



Our participation in trade associations: climate

Draft 1

Covers – 2pp

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Introduction from Bernard – 2pp including case study.

[GAP: 600 words on:

- Overview of climate strategy and purpose.
- List of policy positions – more detail later.
- Importance of transparency and stakeholder expectations.
- We all need to play our part – governments and civil society, consumers, companies.
- My expectations of those with whom we work.
- At the 2019 AGM, Helge Lund said BP would review our trade association relationships as they related to the energy transition and report back in 2020.
- SOURCE: much of this will be new; Chatham House speech (section on 'Constructive dialogue is essential'; <https://www.bp.com/en/global/corporate/sustainability/climate-change/case-studies/collaborating-to-address-climate-change.html>; project overview slides and ToR; BP's participation in trade associations; SR2018 RWD intro.]

PHOTO: Bernard.

[GAP: case study?]

Executive summary spread – 2pp with table

Overview of our approach

[GAP: One-page summary covering:

- Approach to climate-related advocacy.
- Broader value and activities of trades.
- General observations on process and findings.
- Next steps/ gaps.]

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

Summary findings table

Not aligned – 2

Associations deemed not aligned have stated opposition to BP positions with limited balancing support in other areas.

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Mostly aligned – 6

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'.

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'.
 - 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 – 2pp including case study

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.

However, 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.

CASE STUDY: working with IOGP on safety standards
[GAP: 200 words plus photo]

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. And there can also be combinations of these types, for example the Oil and Gas Climate Initiative (OGCI) is an industry association that focuses on one particular issue – climate change.

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 – 1pp

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.

All staff and those under contract to BP are required to adhere to our code of conduct in all that they do. Our code stipulates that all staff or those acting on our behalf obtain approval from [GAP: the relevant head of country or region] before engaging in any lobbying activities.

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). Both provide a searchable database of filings.

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

Advancing the energy transition – 1pp with case study

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.]

POP-OUT: **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:

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PHOTO: Valve or similar to illustrate methane controls.

Review methodology – 2pp

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 endeavoured to develop a process that is rigorous, consistent, objective and fair. A total of 31 were selected as:

- Associations 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. We have not undertaken a retrospective analysis where positions have changed – and 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 involved, 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: bubble 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.]

Climate related spend on trade associations

We have not disclosed BP spend on trade associations related to climate due to difficulties and subjectivity in isolating and attributing climate as a proportion of the full spend.

Detailed findings – 5pp

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 [GAP: x]

Western Energy Alliance (WEA) – not aligned

Our participation

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.

Alignment of climate activities and positions

Redacted - First Amendment

Western States Petroleum Association (WSPA) – not aligned

Our participation

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 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.

Alignment of climate activities and positions

Redacted - First Amendment

American Fuel and Petrochemical Manufacturers (AFPM) – partially aligned

Our participation

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, and on several policy and technical working groups.

Alignment of climate activities and positions

Redacted - First Amendment

American Petroleum Institute (API) – partially aligned

Our participation

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.

Alignment of climate activities and positions

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Australian Institute of Petroleum (AIP) – partially aligned

Our participation

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 derives broad value from AIP and, up until the end of 2019, was represented on the board.

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Canadian Association of Petroleum Producers (CAPP) – partially aligned

Our participation

[GAP: 50 words].

Alignment of climate activities and positions

[GAP: 50 words].

Action

[GAP: 50 words].

National Association of Manufacturers (NAM) – partially aligned

Our participation

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

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US Chamber of Commerce – partially aligned
Our participation

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

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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)
- Canadian Association of Petroleum Producers (CAPP)
- 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)

BACK COVER CASE STUDY: Working with AFPM on climate policy (.5pp)

As a member of AFPM BP provides expertise and influence through their policy and technical working groups. We joined the Executive Committee in 2017 seeking to further drive the organization's policy positions. In 2019, working with other member companies, we successfully convinced the organization to review its climate position. AFPM staff conducted a rigorous engagement process that involved face to face with most member companies. This included a request for BP to formally present its views and activities to advance the energy transition to the Executive Committee. BP worked closely with AFPM to update its climate position as a result of that review. AFPM has taken encouraging steps with its revised climate statement and we will continue to work with them as they further refine their policy position.