issues to safety or advancing the energy transition. This cooperation and engagement can take many forms – from lobbying on specific policy proposals by our own employees, through to communications activities and advertising. [Separately, some trade associations also devote significant efforts to lobbying and advocacy on matters which they consider to be important to their members, or to the issues or sector which they represent.

In our advocacy, we seek to:

- Engage early in policy development process.
- Support proposals that align with our policy principles (see pX).
- Focus on areas (policy and/or regions) where we may have greater possibility to influence.
- Intervene constructively and positively.
- Oppose only as a last resort and with agreement between relevant parties.

We make disclosures under the relevant laws within the jurisdictions in which we operate. For example, BP is registered in the Transparency Register of the European Union and we make disclosures under the US Lobbying Disclosure Act (LDA).

[GAP: governance, policies and processes relevant to these activities.]

Advancing the energy transition

The world is not currently on a sustainable path. Despite this, in many parts of the world, public policies to deliver the aims of the Paris Agreement are currently absent or insufficient, inconsistent or contradict with each other. This creates uncertainty around both the pace and nature of the transition and, ultimately, threatens society's ability to achieve the Paris goals.

For society, including companies like BP, collectively to deliver Paris requires policy that is well-designed to be sufficient, clear, stable, predictable, comprehensive and economically efficient to deliver society's goals at least cost.

We recognize that such policy may have the potential to affect us or our sector's conventional businesses and activities adversely in the short or long term. But we support such policy on the basis that:

- The world meeting the Paris goals is in society's – and our – long-term interest.
- Our strategy is designed to be flexible; and we believe there are significant low carbon opportunities for us as society.
- Policy also supports delivery of positive social, environmental and economic outcomes.

[GAP: stakeholder concerns around our role in the energy transition and our advocacy and lobbying.]

BOX: How we make our position clear: Positions taken by trade associations will often be a compromise view. When we have a difference of opinion, we will share our perspective publicly. For example:

- BP published an op-ed in the Houston Chronicle emphasizing our support for the direct federal regulation of methane. We also filed our own comments to proposed regulation reinforcing this position.
- We invited external stakeholders to our onshore operations to demonstrate the actions we are taking to control methane emissions in our operations
- In 2019 and 2020, BP supported bills in Washington State that would establish a price on carbon and set aggressive emissions reductions targets.

PHOTO: Valve or similar to illustrate methane controls.

Review methodology

Principles for review

This is the first time BP has conducted a group-wide review of the alignment of trade association climate-related activities and positions with our own. In doing so, we have Followed a process that we consider to be rigorous, consistent, objective and fair. A total of 30 were selected as:

- Actively involved in climate policy discussions and salient to stakeholders.
- These associations are concentrated in regions where the debate is currently focused: North America, Europe and Australia.

Assessment of associations has been undertaken using current positions, statements and information around policy input available in the public domain. In general, the positions assessed are from 2018 and 2019.

Initial desk research was undertaken by an independent third party – BSR – and judgements on alignment have been made by a multi-disciplinary BP team including representatives from strategy, policy and external affairs teams. Representatives from the BP business who work directly with these associations have been engaged, and these findings have undergone review by executive team members and our board of directors.

Positions assessed

Trade associations' positions have been assessed against the existing set of BP climate positions:

1. Paris Agreement – we support the goals of the 2015 Paris Agreement on climate change.
2. Climate science – we recognize the IPCC as the primary source of information on climate science.

To meet the Paris goals, we believe the world must take strong action on a range of fronts:

3. Reducing emissions rather than promoting one fuel as the answer.
4. Putting a price on carbon to help drive action in an efficient and cost-effective way.
5. Improving energy efficiency, where the greatest reductions in emissions can be achieved.
6. Using and deploying new technologies, such as carbon capture, use and storage.
7. Natural climate solutions through land-use projects and the role of offsets.

Overall assessment of climate activities and positions

Associations that are aligned were defined as those that had:

- Aligned positions on Paris and climate science; and
- No significant misalignments in other areas; and
- Limited areas of 'no position'.

An association has been deemed mostly aligned if it demonstrates alignment against most positions. In practice, this means that:

- One or more positions assessed as mostly aligned; and/or
- No position on Paris or climate science; and/or
- Most positions assessed as 'no position'.

Associations deemed not aligned will have stated opposition to BP positions in any area, with limited balancing support in others.

Assessment of broader value to BP

GAP: 200 words including

Trade associations not just about climate – eg Safety.

We assessed value of association more broadly.

And our ability to influence.

Before we proposed action plan.

Action planning

[GAP: 200 words including actions for each category. For not aligned, options are defined in 3*2 (add in words). Options include: Lobby in an association; Increase visibility of our position; Retain option to put association on notice. Provide assurance that we can do something positive by staying in to influence. Detail in detailed findings.]

[GAP: possible diagram on action planning]

Limitations of this review

The views and conclusions expressed in this report are those of BP. No association covered by this review was consulted on our approach, assessment or findings prior to publication. We have endeavoured to provide a consistent and fair summary of the positions of each association included in the scope of this review, but recognize that the nature of a review of policy and advocacy positions in any area of public debate necessarily involves interpretation, judgement and opinion.

In designing the methodology for this review, we have as explained above set out specific, relatively high-level BP positions and compared TA positions to those. We took this approach for reasons of rigour, consistency and objectivity. However, in so doing, we have recognised that this approach has its limitations. Not every climate-related issue is necessarily caught by the positions we have set out; and some areas

of potential alignment or misalignment may arise at a level of detail or nuance not readily captured by this approach.

Evidence-based review

The review is based on publicly available information such as websites and social media sites. The review cannot, and therefore does not, encompass or take into account information which may have been disclosed 'behind closed doors' as we need to maintain respect for the confidentiality of these discussions.]

DRAFT

Detailed findings

In the following section we have provided further details for those associations where we are not aligned or mostly aligned. For details on how we gauged alignment please see page [x].

[GAP: commentary on overall findings and process]

Associations deemed as not aligned

Western Energy Alliance (WEA)

WEA is an upstream association, active in the mid-western and western states of the US. The organization's focus is broad, including water, wildlife, public lands access, national monuments, national environmental policy acts, air quality and methane.

BP does not have representation on the WEA board of directors or executive committee.

Redacted - First Amendment

Please see review methodology (p10) for further information on these positions.

Action

BP has decided not to renew this membership with WEA. This is due, in part, to a misalignment on federal methane policy, and also that we have sold the bulk of our operations in the states within which WEA is active.

Western States Petroleum Association (WSPA)

WSPA is a member-driven, staff-enabled organization representing upstream and downstream operators in five western US states – Arizona, California, Nevada, Oregon and Washington. WSPA is focused on state legislation, regulations and policy in a broad range of topics.

WSPA is the only oil and gas trade organization engaged at a state level in Washington, Oregon and California. The association is active in areas including climate policy, safety, land use, tax, marine and rail.

BP has a representative on the board of directors. BP also participates in technical and policy committees.

Redacted - First Amendment

Redacted - First Amendment

Consequently, we have decided not to renew this membership.

This action will leave BP without trade membership in the region which may negatively impact our ability to successfully engage on other important issues. We feel, on balance, that this is the right decision currently. We will look to manage these risks by continuing to monitor our engagement and relationships in the states covered by WSPA.

[GAP: possible case study on lessons learned from Washington State carbon pricing proposal]

Associations deemed as mostly aligned
American Fuel and Petrochemical Manufacturers (AFPM)

AFPM is the leading US trade association representing the refining and petrochemical industries. A variety of issues are covered by the organization, including health, safety and environment, tax and trade, transportation and more.

We see significant value in our membership of AFPM in the areas of fuels standards, safety and technical issues.

We have representation on the organization's board of directors and executive committee, as well as several policy and technical working groups.

Redacted - First Amendment

American Petroleum Institute (API) – mostly aligned

API is the only national trade association that represents members from across all parts of the oil and natural gas industry in the US – both upstream and downstream. It is the major standard-setting organization for the industry in areas such as safety, fuels and emissions. BP derives a great deal of benefit from API membership on a broad range of topics.

BP participates in API policy and technical committees, as well as the board of directors and executive committee.

Redacted - First Amendment

[GAP: consider API case study]

Australian Institute of Petroleum (AIP)

AIP represents Australia's petroleum products industry with a focus on operating efficiently, economically and safely, in-line with applicable environment and community standards. BP is one of four core members and derives broad value from AIP. We are represented on the association's board and participate in policy and technical committees.

Redacted - First Amendment

Redacted - First Amendment

Canadian Association of Petroleum Producers (CAPP) – mostly aligned

CAPP is the Canadian upstream oil and gas association, representing more than 60 producers and more than 80 associate members from across all Canadian provinces and territories. Key focus issues are climate, market access and province/territory related issues in areas where we are active, such as Alberta. BP holds a seat on the board and is involved in technical and policy committees. Alignment of climate activities and positions

Alignment of climate activities and positions

Redacted - First Amendment

National Association of Manufacturers (NAM) – mostly aligned

The NAM is the largest manufacturing association in the US, representing small and large manufacturers in every industrial sector and in all 50 states. The NAM addresses a number of topics important to BP – from workforce development, to tax and trade, to broader regulatory reform.

BP participates in a variety of NAM policy committees. BP does not have representation on the board of directors.

Alignment of climate activities and positions

NAM's climate policy has moved a great deal and the association is mostly aligned.

Redacted - First Amendment

US Chamber of Commerce – mostly aligned

The US Chamber of Commerce is a broad business organization representing employers across all sectors in the US and active internationally. BP derives significant value from the chamber as they focus on a broad range of topics from environment and agriculture to international affairs.

BP participates in a variety of the Chamber's policy committees and programs. BP does not participate on the board of directors.

Alignment of climate activities and positions

Redacted - First Amendment

Associations deemed as aligned

The activities and positions of the following associations are deemed to be aligned with ours. We will continue to work within these associations and monitor alignment going forward.

- Australian Industry Greenhouse Network (AIGN)
- Australian Petroleum Production & Exploration Association (APPEA)
- Business Council of Australia (BCA)
- Business-Europe
- European Chemical Industry Council (CEFIC)
- European Round Table of Industrialists (ERT)
- Fuels Europe
- Bundesverband der Deutschen Industrie (BDI)
- Mineralölwirtschaftsverband (MWV)
- Verband Der Chemischen Industrie (VCI)
- International Air Transport Association (IATA)
- International Association of Oil and Gas Producers (IOGP)
- International Emissions Trading Association (IETA)
- International Gas Union (IGU)
- IPIECA
- Oil and Gas Climate Initiative (OGCI)
- World Business Council on Sustainable Development (WBCSD)
- Vereniging Nederlandse Petroleum Industrie (VNPI)
- VNO-NCW
- Spanish Association of Petroleum Products Operators (AOP)
- Confederation of British Industry (CBI)
- Oil & Gas UK (OGUK)