

### The Environmental Law Forum: Participation in CEO Climate Dialogue

In a landmark speech at Stanford University over two decades ago in 1997, BP's CEO John Browne acknowledged the scientific consensus on the risks of climate change and the need for action to address it. On May 21, 2019, BP Chairman Helge Lund observed in an Op-Ed in *The Financial Times* that, "the world is on an unsustainable path," and "needs to move to net-zero carbon emissions in the decades to come." BP's most recent Statistical Review of World Energy for 2018 demonstrates the growing divergence between demands for action on climate change and the actual pace of progress, with energy consumption and carbon emissions growing at their fastest rate in nearly a decade.

BP has embraced what we call this, "dual challenge" of providing the energy needed to meet the demands of a developing world, but with fewer emissions. We have embraced it in our own business operations. In 2018, for example, we achieved zero net growth in operational emissions and 2.5 metric tons of sustainable greenhouse gas emissions reductions since the beginning of 2016. We maintain one of the largest operated renewables portfolio in the oil ~~&~~ and gas industry through our U.S. Wind business, produce advanced biofuels and invest more than \$500 million annually in ventures such as LightSource BP and Fulcrum Bioenergy, which produces ~~creates~~ jet fuel from municipal waste.

But we know that our own efforts are not enough and that leadership and collaboration across the oil ~~and~~ gas industry is essential in confronting this dual change. Thus, [OGCI etc.]—That's why BP was a founding member of the Oil and Gas Climate Initiative, which brings together 13 of the world's largest energy companies. Together, we're working to eliminate routine gas flaring while investing heavily in detecting, mitigating and preventing leaks from pipes and production facilities.

These voluntary efforts are necessary and already transforming BP and the industry. But they are not sufficient in themselves to support what our Chairman has called for moving towards, i.e., "a faster transition to a lower carbon energy system." That ambition can only be realized through the development and adoption of policy and legal frameworks that are both effective and durable. ~~requires policies these voluntary efforts are n~~

~~We have not waited The global imperative is to reduce emissions likewise shows that as on May 21, 2019. Thus, as he further observed, we at BP welcome steps "that are supportive of a faster transition to a low carbon energy system." "a landmark speech at Stanford University. Despite emissions reductions efforts by BP and other companies to reduce emissions and advocate for economy-wide carbon policies~~

~~is an annual report many economists and market analysts consider to be the bible of energy data. This year's report entitled "An Unsustainable Path," showed~~

Global energy demand continues to grow, driven by rising prosperity in the developing world, particularly emerging Asia. At BP we've embraced this dual challenge of delivering the energy the world demands, while finding new ways to produce it with fewer emissions.

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The approach taken by the CEO Climate Dialogue by providing sensible market-based solutions is in line with BP's strategy and ambitions. At BP we are not waiting for action on carbon prices, we use an internal carbon price when evaluating our plans for large new projects as they approach final investment decision. This is currently \$40 per ton of CO2 emissions, with a stress test at \$80 per ton.

We believe natural gas can play a key role today in advancing the energy transition by replacing coal in the power sector. When used in electricity generation, natural gas has less than half the CO2 emissions of coal, but methane emissions must be controlled if natural gas is going to play a role in transitioning the world to a lower-carbon future.

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Methane Guiding Principles, focused on reducing methane emissions across the entire natural gas value chain.

As part of our commitment to the Principles earlier this year we signed a memorandum of understanding with the Environmental Defense Fund to collaborate on projects aimed at reducing methane emissions and sharing lessons with the rest of the industry. We've recently deployed new drone technology with three different infrared and laser scanners to pinpoint early signs of leaks. The technology we are deploying into the field currently exceeds U.S. regulations but to be accepted by regulators, innovations must be rigorously demonstrated as environmentally effective compared to traditional approaches.

At our annual shareholders meeting earlier this year ~~we~~ we passed a resolution proposed by the Climate Action 100+ which calls for greater transparency by BP to show how our strategy is consistent with the Paris goals. In 2018 across

The response from BP employees to our tangible and measurable targets has been tremendous. They are enthusiastic about the work we've done and to help them continue this, earlier this year we established a \$100 million fund for new emissions reductions projects in our upstream operations.

~~Recently in the Financial Times BP's new chairman Helge Lund penned an in his recent Financial Times op-ed on why BP supports a fast transition to a low-carbon energy system, Mr. Lund noted,~~ "However challenging a fast-paced transition might be, it is in the best option for BP and our shareholders - just as it is for the world."

Our recent support for joining the CEO Climate Dialogues is clear. Only by working together - industry, government and society - can we solve the dual challenge of providing more energy with fewer emissions and move toward the low-carbon future we all seek.