

1. Updated position on biodiversity and internationally protected areas

a. Context

- i. In October 2020 UN convention will agree biodiversity framework (similar to the Paris Agreement) setting specific international goals and targets in marine and terrestrial ecosystems, and natural contributions to achieve targets of the Paris Agreement; it also sets expectations for businesses to transition to sustainable practices, establish metrics, reporting and disclosure standards
- ii. Other initiatives, including investor and rating agencies are reporting on company's biodiversity performance (*ref. table 1 on p. 16*) and ENGOs introducing their own principles for working with businesses (*ref. table 2 on p. 16*)
- iii. Oil and gas operations direct impact on biodiversity is relatively limited compared to other sectors (e.g. agriculture) – while we have operations in marine and terrestrial sensitive areas with potential impact on specific biodiversity features.

b. Key risks and issues

- i. Risk of increased regulations and policies with pressure to take stronger action on climate change and biodiversity loss
- ii. Increasing external scrutiny of environmental impact assessments, with risk of permit delays or rejections
- iii. Expectations for big business to commit to biodiversity
- iv. Public concern and NGO campaigns
- v. Investor focus on activities in 'high-risk' areas – and quantifying 'biodiversity risk' in their portfolio
- vi. Expectations to disclose risks related to biodiversity and report business performance

c. BP Position

- i. Group Defined Practice (GDP) 3.6 provides risk-based approach, requiring major projects to:
 - 1. Achieve no net loss (NNL) in biodiversity when operating in sensitive areas
 - 2. Achieve NNL of high-carbon stock ecosystems
 - 3. Assess and seek to mitigate introducing invasive species risks
 - 4. Assess and seek to mitigate the potential impacts on marine mammals when operating in marine sensitive areas
- ii. This is limited to new projects only and our approach remains misaligned with some of our peers, societal expectations, NGO principles, and the draft UN biodiversity framework

d. Specific Positioning Options

- i. Achieve NNL/net positive impact (NPI) in biodiversity
 - 1. this mostly applies to direct impacts, but stakeholders may expect our aspirations to cover both direct and indirect impacts.

2. Different level of ambition could be adopted based on site vs. corporate level application and whether this applies to all sites or only those in sensitive areas (*ref. table 3 on p. 20*)
- ii. Commitment to not undertake O&G activities in Protected Areas
 1. This is consistent with the UN biodiversity framework.
 2. Several of our peers have committed to no activity inside a UNESCO World Heritage Site (WHS) but we are not aware if any company has made any commitments beyond WHS.
 3. BP has agreed [but not yet announced] to a commitment to 'not undertake any new exploration and production activities inside the officially recognized boundaries of the UNESCO WHS).
 4. A universal 'no-go' declaration covering all internationally protected areas is not recommended but it is recommended that the 'no-go' commitment to be extended beyond the WHS to International Union for Conservation of Nature (IUCN) defined Strict Nature Reserves and Wilderness Areas
- iii. Working with partners to support biodiversity conservation
 1. Work with strategic partners to help:
 - a. Provide targeted support to biodiversity conservation and restoration in BP priority countries
 - b. Assist in building capability in developing countries
 - c. Provide BP staff secondment and training opportunities
- iv. Biodiversity metrics
 1. Engage with initiatives on reporting guidelines, develop and agree performance indicators, pilot to understand potential impact
- e. Recommendations
 - i. Adopt a position aspiring to achieve NPI on biodiversity from our direct impacts at site level across all BP operations and projects by 2030
 - ii. Extend UNESCO WHS 'no-go' commitment to ICUN Strict Nature Reserves and Wilderness Areas
 - iii. Establish new initiative to help conserve and restore biodiversity in priority areas under formal, collaborative partnership with relevant stakeholders
 - iv. Develop internal biodiversity metrics to understand our impact and measure against the UN biodiversity framework targets

2. Updated human rights policy statement and options for enhancing the policy

- a. Context
 - i. BP's business and human rights policy was published in 2013, stating our commitment to respect human rights and meet the expectations set by the UN Guiding Principles on Business and Human Rights, and to publish a statement of policy declaring commitment to respect human rights
 - ii. Since then stakeholder expectations have increased, BP's human rights implementation has advanced, and our Code has been revised. BP's Human

Rights Working Group agreed a new implementation framework, including review of the current policy statement in order to:

1. Ensure our policy is credible and consistent with prevailing good practice and our peer group
 2. Assess its fitness for purpose reflecting current practice and supporting implementation priorities
 3. Test against stakeholder expectations and ESG benchmarks.
- b. BP commissioned Business for Social Responsibility (BSR) to assess BP's existing policy statement and identify options for strengthening it based on good corporate and industry practice, external and BP stakeholder expectations
 - c. Following revisions are recommended:
 - i. Add details relating to our commitments – e.g. state our commitment to each of the ILO's core labor standards;
 - ii. State our salient human rights issues
 - iii. Show how other BP standards (Code, Labor Rights and Modern Slavery Principles) reinforce our approach
 - iv. Clarify core aspects of our operational approach to reflect our current practice
 - v. State how human rights is integrated into our governance
 - vi. Align with UNGP expectations and our code, in how we describe the relevance of the policy to our business relationships
 - vii. Locate human rights and policy in the broader context by addressing issues such as the energy transition
 - d. Additional enhancement are presented for PAWG consideration either to include now, further develop, or review at a later date:
 - i. CEO signature – to make important statement from the top of BP to respect human rights
 - ii. That in certain circumstances BP may support Human rights defenders, in concert with other stakeholders
 - iii. Recognize the challenge of 'just transition', which decarbonizes economies, while mitigating impact on and respecting the rights of workers and local communities
 - iv. Independent, 3rd party assessment of entity conformance with revised policy
 - v. Commitment to Free and Prior Informed Consent of Indigenous Peoples (IP) - that BP would negotiate with affected IPs and seek their consent to new, relevant activities
 - e. Reference: *Draft revised Business and Human Rights Policy – pp. 43-47*

3. Position on carbon border adjustments

- a. Context
 - i. In the absence of universal carbon pricing, Carbon Border Adjustments (CBA) are used as a mechanism to protect damaging industrial and carbon shifts/leakage from jurisdictions with (high) carbon prices to those with no (lower) carbon prices.

- ii. CBA should be seen as a way of avoiding trade distortions and increasing the effectiveness of domestic carbon price policies, rather than any sort of protectionist measure
- b. Challenges with CBA
 - i. CBA would need to be designed to be compatible with WTO rules, which is seen by some as problematic
 - ii. If not carefully designed, CBA can cause or be seen arbitrary and discriminatory and cause impediment to trade
 - iii. Ultimately, some form of leakage protection is needed for carbon prices to play a role on reducing emissions at a country or regional level and hence CBAs are under active discussion in the US (CLC) and the EU (the Commission)
- c. BP's historical position
 - i. BP has opposed non-carbon Border Tax Adjustments (BTAs) and prefer domestic exemptions from carbon prices over CBAs to provide leakage protection to domestic industries, including refining, that are energy intensive and trade exposed. This had the advantage of avoiding bureaucratic restraints on trade and avoiding potential trade conflicts between countries.
- d. Proposed BP positioning going forward
 - i. No reason to change our position resisting non-carbon BTAs, but as national and international carbon pricing systems proliferate and price differentials widen, we believe it is time to support CBAs.
 - ii. Nevertheless cautiously:
 - 1. Explain why CBAs are different from BTAs
 - 2. Describe them as necessary to enable national and regional pricing to be delivered until global alignment on carbon pricing is achieved
 - 3. Explain alternatives and need to align their effects with BCA in order to achieve the desired outcomes, but it is simpler just to do BCA
 - 4. Acknowledge need for carefully design to ensure it functions properly to provide environmental rather than trade protection
- e. Proposed high level narrative:
 - i. BP is a strong supporter of carbon pricing as the most efficient and comprehensive policy for carbon abatement.
 - ii. In the long term, we encourage progressive coordination in levelling among national carbon pricing policies.
 - iii. In the meantime, unless and until global coordination and consistency on carbon pricing can be achieved, some mechanism to level the playing field is necessary to prevent carbon leakage and negative economic outcomes which could undermine the effectiveness of and societal support for the price, and to incentivise jurisdictions without carbon pricing to adopt it.
 - iv. The kind of carbon price that will be needed to help deliver the Paris goals is likely to be higher than most of today's carbon prices, so the need to address these issues will grow and become a critical success-factor for meaningful carbon pricing

- v. CBAs are the only viable option to fully achieve this objective but must be designed very carefully to ensure that they provide legitimate environmental rather than arbitrary and discriminatory trade protection. The data requirements to ensure this objective will be onerous and the policy structures complex, but both are necessary and feasible.
 - vi. We want to contribute to work with other stakeholders, including policy-makers, to help design an effective and WTO-compliant BCA regime for an existing scheme, in the hope that it will aid policy makers in other parts of the world to deploy a BCA for their own new or existing scheme.
- f. Recommendation
- i. PAWG asked to review and approve high-level position
 - ii. Detailed policy positioning ensuring effective functioning of CBAs will be developed for further PAWG review

4. Sustainable plastics strategy and position approval

- a. Sustainable Plastics Strategy
 - i. BP's vision is 'Advancing zero plastic waste'. This vision has been widely and successfully networked across BP with key functions. The work was led by Downstream initially, but Upstream is also engaged, working to understand potential exposure to microplastics (e.g. in drilling-related products)
 - ii. Three C framework developed to help Downstream initiatives – circular, low carbon, and commercially viable.
 - iii. Senior-level resource to be hired to drive the plastics strategy and coordinate its implementation across various businesses (Infinia, Fuels ESA, Lubricants, etc.) and convene a formal sustainable plastics network across key businesses and functions
 - iv. Downstream expects to engage with external stakeholders about the vision, business commitment and initiatives in 2H2020, after pilot programs are proven successful
- b. Plastics and Plastic Waste Position (*ref. pp 67-68*)
 - i. BP's position on plastics and plastic waste – proposed to be included in ESG playbook
 - ii. Further information reflecting common questions

5. Forward agenda

- a. Proposal of issues to review at the next PAWG:
 - i. Post-ambition review of current internal landscape of policy and advocacy groups: PAWG, TAG, etc.
 - ii. Hydrogen
 - iii. Tax transparency
 - iv. Methane (and other) standards
 - v. The role of oil