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Geopolitical risk

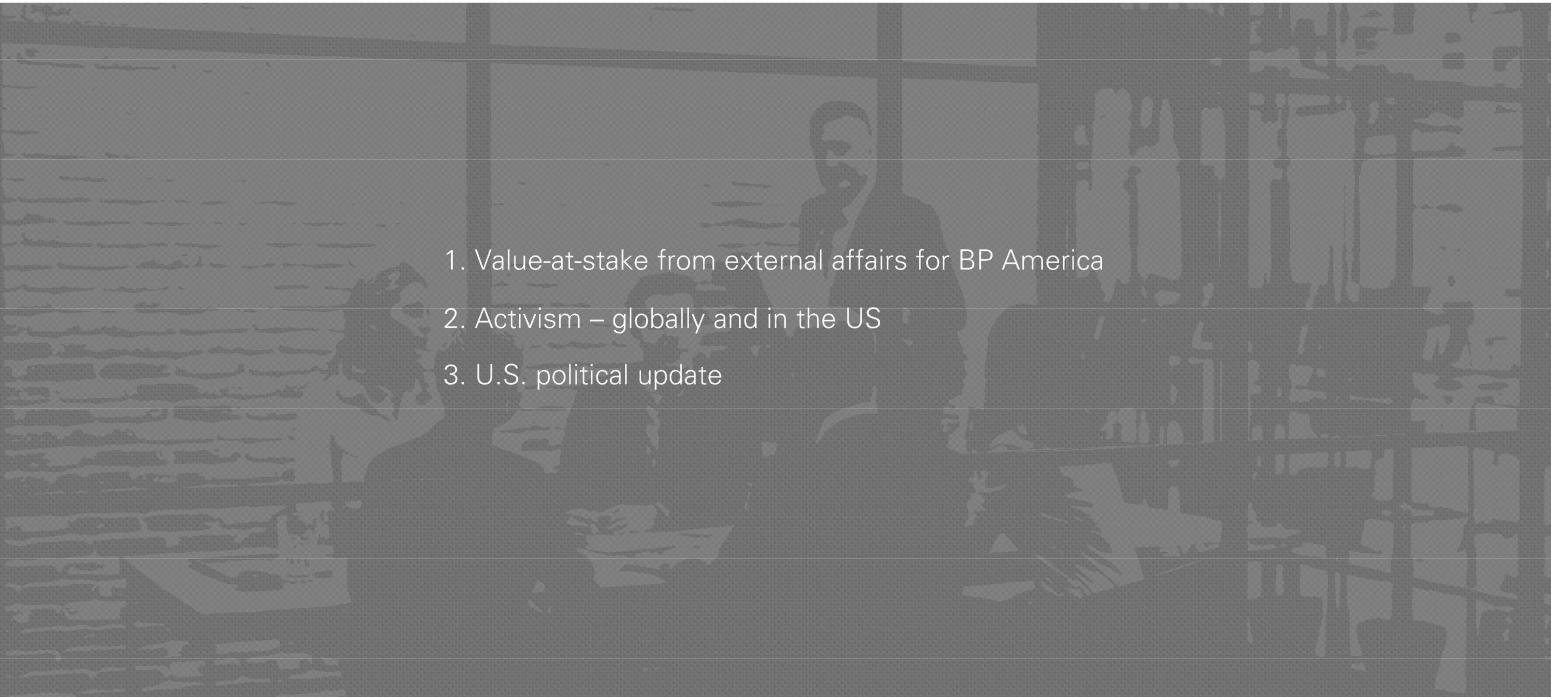
Mary Streett

BP America Board of Directors Meeting | 12 December 2019

BPA_HC0R_00324518



Agenda

A grayscale photograph showing a group of people in a conference room setting. Some individuals are seated at a long table, while others are standing or walking in the background. The room has large windows and a modern interior.

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:

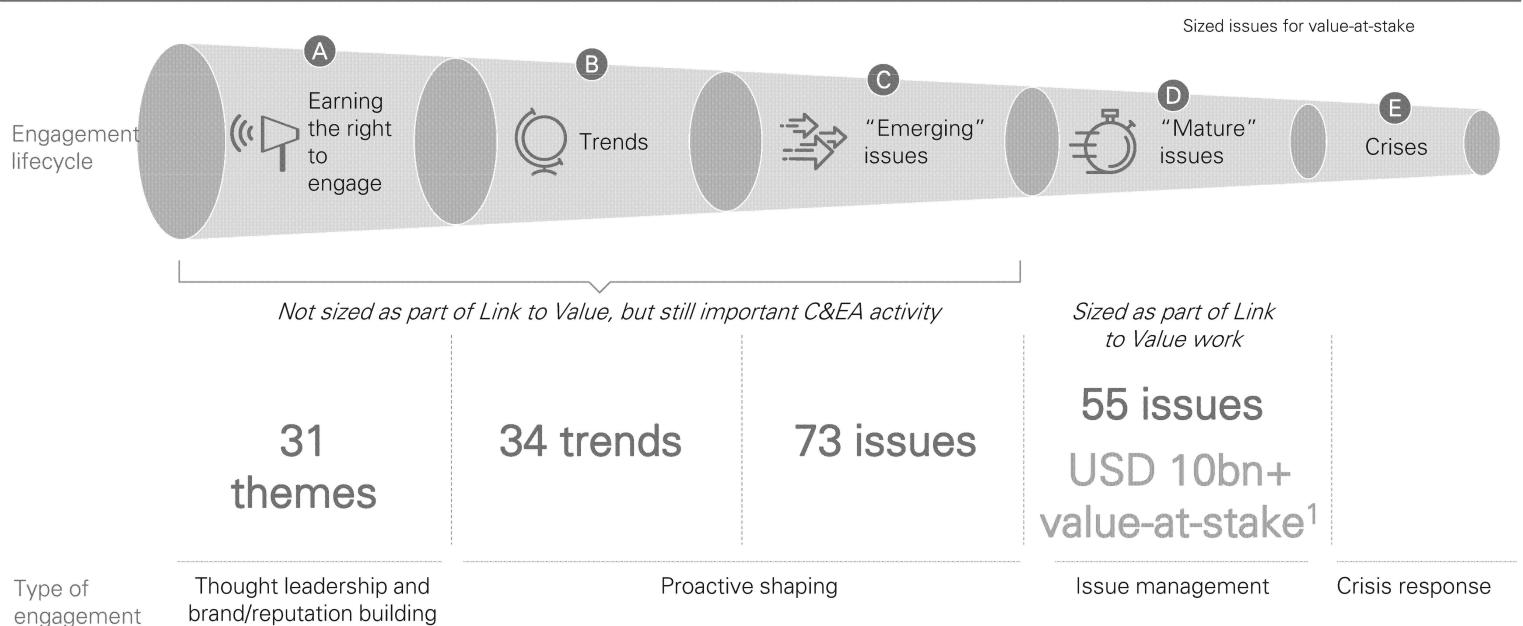
- Better link C&EA activity to the commercial value protected/created
- Better prioritize scarce C&EA resource
- Take a more proactive posture to external engagement – not just reacting to the “need of the hour”

» 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)

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VALUE-AT-STAKE FROM EXTERNAL AFFAIRS FOR BP AMERICA

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				<input type="checkbox"/> Not sized 
2 Montana remediation engagement		Redacted - First Amendment	<ul style="list-style-type: none"> Venezuela sanctions Russia sanctions NOPEC legislation 	<input type="checkbox"/> ~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 	<input type="checkbox"/> ~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 	<input type="checkbox"/> ~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 	<input type="checkbox"/> ~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 	<input type="checkbox"/> ~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 	<input type="checkbox"/> ~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"> West Coast carbon program Cherry Point & Whatcom County RFS reform & E15 mandate RFS reform impact on RIN trading Carbon capture Biofuels tax credit 	<input type="checkbox"/> ~250

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

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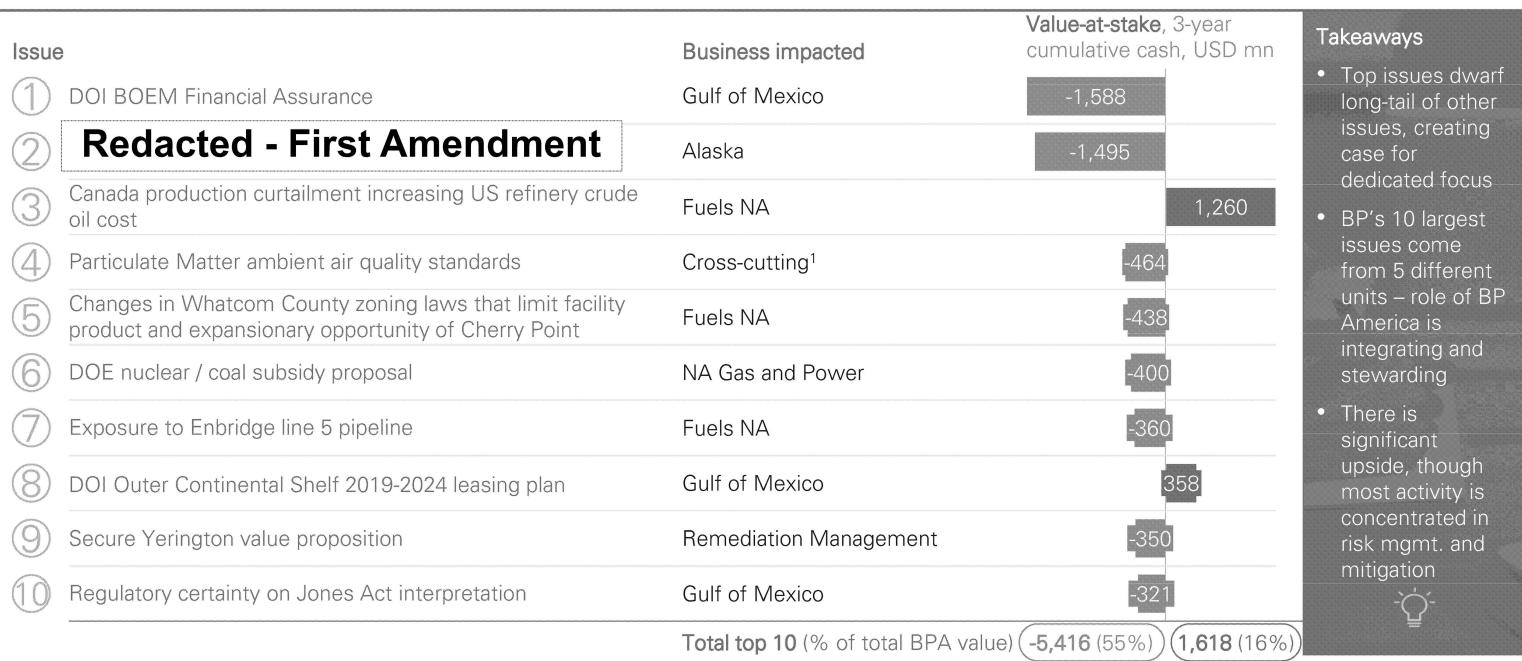
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Top 10 (out of 56) BP America “mature” issues account for 70% of value-at-stake



■ Risk ■ Opportunity



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

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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	NA Gas and GOA	Petro-chemicals	Shipping	Wind/AE	BPX		
Access	1,698	358	1,495	-	-	-	-	-	-	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	-	3,228	
Favourable environmental & climate change regulation	335	130	-	1,000	492	-	132	-	-	-	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 GPF; 2019+ per 1QPF (main plan); O&G 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

50%

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Increasing Activism



Top 10 Dutch investors

✓ for
 ○ abstain
 — not voted
 ✗ against
 — no shares

Climate Resolutions

Investor	Total Assets	Shell			Equinor	BP
		2017	2018	2019		
EGON	€ 804 billion	○	✓	✓	✓	
apg	€ 459 billion	✗	○	✗	✗	
Ni Investment Management	€ 224 billion	○	✓	✓	✓	
PGGM	€ 211 billion	○	○	—	○	
ROBECO	€ 167 billion	✗	○	—	○	
UPME PMT MN	€ 130 billion	✓	✓	✓	✓	
achmea IM	€ 120 billion	✗	○	✓	✓	
VAN LANSCHOT KEMPE	€ 67 billion	✓	✓	✓	✓	
acham	€ 66 billion	✓	✓	✓	✓	
Blue Sky Group	€ 22 billion	✓	✓	✓		



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US Political and Advocacy Update

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