

BP-API principal representatives
Agenda – API Annual Meeting

Time	Topic	Facilitator(s)
8:00-8:10	Context Objective(s): <ul style="list-style-type: none"> - Overview of API Annual Meeting and schedule of events. - Brief update on API coordination activities. 	C. Yeilding / B. Stout
8:10-8:20	OGCI Objective(s): <ul style="list-style-type: none"> - Overview of latest from OGCI. 	P. Jefferiss
8:20-8:30	API 2017 Industry Priority Issues Objective(s): <ul style="list-style-type: none"> - Overview of BP ballot process. - Agree API 2017 Priority issues. 	J. Nolan
8:30-8:40	API 2017 Budget Objective(s): <ul style="list-style-type: none"> - Overview of API proposed 2017 budget. 	J. Nolan
8:40-9:20	Key issues Objective(s): <ul style="list-style-type: none"> - Overview of issue and ensure alignment on key messages. <p>API Communications Campaign</p> <p>Center for Offshore Safety</p> <p>Redacted - First Amendment</p> <p>Health Effects Institute (HEI)</p> <p>API Climate Policy</p> <p>International Standards</p>	<p>L. Sidoti</p> <p>R. Morrison</p> <p>M. Brien / D. Sparkman</p> <p>S. Lucas / R. Morrison</p> <p>J. Nolan / B. Stout</p> <p>S. Lucas</p>
9:20-9:30	AOB, summary and way forward	C. Yeilding / B. Stout

BP-API principal representatives Issue summaries – API Annual Meeting

OGCI

- The OGCI, Oil and Gas Climate Initiative, is a voluntary, CEO-led initiative using the power of industry collaboration to make a material impact on carbon emissions
- The initiative started in January 2014, via the World Economic Forum in Davos, and now comprises ten companies: BP, CNPC, ENI, Pemex, Reliance, Repsol, Saudi Aramco, Shell, Statoil and Total.
- Collectively, this represents more than 20% of the world's oil and gas production and more than 10% of the world's energy supply.
- The first formal OGCI event was held in October 2015 in Paris, in advance of COP 21.
- At this event, the OGCI CEOs expressed collective support for an effective climate change agreement and the ambition to limit global temperature rise to 2°C.
- The event also marked the publication of the first OGCI report 'more energy, lower emissions – catalyzing practical action on climate change' and the publication of collective emissions, flaring methane and gas production data.
- The report also focused on energy efficiency opportunities, the role of natural gas in replacing coal and longer-term technology solutions.
- In late 2015 and throughout 2016 the OGCI has moved into action in the following areas:
 - A low emissions roadmap – describing potential technology pathways to 2040 to align with the Paris agreement
 - The role of natural gas, and in particular the detection and management of methane emissions to ensure under all circumstances gas remains better than coal from an emissions perspective
 - The role of carbon capture, use and storage (CCUS) and its potential to make a material impact on emissions through burial of CO₂ and through use of CO₂ in products.
- In addition to these focus areas, the OGCI has been developing the basis of a collaborative investment fund.
- We believe that collaborative investment – on top of all the work our companies are doing individually – to reduce greenhouse gas emissions on this scale is truly groundbreaking and will make a measurable difference.
- We expect to leverage our investment several times, both through partnership with other organizations and funds – and as we deploy the technology in our own operations.
- Our investments will focus on climate-related technologies and businesses that can benefit from collaboration across our industry, with focus on natural gas and methane management, CCUS, industrial energy efficiency and transportation efficiency.

- We will be making a further collective announcement about OGCI progress and our investment fund on the 4th November in London.
- Finally, we would like to recognize the many partners in with whom we work in governments, the UN other multi-lateral organizations and civil society, and in particular the World Economic Forum for catalyzing this effort.

Redacted - First Amendment

API 2017 Budget

Context: The Board will be asked to approve the API 2017 budget as recommended by the API Finance Committee.

Background:

- At the Finance Committee meeting on October 3, API presented a flat and a recommended 2017 budget. The recommended budget seeks an increase of 17% over 2016; however dues funding would increase by 30% given that the non-dues sources of income (e.g., GIS) would remain flat.
- The 2017 flat and proposed budgets each include \$30M for the new communications campaign.
- To hold the campaign funding at \$30M, the flat budget cuts \$14M from the campaign budget for other mission critical issues such as access, infrastructure, hydraulic fracturing and fuels.
- Other items reduced or cut in the flat budget include litigation (\$2.5 recommended, \$1.5 in flat) which API contends will compromise their ability to litigate new rules like the BLM venting and flaring rule expected late this year.

Recommendation: BP endorses the API 2017 flat budget proposal.

See Attachment B for additional reference material.

API Communications Campaign

Context: An update on the campaign progress will be provided to the API Executive Committee. Segment-level committees are scheduled to receive a joint briefing.

Background:

- The API Communications Committee is making significant progress toward developing a new messaging campaign that meets the Executive Committee's objectives – i.e. changing the conversation in light of “keep it in the ground” threats and focusing on a much larger audience beyond influencers – that is persuadable adults (with a special focus on millennials) across the U.S.
- After 10 years with the same vendors, the committee did a necessary and exhaustive search and ultimately hired a new advertising firm – GSD&M out of Austin – to develop a campaign that uses both emotion and fact to show how the oil and gas industry is relevant to individuals' lives – and explain how the benefits outweigh the risks. The Committee has done several rounds of research to ensure we understand the audience's views of the industry and are crafting the right message to persuade the right people – without enflaming detractors.
- The Executive Committee is being asked to support \$30 million for this new campaign in the 2017 budget.

Recommendation:

- BP's view is that \$30 million is the very minimum needed for a new campaign that meets the objectives the Executive Committee laid out.
- BP's Communications Committee representative, Liz Sidoti, is supportive of spending more for this new branding effort – \$50 million or so – to launch it in earnest and to seed the ground for five to 10 years of this new messaging.

Center for Offshore Safety (COS)

Context: The Executive Committee will be asked to approve the proposed Vice-Chair of the Governing Board for 2017 with the understanding that the Vice Chair will become Chair in 2018. The Upstream Committee will receive a COS program update.

Background:

- The mission of COS is to promote the highest level of safety within the U.S. offshore oil and gas industry.
- A Governing Board, comprising member company representatives, provides direction, leadership and oversight of COS activities and is approved by the API Upstream and Executive Committees. API provides administrative support and oversight.
 - Steve Thurston (Chevron) Chairs the COS Board. Brad Smolen (BP) is Vice-Chair. Brad will assume the role of Chair in 2017 if approved by the API Executive Committee, with R Rajasingham (Shell) assuming Vice-Chair.
- Recently API appears to be overstepping their authority within COS. Examples include:

- API declining membership to COS members unable to pay 2016 dues, despite the Board's intent to give struggling contractors a 'holiday' or a reduction in dues (participation is more critical). As a result of this, Seadrill is no longer a member.
- API informing the Board via email, and without discussion, that the launch of the COS Annual Report – a document that many regulators value – would be delayed due to sensitivities around the Deepwater Horizon movie. The Annual Report is traditionally launched at the COS Annual Forum.
- Additional API staff attending an External Stakeholder Group (ESG) meeting, interjecting on topics not directly related within the scope of the ESG. The ESG includes representatives from BSEE, USCG and PHMSA, and traditionally only meets with members from the Governing Board and Executive Director (only API's liaison with COS has attended these meetings in the past). The ESG is intended to provide an external perspective on COS activities and enables BSEE, USCG and PHMSA to provide their priorities going forward.
- A COS action from the last Board meeting is to review the COS Charter to identify options to ensure it remains independent of API's advocacy role and other conflicting strategies.)

Key messages/request to API:

- It is imperative that the mission of COS to promote safety offshore is not precluded by other API interests.
- API needs to honor the governing structure outlined in the COS Charter that has been reviewed and approved by the API Executive Committee.
- API should reconsider recent organizational changes that positioned COS under GIS, rather than having the COS Executive Director reporting directly to the API CEO as before.

See Attachment C for additional reference material.

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Health Effects Institute health study

Context: This is not on any API agenda, however could be raised in side conversation.

Background:

- For two years API has been discussing whether to participate in a health effects study that would be used to inform debate on potential health impacts of onshore oil and gas development. The main driver was to debunk poorly constructed studies.
- API prioritized participation in the Health Effects Institute (HEI) as it is an independent organization and their study would be partially funded by government.
- HEI worked with API to revise the scope of their study based on industry priorities. The study would cost \$28 million over five years for the initial phase (exposure study), with industry providing half of the funding (\$14 million). A second phase (health assessment) would only occur if warranted.
- The Upstream Committee voted against pursuing the HEI study in May 2016. After further discussing the decision with opposition voters, API ultimately concluded discussion with HEI with no plans to re-engage.
- A small group of API members are looking at developing an alternative vehicle for industry to fund HEI's study outside of API. BP has been asked for support by several of these company representatives, but has not yet made a commitment.
- BP is determining whether to proceed with financially supporting the HEI study.

Key message (if asked):

BP is still vetting participation in this study internally. At this time we are unable to commit to anything.

See Attachment E for additional reference material.

API Climate Policy

Context: The Executive Committee will be asked to endorse API's revised Policy.

Background:

- BP has worked closely with API's Climate Policy Task Force (CPTF) as it updates API's 2008 climate policy.
- The CPTF has reached agreement on a new set of principles that satisfy BP.

- The CPFT (including BP) also recommends that API not update its 2009 carbon tax principles.

Recommendation: BP endorses the API Climate Policy.

See Attachment F for additional reference material

International Standards

Context: It is expected the Executive Committee will receive an update on API's global standards strategy. An update is currently on the API Upstream Committee agenda.

Background:

- Operators put forth their position on International Standards in August 2016 via the International Association of Oil and Gas Operators (IOGP).
- The position outlines a suggested path forward to more efficiently develop global standards while working within sanction boundaries.
- Ian Cummins (BP) chairs the IOGP Standards Committee and Fuzzy Bitar (BP) is Vice-Chair of the IOGP Management Committee.

Key message (if asked):

- BP supports the IOGP Operators' Position and would like to see alignment with API's global standards strategy.
- BP encourages API to continue engagement with IOGP and ISO, and maintain transparency in their standards coordination activities.

See Attachment G for additional reference material.