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bp 1Q 2021 media Qs&As

US topics

2. Voting access (Georgia / Texas and across the US).

- I'm not an American so I don't know much about U.S. election law, but I do know something about fairness.
- I was raised to treat everyone with respect and fairness.
- bp's values and code of conduct require the same.
- We believe this should extend to the ballot box.

IF PRESSED – has bp spoken out on this issue?

- Yes, we made our views clear through organizations like the Business Roundtable. They have made strong public statements in support of voter rights and fair elections.
- And our US Chairman & President Dave Lawler has spoken out on this too, signing a statement by the Civic Alliance business coalition in support of protecting voting rights.

3. Storm Uri

- **#1** Storm Uri was a brutal event – thousands of people with no power, no heat, no water for days.
- **#2** We're a big employer in Texas – it's our home in the US – and we made sure we did everything we could to care for our people - with food, water and hotel rooms.
- **#3** We're also a major marketer of gas in the US – and we worked just as hard to keep our customers supplied with gas.
- **#4** Using our experience and relationships and trading skills, our teams went to extraordinary lengths to get gas to those who needed it.
- **#5** And we worked very hard to do things the right way throughout this extraordinarily challenging event.

IF PRESSED – but isn't it unfair that you made enormous profits? Wasn't that simply price gouging against desperate customers?

- It was a very good quarter. The trading business did very well.
- Our gas marketing business is based in Houston, so our employees were directly and personally impacted by the storm.

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- They were working round the clock, doing everything they could to make sure customers were supplied so we could help the state keep the power and heat on.
- Being a buyer and seller of gas, we too have to work within the market – it is the market and existing contracts that dictate prices.
- I have to say that I am very proud of how our teams responded during these very difficult circumstances. They worked very hard and they did it the right way.

IF PRESSED – why are you being sued and investigated if you acted fairly throughout?

- We will, of course, cooperate with any investigation.
- We will also vigorously defend any lawsuits that suggest we did not do the right thing.
- Throughout the storm, our focus was on making sure we supplied as many customers as we could.

4. Biden climate plans

- I applaud President Biden for his net zero ambition and bold new emissions target. It's great to see the U.S. taking a leadership role on climate.
- We at bp are all in on net zero, and we see huge opportunities for the company in the energy transition – including in the US, where our business goes far beyond oil and gas.
- We're the biggest energy investor in the US since 2005. Roughly 40% of our assets, capital employed, and shareholding are there.
- We have a big and growing renewables business: on- and offshore wind and solar.
- So we welcome the big push on climate and look forward to working with the administration and others to get after it.

5. Biden infrastructure

- The president has proposed a giant infrastructure plan and I get it.
- To reach net zero, the world's energy system will need to be rewired and replumbed.
- According to Goldman Sachs and others, that will require trillions of dollars of investment, much of it in infrastructure.

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- Everyone will benefit from it – the environment and the economy – and I think everyone should contribute to it.
- I'm not going to endorse specific taxes, fees, or rates at this point – that's going to be debated in the coming months.
- But I do think it is going to require big plans and bold action.

Commented [SR1]: I would recommend leaving the answer of "how should it be paid for" to an if asked, not offer it up. Not his role to do, as you say, so why comment right from the get go?

6. Biden tax proposal: Who should pay for it? And what about raising corporate tax rates to 28%—or even 25%?

- As I said, everyone will benefit from it – the environment and the economy – and I think everyone should contribute to it.
- As for who pays what—we'll have to wait and see what emerges from the White House and Congress over the next few months, but if people come together and work towards this important goal, I think there is a tremendous opportunity here to make real progress on net zero and create good jobs in the process.

7. Biden global minimum tax plan

- As I understand it, the concept of a broadly agreed minimum tax could help address some longstanding international tax challenges.
- It seems the new US proposal has brought a renewed momentum to the OECD efforts. That's a good thing and we'll see where that discussion goes from here.

8. Biden fossil fuel subsidies: Do you support repealing subsidies for fossil fuel exploration and production?

- Oil and gas still have an essential role to play in meeting the world's energy needs – and will for years to come.
- In the US, there seems to be a lot of debate about what's a subsidy, what's an incentive -- who gets it, who doesn't, I frankly find it hard to follow. All I know is that the most efficient way to tackle this problem is to adopt an economy-wide price on carbon.
- Now, I realize that is not very popular in Washington these days, but a carbon price allows all forms of energy to compete on a level playing field

Commented [SR2]: Whole answer to this question is a less-than-artful dodge. Hydrocarbons will remain important. We need incentives to go after it as it is an expensive proposition. Without this we will explore less which some may want but will be problematic for jobs and for our ability to fund the energy transition.

Commented [SR3]: Should the CEO of bp say he can't follow subsidy policy in the country of our largest set of assets? I wouldn't go there. "I'm just a simple oil man and I don't understand tax policy" likely won't fly

Commented [SR4]: I'm not sure why a carbon tax is the best way to address the idea of subsidies. I can get there, but should be explained more

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- Several states are considering carbon prices right now and we have been advocating for them—because a real and transparent price on carbon provides the right incentives for everyone to play their part in reducing emissions.

IF PRESSED – so governments shouldn't have production incentives?

Commented [SR5]: This is good stuff below here, maybe bring more of it up to the original answers

- Production incentives, whether for renewables or fossil fuels, can be a legitimate form of industrial policy that allows governments to better develop their natural resources.
- They're particularly effective at giving new or emerging technologies – like hydrogen and CCUS – a chance to reach commercial scale and break into the market.
- And if there's an economy-wide carbon price, then fossil fuels – even if aided by production incentives – are going to find it harder to compete and win against lower carbon alternatives.

9. What do you think will be the impact of the Biden administration's decision to pause oil and gas leasing on federal lands and water?

- **#1** We're comfortable with the temporary pause on lease sales. The Department of Interior is using this time to **develop their longer-term leasing strategy**, and that makes sense to us – especially because it does not impact existing operations or permits.
- **#2** Less than 1% of our US onshore position is on federal land. And it does not impact our near-term plans in the Gulf of Mexico – including our new **Argos** platform – our biggest new development in the Gulf for some years – which recently arrived in Texas.

10. API

- Yes we are still in API – let me give you 3 reasons why.
- **#1** We are a member of API first and foremost because of their work as a safety and standards organisation – that's primarily how I saw them when I was coming up in the industry.
- We get great value from working with them and other members, sharing best practice, continuously improving safety of operations.
- **#2** As for advocacy, our net zero ambition is clear. And we're also clear that we are advocating for policies that support net zero. That has resulted in some tough conversations with API as we pushed for a more progressive approach on climate issues.

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- I'm encouraged by their recent shift in position on carbon pricing and willingness to work with the Biden administration on methane regulation.
- But we're continuing to speak out where we don't agree and we won't allow our membership in API to interfere with our speaking out as bp on critical issues. In fact, while API has been neutral on the Congressional Review Act on methane regulation we have been outspoken in our support.
- #3 We also committed to be transparent about our work with trade associations.
- Last year we issued a review of our trade associations on climate matters and judged API to be partially aligned with us. We plan on publishing an update next month.

Commented [SR6]: Would suggest this be stronger

11. BPX flaring – you talk about the importance of reducing flaring, what progress have you made?

- At the end of 2019 – shortly after we took over operatorship of BHP's Permian assets - our flaring intensity in the Permian was roughly 16%. Today it is less than 2%.
- As impressive as that is, it's not good enough – last week we announced that we will eliminate routine flaring in our US onshore business by 2025.
- It's the right thing for the planet and for our business -- because the less gas we flare, the more gas we sell.
- #1 We've spending \$1.3B to build a centralized production facility in the Permian Basin--an electrified central oil, gas, and water handling facility that eliminates some of the largest sources of flaring.
- #2 We're electrifying our operations. We expect over 75% of bpx energy operated wells in the Permian will be electrified by the end of 2021 and over 95% by 2023.
- #3 And we're using state-of-the-art emissions monitoring technologies – fixed wing aircraft, drones, high resolution cameras.

12. Methane regs

- Around three years ago we made a clear choice to take a leadership position on methane. Because we believe that tackling it is key to protecting the important role of gas on the way to net zero.
- #1 We've been convening experts, sharing best practice, actively advocating in Brussels, London, and Washington for greater regulation of methane.

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- #2 And we've been getting after it in our business. You may have seen in the Wall Street Journal – we plan to spend \$1.3 billion in the US onshore to get to zero routine flaring by 2025.
- At this point we are doing it voluntarily – but regulation ensures all companies are prioritising methane abatement – that's the fair thing and what the world needs.

13. Political giving/PAC

- bp doesn't make political contributions, but like many companies in the US we do have an employee PAC.
- They have their own board and decision-making process. And in the wake of the 6 January attack on the Capitol building, the bp employee PAC – like PACs at many other companies – suspended their political giving for 6 months to review their giving criteria.
- As I understand it the employee PAC is still in the midst of that review. They are going to determine if and how they want to go forward. We expect that decision to come later in the summer.

14. Washington State -

- We're delighted with the result in Washington State. And I'm really proud of our team's effort role in making it happen– they helped build a broad coalition of businesses and environmentalists to get it done.
- This is us in action. We said we'll advocate for policy to help get the world to net zero and we're doing it, even if it adversely impacts our traditional businesses – because we think it creates opportunities for our new businesses.
- From what I understand, there's work to do before these bills take effect, but Washington State has taken an important step on the path to net zero.

15. Second NYC climate lawsuit

- I understand the City of New York filed [back in 2018] a climate lawsuit and it was recently dismissed by the Court.
- I did hear that the City has now filed a second climate lawsuit, but I don't know the details.
- Like in the first lawsuit, we will vigorously defend the case.

Commented [SR7]: If you don't know the details, how can you know that "we will vigorously defend the case"? Seems a disconnect there. What are we "defending"?

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- I think it is best to leave this to the lawyers.
- I am focusing on delivering on our strategy and performing while transforming.

16. Whiting / EPA

- Well, most importantly, we are committed to safe, reliable, compliant operations.
- And our Whiting Refinery is no exception.
- We are disappointed with the court's recent ruling.
- But we are continuing to work with the state of Indiana to resolve this.

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- You know, I'm never comfortable commenting on pending litigation.

NOTE: These bullets refer to the Whiting issue that has recently been in the media (Sierra Club Lawsuit).