

U.S. Weekly Messages

December 14, 2015

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C&EA Highlights

- BP Athlete Ambassadors at Michael Johnson Performance Center: C&EA supported four of our BP Team USA athletes, Tatyana McFadden, Melissa Stockwell, Lex Gillette and Matt Stutzman, along with their coaches, at an intensive 4 day program of physical and mental assessment and sports specific skills training ahead of the 2016 Rio Games. All athletes praised the program and thanked BP for supporting Paralympians and the Paralympic movement.
- Sponsored Content: As part of the ongoing sponsored content program being led by U.S. Communications and Brand, external digital promoted an interactive map of BP across America on Facebook, Twitter and LinkedIn. This is the last in a series of content that the U.S. Comms team and Brand team developed with The Washington Post.

Redacted - First Amendment

- C&EA Procedures Rollout: Revised U.S. C&EA Procedures went live this week. In support of the procedures, C&EA supported a note from John Mingé to all employees to review procedures on routine government interactions. The note included a link to specific government interactions, as well as to the full C&EA procedures.

Upcoming C&EA Activity

Jan. 14	Louisiana Association of Business and Industry Annual Meeting, Baton Rouge
Feb. 22-26	CERA Week 2016, Houston
March 1-20	Houston Livestock Show and Rodeo

KEY ISSUES AND MESSAGES

UN Climate Change Conference in Paris

Current Context: On Saturday evening in Paris, delegates from around the world voted to approve an agreement on climate change that, “for the first time, commits nearly every country to lowering planet-warming greenhouse gas emissions to help stave off the most drastic effects of climate change,” according to the New York Times.

Article 2 of the agreement calls for “holding the increase in the global average temperature to well below 2 °C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5 °C above pre-industrial levels [...]” A White House fact sheet says, “The new global framework lays the foundation for countries to work together to put the world on a path to keeping global temperature rise well below 2 degrees Celsius.”

“The world finally has a framework for cooperating on climate change that’s suited to the task,” Michael Levi, an energy expert at the Council on Foreign Relations, told the New York Times. “Whether or not this becomes a true turning point for the world, though, depends critically on how seriously countries follow through.”

On Saturday evening, BP’s official Twitter account said the Paris agreement was a “landmark climate change deal” and invited people to “learn how we’ll be part of the solution” by linking to BP plc Chairman Carl-Henric Svanberg’s November 23 speech on climate change ([available on BP.com](#)).

For a detailed look at the Paris climate change agreement, see the New York Times website’s “[Inside the Paris Climate Deal](#).”

BP Participation in Paris

Bob Dudley visited Paris to take part in events linked to the UN climate change conference and help explain the role that business can play. BP vice president Liz Rogers also led a key oil and gas industry meeting in the French capital. Dudley took part in a UN-led ‘Caring for Climate’ business forum and spoke at a session organized by the Norwegian Government, and other bodies, to discuss ways of reducing gas flaring and methane emissions. There, he spoke alongside Statoil CEO, Eldar Sætre, and BG CEO, Helge Lund.

- Carbon price: Dudley said action to tackle climate change was needed from the whole of society, including oil and gas companies. But, in order to plan investments, industry needed clear, stable and effective policy signals from governments. “We in BP believe a carbon price is the best policy because it makes the actions that drive emissions up cost more and those that drive emissions down cost less – for all of us, companies and customers alike. That’s the simple concept that can help solve this complex problem.”
- Flaring: In the debate on flaring and methane emissions, Dudley explained how BP had acted to reduce flaring, for example reducing the volume of gas flared at its Tannguh LNG (liquefied natural gas) plant in Indonesia by around 85 percent over five years, through recycling gas for use as fuel and continuous improvement in controlling sources.

- Methane: On methane emissions, Dudley said that for many years, BP had used the set of techniques known as 'green completions', where gas that would have been vented or flared is captured at the wellhead. BP also uses infra-red cameras to detect leaks from joints, valves and connections.

Current BP Messages:

- Ahead of the UN climate change conference in Paris, 10 of the world's leading energy companies, including BP, joined together urging political leaders to reach an effective agreement to address the challenges of climate change.
- These companies recognize the shared ambition of governments around the world to limit the global temperature rise to 2°C (3.6°F) and the fact that the current trend in greenhouse gas emissions is not consistent with that goal.
- While certainly not the only contributors to global climate change, BP and its peers understand that energy companies have an important role to play to help mitigate its effects. We must reliably and affordably meet the world's growing energy demand while also lowering greenhouse gas emissions.
- For its part, BP is already taking concrete action to address the challenges of climate change:
 - We are increasing production of natural gas, the lowest carbon fossil fuel, and we project that within ten years natural gas will comprise around 60 percent of our total production.
 - We continue to make energy efficiency improvements in our operations and products, including reducing methane emissions and routine flaring.
 - We provide renewable energy: we are one of the major wind energy producers in the U.S. and we have a large and expanding biofuels business in Brazil.
 - We invest in research and new technologies that will allow us to develop and produce needed energy resources while reducing the greenhouse gases they emit.
- As significant as these steps are, as well as those taken by others in the industry, we all could do even more with clear, stable government frameworks. They would help us make informed decisions that will keep our businesses competitive while at the same time helping achieve our shared climate goals.
- BP believes that putting a price on carbon – one that treats all carbon equally regardless of its source – will make energy efficiency more attractive and lower-carbon energy sources more competitive.
- BP is committed to taking action itself, partnering with other energy companies and working with governments around the world to meet the energy demands of the future while limiting the impacts of climate change.

Oil Market Update

Current Context: The most recent meeting of the Organization of Petroleum Exporting Countries (OPEC) ended in Vienna without any change to current OPEC market policy of maintaining market share. According to IHS, a consultancy, OPEC thinks that “non-OPEC supply is expected to contract in 2016 while global demand could expand by 1.3 MMb/d,” yet the lifting of sanctions on Iran likely will see many thousands of barrels entering the market.

As reported by the Wall Street Journal, OPEC member countries “demanding output cuts, such as Iran and Venezuela, were unwilling or unable to offer production cuts themselves. Those most able to cut, Saudi Arabia and its neighboring Persian Gulf states, refused unless all members participate along with some producers from outside the organization.” OPEC will maintain its current production, approximately 31.7 million barrels a day, and “closely monitor market developments in the coming months,” according to a statement released at the end of the meeting. OPEC routinely has breached production ceilings, however.

The Wall Street Journal added that “even Saudi Arabia, which is burning through reserves at a rate of more than \$10 billion a month, might have to begin making substantial cuts in spending to stem its losses if global demand isn’t growing fast enough to catch up with supply in the market.”

For its part, the International Energy Agency maintains its 2016 global demand forecast. The IEA projects that world oil demand could reach 95.8 million barrels per day next year (compared to 94.6 million barrels per day in 2015). Since the middle of 2014, crude oil prices have fallen more than 65% to less than \$40 a barrel.

Group Economics Outlook (*internal use only*)

The oil market remains significantly oversupplied, by around 1.2 Mb/d in 2015 H2. Demand and non-OPEC supply continue to respond to lower prices. Even with stronger demand growth (1.8 Mb/d in 2015 and 1.5 Mb/d in 2016) and weaker non-OPEC supply (+0.9 Mb/d in 2015 and -0.7 Mb/d in 2016), the oil market this year has become even more oversupplied than it was last year, due to the substantial increase in OPEC production. OPEC output is likely to increase further next year as Iran sanctions are lifted. As a result, the market is not likely to balance until 2016 H2, with inventories continuing to build until then.