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# Petrochemicals

BP America Priorities 2017

# Strategic Objectives

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## Strategy – managing the long term

Two short to intermediary goals: reduce cash break even by 45 percent between 2014 and 2018 and deliver 12 percent bottom of cycle returns by the end of 2017.

In 2016, a Licensing & Business Development' SPU was formed to commercialize the leading BP technology in acetic commercialize the leading BP technology in acetic acid, PTA and PX to promote business growth.

Long term strategic priorities includes:

- Deliver safety and operations excellence
- Improve bottom of cycle performance
- Optimize and grow the Acetyls business
- Simplification and Continuous Improvement
- Efficiency

## People and Organization

In an effort to improve global succession plans, coordinate HR matters within a country and drive greater country and drive greater consistency in application of HR processes, Petrochemicals human resources is now aligned within country and across businesses and functions. Each cross-businesses and functions. Each cross-business and function country forum meets quarterly. The focus may include succession planning, performance calibration, D&I plans, engagement plans, and development programs and rotations.

Aromatics has a Positive Employee Relations (PER) Strategy at each of our U.S. sites, including Naperville.

Describe key strategic objectives for the business in the near and long term.

Key issues (reputation, compliance, risk, etc.) from business' point of view (may or may not be external)

Key people or org/culture objectives for the business

# Long Term Plan

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## Texas City

Assumptions	2014	2015	2016 GFO	2017	2018	2019	2020	2021
<b>Assumptions -- Petchems</b>								
China PTA to PX spread (\$/te)	85	73	86	90	100	115	120	130
China acetic acid MoM (\$/te)	276	178	144	175	201	293	313	312
US PX to MIX Spread (\$/te)	328	269	258	291	306	314	324	337
<b>Key Financials (\$m)</b>								
<b>P/L</b>								
GM (excl. NOIs)	160	141	159	174	167	198	227	237
Relco Income	0	0	0	0	0	0	0	0
Total Cash costs (excl. NOIs)	(153)	(129)	(132)	(130)	(147)	(135)	(146)	(158)
<b>RCOP</b>	<b>(16)</b>	<b>0</b>	<b>9</b>	<b>29</b>	<b>6</b>	<b>51</b>	<b>70</b>	<b>67</b>
<b>Capex &amp; Capital Employed</b>								
Capex	(12)	(5)	(14)	(23)	(14)	(10)	(5)	(14)
Capital Employed	198	194	139	156	157	164	162	168
<b>Winning Criteria</b>								
TCC/GM (calc) (ratio)	<b>0.95</b>	<b>0.91</b>	<b>0.83</b>	<b>0.74</b>	<b>0.88</b>	<b>0.68</b>	<b>0.64</b>	<b>0.67</b>
Pre-tax returns (calc) (%)	<b>(8.1)%</b>	<b>0.0%</b>	<b>5.5%</b>	<b>19.6%</b>	<b>3.5%</b>	<b>31.7%</b>	<b>42.8%</b>	<b>41.0%</b>
<b>KPIs &amp; strategic measures</b>								
<b>Operational KPIs -- Petchems</b>								
Aromatics Production (kte)	882	785	780	925	819	931	931	877

2014-2016 updated as part of current US restatement. PX US sales higher than production.

## Cooper River

Assumptions	2014	2015	2016 GFO	2017	2018	2019	2020	2021
<b>Assumptions -- Petchems</b>								
China PTA to PX spread (\$/te)	85	73	86	90	100	115	120	130
China acetic acid MoM (\$/te)	276	178	144	175	201	293	313	312
US PX to MIX Spread (\$/te)	328	269	258	291	306	314	324	337
<b>Key Financials (\$m)</b>								
<b>P/L</b>								
GM (excl. NOIs)	204	220	231	250	248	271	319	348
Relco Income	0	0	0	0	0	0	0	0
Total Cash costs (excl. NOIs)	(198)	(193)	(182)	(170)	(167)	(173)	(184)	(191)
<b>RCOP</b>	<b>(26)</b>	<b>(6)</b>	<b>13</b>	<b>43</b>	<b>47</b>	<b>68</b>	<b>108</b>	<b>130</b>
<b>Capex &amp; Capital Employed</b>								
Capex	(39)	(110)	(69)	(15)	(15)	(35)	(15)	(15)
Capital Employed	345	430	475	454	436	450	461	464
<b>Winning Criteria</b>								
TCC/GM (calc) (ratio)	<b>0.97</b>	<b>0.88</b>	<b>0.79</b>	<b>0.68</b>	<b>0.67</b>	<b>0.64</b>	<b>0.58</b>	<b>0.55</b>
Pre-tax returns (calc) (%)	<b>(7.5)%</b>	<b>(1.7)%</b>	<b>2.8%</b>	<b>9.3%</b>	<b>10.6%</b>	<b>15.4%</b>	<b>23.7%</b>	<b>28.0%</b>
<b>KPIs &amp; strategic measures</b>								
<b>Operational KPIs -- Petchems</b>								
Aromatics Production (kte)	937	1,008	1,081	1,178	1,108	1,134	1,302	1,360

2014-2016 updated as part of current US restatement

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- The graphs above is for illustrative purposes only – please replace it with the long-term outlook for the business, including key, relevant inputs (e.g. production, cost, capital) and outputs (e.g. operating cash flow, free cash, etc.). Please use latest version of an existing management information available and indicate the date or any other key assumptions (e.g. price) as a footnote.

# External Factors

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## Petrochemicals US

### Opportunities

- Rollout of PTAir in the U.S.

### Threats

- Low risk from climate regulations
- Risk evaluation of chemicals and subsequent rulemaking required by the implementation of TSCA reform legislation.
- If BP withdraws from AFPM, there is some risk from losing the opportunity to engage at the federal level through this trade association.

## Cooper River

### Opportunities

- Completion of \$200 million investment project at Cooper River
- Completion of carbon mitigation project at Cooper River
- Rollout of PTAir in the US
- Believe in Zero Safety Campaign

### Threats

- Threat of development around the Cooper River plant, including need for adequate buffer, threats from complaints and lawsuits, and safety and production impacts from inadequate transportation infrastructure
- Threat of elimination of sales tax exemptions for manufacturing
- Issues surrounding county building permit process

## Texas City

### Opportunities

- Expansion of metaxylene unit at Texas City
- Believe in Zero Safety campaign

### Threats

- Labor union concerns at Texas City
- Threat of elimination of property tax deferral for development
- Marathon litigation against BP over Texas City refinery

Sr. Directors are requested to collect cross-functional (compliance, regulatory, legal, business dev't, etc.) input to reflect the full spectrum of external issues (threats or opportunities) that may have an impact on the business in the short or long term.

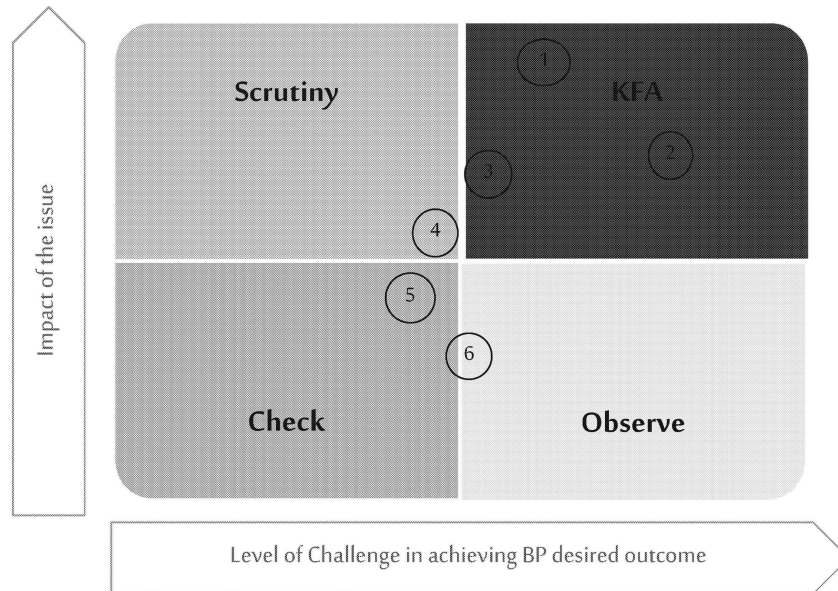


# Redacted - First Amendment

This slide will include analysis from the climate change working group (coordinated by Jim Nolan) specific to the business, covering regulatory or potential carbon tax impact on the business.

## Key Focus Areas

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The purpose of this slide is to conduct strategic assessment of the issues identified in slides 4-5 and prioritize based on impact of the issue on business and how challenging it will be for BP to achieve our preferred outcome. Anything that is high impact and will require significant effort from BP will end up in the top right quartile (KFA – Key Focus Area).

'Scrutiny' issues are those that require monitoring to make sure the desired outcome is on track.

'Monitor'/'Observe' issues require to confirm that they remain non-material.

In assessing impact on the business and how much effort will be required please use the collective judgment of the cross-functional team in the business. Impact could be direct/indirect financial, reputational, strategic/commercial, control or compliance. In assessing the impact, please indicate estimated net financial impact (in the notes) on BP if it is feasible to do so.

# Redacted - First Amendment

Please state any issue that ends up in the top right quartile (KFA) and for each issue please specify the BP desired outcome.

# Redacted - First Amendment

For each mission critical issue listed in the previous page - please describe the advocacy plan per the captions.

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## Redacted - First Amendment

### Memberships

**State:** South Carolina Manufacturers Alliance, SC Chamber of Commerce, SC BIPEC,

**Local:** Charleston Metro Chamber of Commerce, Berkeley County Chamber of Commerce, Lowcountry Manufacturers Council, Trident CEO Council (proposed), Lowcountry Land Trust Business Leadership Council

### Stakeholders

#### Local

Berkeley County Supervisor Bill Peagler, Charleston Mayor John Tecklenburg, Berkeley County Commissioner Joshua Whitley, Berkeley County Economic Development Director Barry Jurs

#### State

Governor Nikki Haley, Lt. Governor Henry McMaster, Attorney General Alan Wilson, DHEC Director Catherine Heigel, Office of Regulatory Staff Executive Director Dukes Scott

Senator Larry Grooms (represents Cooper River, Transportation Committee Chair), Senator Paul Campbell (Berkeley), Senator Thomas Alexander (Senate Labor, Commerce & Industry Committee Chair), Senator Shane Massey (Majority Leader), Senator Chip Campsen (Charleston)

Representative Joe Jefferson (represents Cooper River), Rep. Mike Forrester (Bill sponsor), Rep Bill Sandifer (LCI Committee Chair), Rep. Brian White (Ways & Means Committee Chair), Rep Jim Merrill (Daniel Island), Rep Leon Stavrinakis (West Ashley), Rep Mike Sotille (Sullivan's Island), Rep. Sam Rivers (Berkeley), Rep. Sylleste Davis (Berkeley), Rep Joe Daning (Berkeley), Rep. Shannon Erickson (Ways & Means and Select Tax Committees, Beaufort County)

#### National/Federal

Senator Tim Scott, Senator Lindsey Graham, Congressman Mark Sanford

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Texas Chemical Council, Galveston Regional Chamber of Commerce, Texas City – La Marque Chamber of Commerce

### Stakeholders

**Federal:** Congressman Randy Weber

**State:** Senator Larry Taylor - Texas State Senate District 11, Representative Wayne Faircloth - Texas State House  
District 23, Governor Greg Abbott, Hector Rivero - Texas Chemical Council President

**Local:** Texas City Mayor Matt Doyle, Galveston County Economic Development Director C.B. "Bix" Rathburn,  
Galveston Regional Chamber of Commerce President Gina Spagnola, Texas City – La Marque Chamber of Commerce  
President Jenny Senter, Community Advisory Council Jose Boix, Jed Webb District Director for Congressman  
Randy Weber Jed Webb, District Director for Representative Wayne Faircloth Jillian Henderson, Chief District Director for  
Senator Larry Taylor Jackie King.

## Redacted - First Amendment

Summary of the priorities to be led by the BP America team in service of the business, along with existing org, annual budget (latest submission for 2017 plan), and the single point accountability for delivery of the plan.