

Members of the Main Board

Trade association review and report

At the 2019 AGM we committed to review our trade association (TA) memberships relating to climate change and the energy transition and report findings in 2020.

This paper explains the **review process and findings**; sets out what we propose to **report**; and considers **next steps**.

Context

For the extractive industries in particular, the issue of influence over policy development and regulation is a topic of significant interest. Climate Action 100+ have listed trade associations and lobbying as one of their three top issues for 2020.

Last year an organisation called Influence Map published a report on climate lobbying in the oil and gas sector. While this had a questionable methodology and conflated a number of different issues around memberships, promotional activity and even corporate advertising the report has been widely cited. Further, it has created a narrative that our sector is active in blocking and slowing the energy transition, which, in turn, is harming our reputation.

In response, a number of companies are now publishing reports on this topic. BHP, Shell and Total have already done this, and we are aware of similar reports being prepared by Equinor and Eni. BHP, who published their first such report in 2017 and led the way for others, have recently published their second report. This is setting a pattern for these reviews to be conducted on a regular basis.

This is clearly an emerging area with both downside and upside reputation risks depending on how we respond.

Our review process

We have now completed a first groupwide review. Initially, a total of 34 associations in North America, Europe and Australia were in scope. This was based on their active involvement in climate policy, recognising this is where the debate is mainly focussed and is consistent with how other companies had conducted their reviews.

The activity and policy positions for these associations were assessed against BP's existing climate positions, first by research undertaken by an independent third party (BSR) followed by an assessment by a cross-functional BP team including policy, group and regional C&EA, and legal.

The following principles were applied to the review:

- Conducted in line with the European Investor Expectations on Corporate Lobbying on Climate Change, which are to: lobby positively in line with the Paris Agreement; have robust governance procedures; act when unaligned; be transparent.
- Adopt an approach that was rigorous, consistent and fair.
- BP relationship holders of the TAs were involved at each stage.
- Assessment used current and recent (two-year maximum) positions, statements and other publicly available information.
- Silence on an issue was deemed as the TA having 'no position'.
- Consideration was given to the broader value of each TA before any action was recommended.
- Although assessment was based on current positions, we endeavoured to recognize evolving positions, such as those of the AFPM and API.

Redacted - First Amendment

Redacted - First Amendment

Redacted - First Amendment

Redacted - First Amendment

Redacted - First Amendment

Redacted - First Amendment