



BP
CONFIDENTIAL
DO NOT SHARE

Geopolitical risk

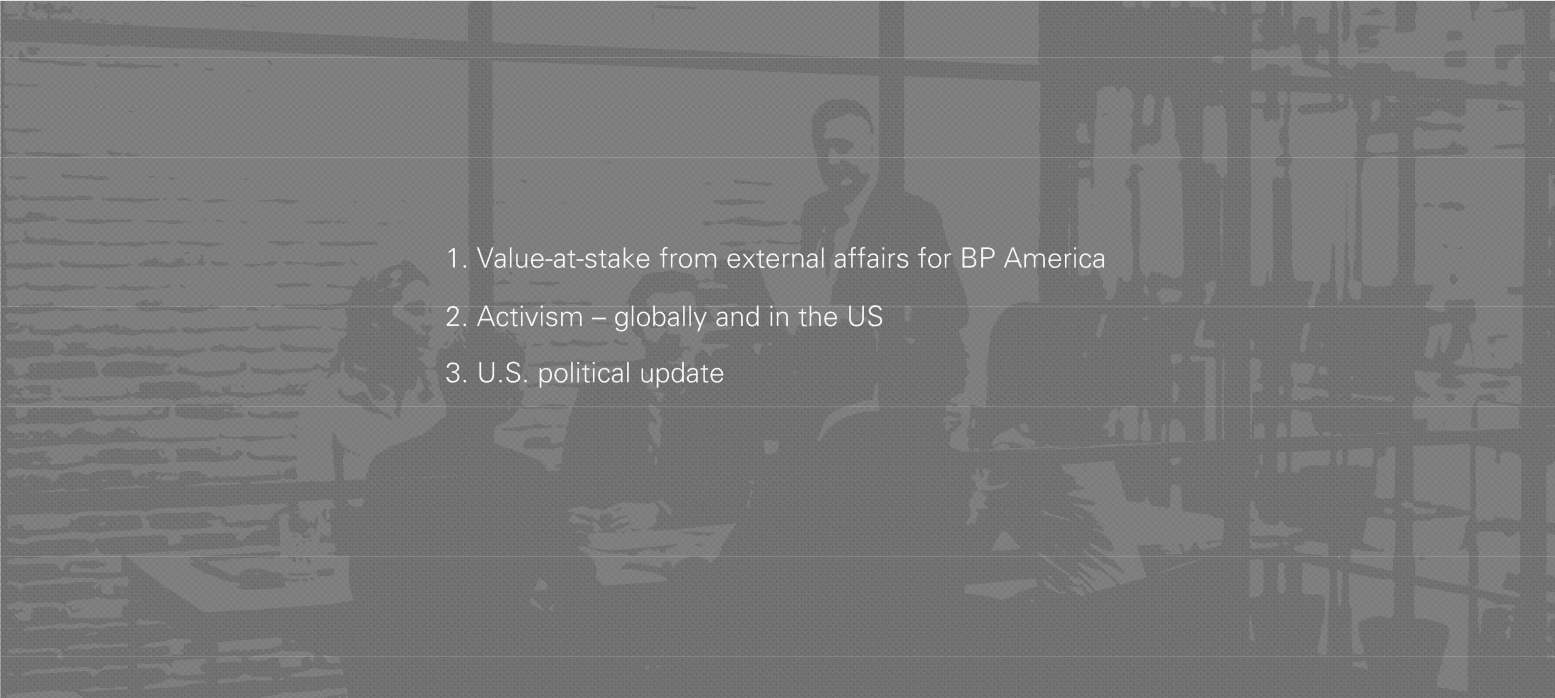
Mary Streett

BP America Board of Directors Meeting | 12 December 2019

BPA_HCOR_00324518



Agenda

- 
- A grayscale, semi-transparent background image showing a group of people in a meeting. Several individuals are seated around a table, looking towards the left side of the frame. The image is dark and serves as a backdrop for the agenda text.
1. Value-at-stake from external affairs for BP America
 2. Activism – globally and in the US
 3. U.S. political update



Value at Stake context and today's discussion

CONTEXT

In 1H 2019, C&EA worked with all US businesses to implement the Value at Stake project run by Group C&EA

You supported the roll-out and helped us to:

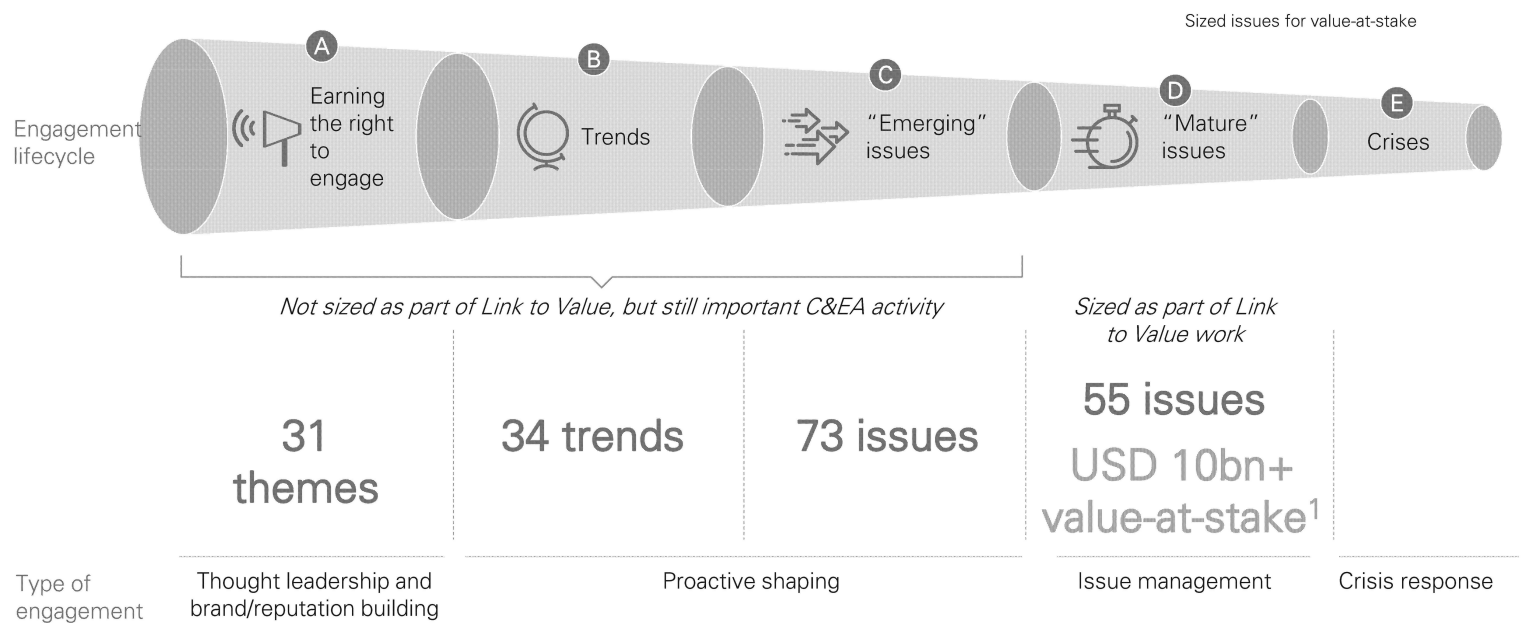
- Better link C&EA activity to the commercial value protected/created
- Better prioritize scarce C&EA resource
- Take a more proactive posture to external engagement – not just reacting to the “need of the hour”

» TODAY'S DISCUSSION

Review outputs from the BP America roll-out:

- Engagement themes across BP America
- Highest-value risks and opportunities
- Full value map across BP America businesses

BP America is managing USD 10bn+ of value-at-stake from “mature” issues



¹ Actual or implied 3-year cash value; does not include major non-sized issues (e.g., Louisiana land loss, Montana remediation, Iran sanctions)

Confidential

Eight engagement themes stand out for BP America

☐ Not sized during Link to Value

☐ Significant unsized risk

☐ Long-term risk of delegitimization of industry


Engagement themes	Description	C "Emerging" issues (sample)	D "Mature" issues (sample)	Value-at-stake from "mature" issues ¹ , USD mn
1 US sanctions	Redacted - First Amendment	<ul style="list-style-type: none"> Venezuela sanctions Russia sanctions NOPEC legislation 	<ul style="list-style-type: none"> Iran sanctions 	Not sized
2 Montana remediation engagement			<ul style="list-style-type: none"> MT purple risk MT Christian litigation MT – Great Falls, Butte, Anaconda 	~375
3 Offshore regulatory certainty	Significant and costly regulatory changes on which there is little clarity – largely impacting GoM	<ul style="list-style-type: none"> Offshore decommissioning requirements (incl. "Idle Iron" policy) BOEM NAAQS E&P exempt waste 	<ul style="list-style-type: none"> DOI BOEM Financial Assurance Louisiana land loss Certainly about Jones Act SOO and SOP application process Offshore visibility modelling protocol 	~2,100
4 Infrastructure	Investment, permitting, and public support for operational infrastructure, esp. pipelines and general infrastructure to support BP operations	<ul style="list-style-type: none"> New FERC pipeline certificate process Clean Water Act in pipeline approval 	<ul style="list-style-type: none"> Canada production curtailment Permian basin infrastructure Pipelines Bakken crude trains 	~2,000
5 Future of Alaska	Strategic decision around future of BP's Alaska business and corresponding external engagement	<ul style="list-style-type: none"> ANWR strategic decision Alaska carbon pricing 	<ul style="list-style-type: none"> AK LNG alignment State budget deficit AK "Open for Business" 	~1,800
6 Climate policy and renewables	Carbon and climate policies impacting BP's business primarily in downstream and trading	<ul style="list-style-type: none"> Renewables Portfolio Standards NY state climate policy USEPA/DOJ consent decrees at refineries 	<ul style="list-style-type: none"> West Coast carbon program Cherry Point & Whatcom County RFS reform & E15 mandate RFS reform impact on RIN trading Carbon capture Biofuels tax credit 	~600
7 Role of gas/ "gas is good"	Efforts to advantage other fuels over gas, and threats to BP's "gas is good" message	<ul style="list-style-type: none"> PURPA reform State nuclear subsidies in PA 	<ul style="list-style-type: none"> DOE coal/nuclear solutions FERC grid resilience docket Direct regulations on methane State-wide methane rule in New Mexico De-facto moratorium in Colorado 	~505
8 Trade wars and protectionism	Threats to BP's operations and role as an exporter/importer due to tariffs, curtailments and other protectionist policies		<ul style="list-style-type: none"> US-China trade relationship Steel imports tariffs NAFTA/USMCA & Canada 	~250

¹ Actual or implied 3-year cash value
Source: C&EA Link to Value team analysis

Confidential

5

BPA_HCOR_00324522

Top 10 (out of 56) BP America “mature” issues account for 70% of value-at-stake



■ Risk ■ Opportunity

Issue	Business impacted	Value-at-stake, 3-year cumulative cash, USD mn	Takeaways
① DOI BOEM Financial Assurance	Gulf of Mexico	-1,588	<ul style="list-style-type: none"> Top issues dwarf long-tail of other issues, creating case for dedicated focus BP's 10 largest issues come from 5 different units – role of BP America is integrating and stewarding There is significant upside, though most activity is concentrated in risk mgmt. and mitigation
② Redacted - First Amendment	Alaska	-1,495	
③ Canada production curtailment increasing US refinery crude oil cost	Fuels NA	1,260	
④ Particulate Matter ambient air quality standards	Cross-cutting ¹	-464	
⑤ Changes in Whatcom County zoning laws that limit facility product and expansionary opportunity of Cherry Point	Fuels NA	-438	
⑥ DOE nuclear / coal subsidy proposal	NA Gas and Power	-400	
⑦ Exposure to Enbridge line 5 pipeline	Fuels NA	-360	
⑧ DOI Outer Continental Shelf 2019-2024 leasing plan	Gulf of Mexico	358	
⑨ Secure Yerington value proposition	Remediation Management	-350	
⑩ Regulatory certainty on Jones Act interpretation	Gulf of Mexico	-321	
Total top 10 (% of total BPA value)		-5,416 (55%) 1,618 (16%)	

Only clearly defined, quantifiable issues (= “mature”) show up – there may be more impactful emerging issues, which cannot yet be clearly quantified. Furthermore, Louisiana land loss, Iran sanctions, and RM purple risks in Montana have not been sized

¹ Sized for Fuels NA impact – likely additional downside impact on other emitting BP businesses
Source: C&EA Link to Value team analysis

Confidential

6

BPA_HCOR_00324523

USD 10bn in value-at-stake from BP America “mature” issues – concentrated in environmental & non-environmental regulation, Fuels North America, and GoM



USD mn absolute (i.e., risk and opportunity) value-at-stake (3-year cumulative cash value)

Small VaS Large VaS

Outcome	Business											Total
	Fuels NA	Gulf of Mexico	Alaska	Remediation Management	Cross-cutting	Power	GOA	Petrochemicals	Shipping	Wind/AE	BPX	
Access	1,698	358	1,495	-	-	-	-	3	-	-	9	3,564
Security and stability	-	-	-	-	-	-	-	-	-	-	-	-
Supportive society	-	-	-	-	-	-	-	-	-	-	-	-
Advantageous fiscal regime	-	219	328	-	-	400	-	64	-	-	60	1,071
Favourable non-environmental regulation	851	1,967	-	-	69	123	200	-	<1	-	17	3,228
Favourable environmental & climate change regulation	335	130	-	1,000	492	-	132	-	-	-	55	2,144
End-market development	-	-	-	-	-	-	-	2	-	-	-	2
Total	2,885	2,675	1,823	1,000	561	523	332	69	<1	-	141	10,009

1 Difference of USD 15mn vs. summary RCOP view explained by USD 15mn RCOP for AirBP US, not included in this view. RCOP figures do not include IST businesses

Source: BP America central planning team Refining and Marketing US (February 2019); Upstream 2016-2018 actuals per GFR; 2019+ per 1QPF (main plan); OB&C global business and functions GFOz submission with 2019-20 US share based on 2018 actuals and 2021 estimate based on June 2018 submission; BP Shipping US Finance team

2018 RCOP, USD mn

5,658¹

3-yr forecast RCOP, USD mn

19,923

VaS share of 3-yr forecast RCOP, %

50%

Confidential

7
BPA_HCOR_00324524

Increasing Activism

Top 10 Dutch investors

- ✓ for
- abstain
- not voted
- ✗ against
- no shares

Climate Resolutions

Investor	Total Assets	2017	2018	2019
EGON	€ 804 billion	○	✓	✓
apg	€ 459 billion	✗	○	✗
BNP Investment Partners	€ 224 billion	○	✓	✓
PGGM	€ 211 billion	○	○	—
ROBECO	€ 167 billion	✗	—	—
PME	€ 130 billion	✓	✓	✓
achmea	€ 120 billion	✓	○	✓
VAN LANSCHOT KEMDEN	€ 67 billion	✓	✓	✓
actiam	€ 66 billion	✓	✓	✓
Blue Sky Group	€ 22 billion	✓	✓	—



Confidential

US Political and Advocacy Update



- 1) TRADE ASSOCIATION/LOBBY SPEND REVIEW – UPDATE
- 2) 2020 – POLICY ALIGNMENT WITH GROUP
- 3) 2020 – US POLITICAL UPDATE