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Overview of the BPA priorities work and feedback from LT discussion

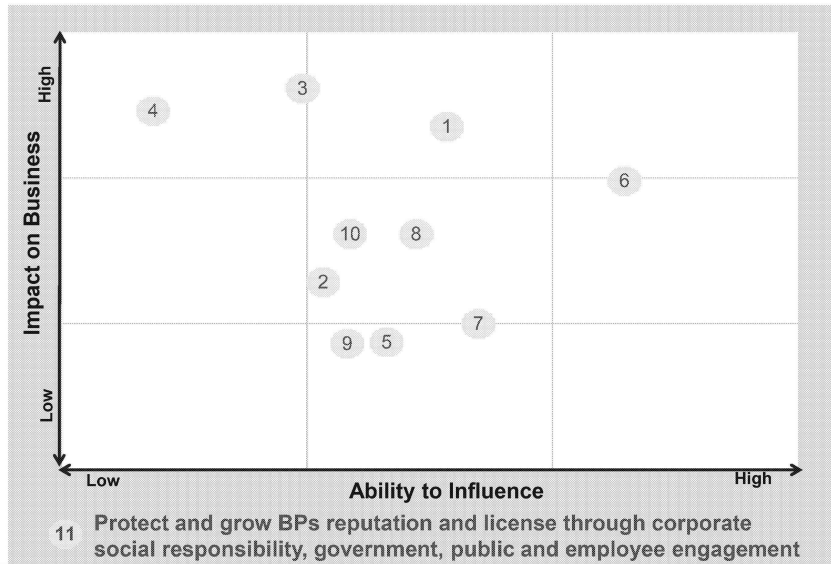
US context

BP response

- Short-term (first 100 days)
- Mid-long term

BP America 2017 Priorities

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- 1 Protect gas
- 2 Tax policy/rules
- 3 Climate policy/rules
- 4 Energy transition
- 5 Labor/Employment rules
- 6 Governance/DWH
- 7 D&I
- 8 Access
- 9 Dodd-Frank/trading rules
- 10 Remediation

Objectives

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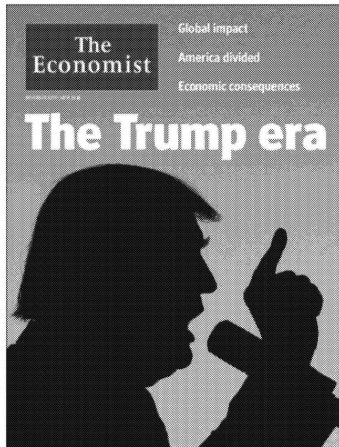
US context

BP response

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US election results

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President

✓ Donald Trump becomes 45th President of the United States on January 20, 2017

Senate

✓ Republicans will retain a voting majority with at least 51 of 100 seats in the Senate
✓ 60 votes are needed to pass most bills

House

✓ Republicans retain voting majority, with at least 239 of 435 seats

States

✓ 25 states have Republican governors and GOP controlled legislation. Only 6 states are controlled by Democrats

Joe/Mary – test the states outcome

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These are just campaign promises – how this will translate into governing, remains to be seen

People close to Trump not IOC world, independent/merchant refiners – not all relief necessarily good for all industry

... will likely face some hurdles

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- Low energy commodity prices and flat demand may restrain economics of producing more fossil fuels
- Reversing the decline in coal use for power generation would run counter to utility resource planning, competition from low-priced natural gas, and compliance with state renewable mandates
- Slow growth in motor fuel demand limits the government's latitude to decrease ethanol blending levels
- Rescinding US participation in free trade agreements could provoke retaliatory action by US trade partners
- Comprehensive tax reform requires Congressional approval and would be subject to uncertain and unintended consequences

Source: Bloomberg Intelligence

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No guarantee that Trump going to rule like a traditional republican on energy issues – even though he's talking that way – no guarantee that he will govern like a traditional republican in this space, and if he doesn't – he may not get support –

Mary /Rob Guido – check tax cuts language

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Phrases?

Don't be deterministic – with too much uncertainty
Be careful about individuals or specific stakeholder groups

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phrases

Agenda

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Overview of the BPA priorities work and feedback from LT discussion

US context

BP Plans

- **Short-term (first 100 days)**
- **Mid-long term**

Next Steps – First 100 Days

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- Stay **nimble** and **cautious** while the new government takes shape
- Develop **2017 plans** to achieve BP America priorities
- Shift to playing from defense and identify opportunities to play **offense**
- Develop **relationships** with the new Administration
- Review/refresh **think tank & consultant relationships**
- Recruit & fill key DC office **vacancies** to fit the new environment
- Leverage high-impact **events** to maximize high-value relationships
- Seize opportunities for the BP Employee **PAC and CAP programs**

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Shift to playing offense and defense

Federal focus has necessarily been mostly on defending against regulatory overreach – mitigating harms

Now can also focus on advocating for new policies to benefit our businesses – identifying & leveraging opportunities

But still must monitor and mitigate risks from new policies, some of which may advantage independents but disadvantage integrated energy players & BP

Develop relationships with the new Administration

Identify and map key players relevant to BP, and others within their extended spheres of influence (e.g. think tanks, policy groups)

Develop and nurture new relationships, while maintaining existing ones (e.g. with career staff)

Review/refresh think tank & consultant relationships

Evaluate fitness of existing consultants & think tanks for the current political/policy context, while maintaining long-term value and BP business knowledge

Consider adding new consultants (e.g. to add key influencers with the new Administration/Congress) & conservative think tanks (e.g. AEI, Heritage)

Recruit & fill key DC office vacancies to fit the new environment

New senior congressional lobbyist on Mary Streett's Government Affairs team

New senior international affairs director on Bob Stout's Regulatory Affairs team

Leverage high-impact events to maximize high-value relationships

Inaugural events

Super Bowl

Visits by key Members and Administration officials to BP operating sites

BP executive visits to DC

Seize opportunities for the BP Employee PAC and CAP programs

Ride the wave of employee interest in politics/policy post-election to enhance PAC & CAP participation

Highlight BP senior leadership PAC support & participation (including new Board members)

Solicit robust C&EA Government Affairs input on proposed contributions considering the new political context

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Market forces will play a fundamental role

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Understand and plan for market forces and customer preferences

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BP may play different roles depending on the issue

Policy Observer for low-priority issues with minimal impact

Policy Opponent, often along with industry groups, where proposed policies are poorly-designed or legally unsound

Policy Shaper, where we can influence policy outcomes, typically working with others, to mitigate negative business risks/impacts or enhance benefits

Policy Driver, in those cases, probably relatively rare, where BP has a distinctive ability to influence and strong business interest in the outcome

Overall, BP should position itself as a climate Policy Shaper

Enhances credibility and ability to influence outcomes through constructive engagement

Minimizes negative consequences of being perceived as a nay-sayer or roadblock to climate policy (Policy Opponent)

Maximizes ability to build effective alliances with like-minded peers and other stakeholders, versus acting more on its own (Policy Driver)

Aligns best with BP's global business strategy, brand and climate policy positions

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