

Climate Accountability at BP

Since the Union of Concerned Scientists (UCS) issued its inaugural *Climate Accountability Scorecard* in 2016, the fossil fuel industry has faced mounting shareholder, political, and legal pressure to stop spreading climate disinformation and dramatically reduce global warming emissions from its operations and the use of its products. This follow-up study of eight major oil, gas, and coal companies (Arch Coal, BP, Chevron, ConocoPhillips, CONSOL Energy, ExxonMobil, Peabody Energy, and Royal Dutch Shell) found that they are responding to these growing mainstream expectations.

However, the organization’s analysis also found that these companies’ actions, on the whole, remain insufficient to prevent the worst effects of climate change. None of these companies have demonstrated a level of ambition consistent with keeping global temperature rise within the Paris climate agreement limits that some companies claim to support, many downplay or misrepresent climate science, and all continue to spread climate disinformation through trade and industry groups.

In 2018, we evaluated the same eight companies on 28 metrics that are largely the same as those we assessed in 2016 (Mulvey et al. 2016). The study focused on the period from July 2016 through June 2018. The metrics and criteria are separated into four broad subject areas: renouncing disinformation on climate science and policy, planning for a world free from carbon pollution, supporting fair and effective climate policies, and fully disclosing climate risks. For each area, we gave each company a score, ranging from “advanced” (which means that the company is demonstrating best practices) to “egregious” (which means that the company is acting very irresponsibly). BP’s score improved in one area, dropped in one area, and remained the same in two areas.

Scorecard Highlights

- Following engagement with Barnard College over its divestment evaluation and with UCS over our 2018 scorecard findings, BP reversed apparent backsliding in its climate change communications by removing from its website a statement that misrepresented climate science. The company’s communications are once again in line with the scientific consensus on climate change and reflect the consequent need for

swift and deep reductions in emissions from the burning of fossil fuels (BP PLC 2018a).

- BP is a founding member of the Climate Leadership Council and supports the group’s plan for a federal carbon tax (CLC n.d.). It is also a member of the Oil and Gas Climate Initiative (OGCI 2018). Since 2015, the company has not been affiliated with the American Legislative Exchange Council (ALEC), which serves as an important conduit for climate science disinformation and policy proposals designed to block climate action (Westervelt 2015).
- In its financial disclosures, BP provides a detailed analysis of existing and proposed laws and regulations relating to climate change and their possible effects on the company, including potential financial impacts (BP PLC 2018b).
- BP’s policy is not to make political contributions from corporate funds and not to give to candidates, committees, and parties (BP PLC 2018c).
- BP provides information about direct global warming emissions from its operations and indirect global warming emissions from downstream activity (BP PLC 2017b).

TABLE 1: BP Company Overview

	Global producer, refiner, and marketer of oil and natural gas	
Location of Headquarters	London, England	
Executive Chairman	Carl-Henric Svanberg	
CEO	Bob Dudley	
2017 Annual Revenues	\$244.582 Billion	
2017 Annual Profit	\$3.468 Billion	

DATA SOURCE: BP PLC. 2017A.

Scorecard Lowlights

- The chair and president of BP America serves on the boards of directors of the American Petroleum Institute (API), the National Association of Manufacturers (NAM), and the US Chamber of Commerce (US Chamber) (US Chamber 2018; API 2016; NAM n.d.). BP is also represented on the board of the Western States Petroleum Association (WSPA) (WSPA 2016). The company has not taken steps to distance itself from the climate disinformation spread by any of these groups.
- BP has not set a company-wide, net-zero emissions target consistent with the Paris climate agreement's global temperature goal (BP PLC 2018d).
- BP has not explicitly endorsed the Paris climate agreement's global temperature goal (BP PLC 2018e).
- In its financial filings, BP generally acknowledges physical risks it faces, such as severe weather, but it has not discussed climate change as a contributor to those risks. The company has also failed to mention the climate liability lawsuits in which it is a defendant (BP PLC 2018b).

Recommendations

BP SHOULD:

- Use its leadership positions within the API, NAM, the US Chamber, and WSPA to demand an end to their disinformation on climate science and policy, and speak publicly about these efforts.

- Develop and publicly communicate a company-wide plan to bring BP's emissions of heat-trapping gases from its operations and from the use of its products to net zero by mid-century, which would be consistent with the Paris climate agreement's global temperature goal.
- Explicitly endorse the Paris climate agreement's global temperature goal and consistently support public policies and/or regulations to advance it.
- Consistently call for US policy action on climate change, identify specific federal and/or state legislation or regulation that the company supports, and advocate publicly and transparently for those policies.
- Provide details about the nature and magnitude of the climate-related physical risks it faces and the impact these may have on the company.
- Analyze and fully disclose to shareholders the potential risks related to the climate liability lawsuits in which the company is a defendant.

Detailed Scoring

BP's scores across all metrics, separated by area, are detailed on the following pages in Tables 2-5. For each metric and area, companies are scored on a five-point scale. In descending order, the possible scores are Advanced, Good, Fair, Poor, and Egregious. Arrows indicate a change in score from the 2016 scorecard.

Please see the methodology and data appendices online at www.ucsusa.org/climatescorecard for additional details.

TABLE 2. Renouncing Disinformation on Climate Science and Policy

Metric	2016 Score	2018 Score	Rationale
Consistently accurate public statements on climate science and the consequent need for swift and deep reductions in emissions from the burning of fossil fuels	Good	Good	Following engagement with Barnard College over its divestment evaluation and with UCS over our 2018 scorecard findings, BP removed from its website a statement that misrepresented climate science. The phrase “possible impact on global climate via the ‘greenhouse effect’” implied that BP questioned the scientific consensus that climate change is happening and whether emissions of heat-trapping from the burning of fossil fuels are the primary cause (BP PLC 2018a). The revised text, citing the Intergovernmental Panel on Climate Change, brings the company’s communications back in line with the scientific consensus on climate change and reflects the consequent need for swift and deep reductions in emissions from the burning of fossil fuels (BP PLC 2018a).
Affiliations with trade associations and other industry groups that spread climate science disinformation and/or block climate action			
American Legislative Exchange Council (ALEC)	Good	Good	The company left ALEC in 2015 but did not specifically cite climate change as its reason for leaving (Westervelt 2015).
American Petroleum Institute (API)	Egregious	Egregious	Chair and president of BP America, John Mingé, is on the API board of directors as of 2018 (University of Houston n.d.). The company has not taken any steps to distance itself from climate disinformation spread by the group.
National Association of Manufacturers (NAM)	Egregious	Egregious	John Mingé was also on the NAM board of directors as of 2017 (NAM n.d.). The company has not taken any steps to distance itself from climate disinformation spread by the group.
US Chamber of Commerce (US Chamber)	Fair	Egregious ▼	While there was no evidence of BP’s membership in the US Chamber during the 2016 scorecard study period, BP America’s John Mingé is on the US Chamber board of directors as of 2018 (US Chamber 2018). The company has not taken any steps to distance itself from climate disinformation spread by the group.
Western States Petroleum Association (WSPA)	Egregious	Egregious	BP refinery manager Bob Allendorfer was on the WSPA board of directors as of 2016 (WSPA 2016). The company has not taken any steps to distance itself from climate disinformation spread by the group.
Policy, governance systems, and oversight mechanisms to prevent disinformation	Poor	Poor	BP has no policy or commitment on record to avoid direct or indirect involvement in spreading climate science disinformation.
Support for climate-related shareholder resolutions	Good	Fair ▼	After supporting a climate-related shareholder proposal during the 2016 scorecard study period, BP did not face any climate-related shareholder proposals during the current study period.
Area score	Poor	Poor	

DATA SOURCES: COMPANY WEBSITES FROM JULY 1, 2016, THROUGH JULY 31, 2018. COMPANY REPORTS, PROXY STATEMENTS, US SECURITIES AND EXCHANGE COMMISSION FILINGS, AND SUBMISSIONS IN CLIMATE LIABILITY LITIGATION; PUBLIC STATEMENTS BY COMPANY REPRESENTATIVES; TRADE ASSOCIATION AND INDUSTRY GROUP WEBSITES; AND THIRD-PARTY SHAREHOLDER AND WATCHDOG GROUP WEBSITES FROM JULY 1, 2016, THROUGH JUNE 30, 2018; TRADE ASSOCIATION FEDERAL FILINGS FROM 2016.

TABLE 3. Planning for a World Free from Carbon Pollution

Metric	2016 Score	2018 Score	Rationale
Company-wide commitments and targets to reduce greenhouse gas emissions	Egregious	Poor ▲	In its energy transition report, BP made a short-term commitment to reduce carbon emissions, but it has not set a net-zero emissions target in line with the Paris climate agreement's global temperature goal (BP PLC 2018d).
Use of an internal price on carbon in investment decisions	Fair	Fair	BP has set a price on carbon of \$40 per tonne that it uses in investment decisions, but it does not specify whether the price reflects the carbon emitted during all components of the supply chain over which the company has control (BP PLC 2017a).
Commitment and mechanism to measure and reduce carbon intensity of supply chain	Fair	Fair	BP has made a public commitment to measure and reduce carbon emissions from its own operations within a set period, but it is not part of an initiative with a quantitative, time-bound target (BP PLC 2017b).
Disclosure of investments in low-carbon technology research and development	Fair	Fair	BP reports annually on low-carbon research and development, with details on some specific investments, but it has not reported on low-carbon investments as a proportion of the total research and development budget or in the context of future budget allocations (BP PLC 2017b; CDP 2017).
Disclosure of greenhouse gas emissions reduction plans	Poor	Poor	BP has not disclosed a sufficiently detailed plan to reduce greenhouse gas emissions that is in line with the Paris climate agreement's global temperature goal (BP PLC 2018e; BP PLC 2018f; BP PLC 2017b).
Disclosure of how company manages greenhouse gas emissions and associated risks	Poor	Fair ▲	BP has provided a detailed description of actions it is taking to reduce, offset, or limit its own greenhouse gas emissions (BP PLC 2018d; BP PLC 2017b). However, it has not disclosed actual emissions reductions resulting from activities undertaken by the company, identified any opportunities to benefit financially from its actions to reduce greenhouse gas emissions, or discussed the larger impacts of greenhouse gas emissions reductions on the company (BP PLC 2018d; BP PLC 2017b).
Disclosure of greenhouse gas emissions	Fair	Good ▲	BP provides information about direct greenhouse gas emissions from its operations and indirect greenhouse gas emissions from downstream activity. However, it has not disclosed adequate data from the entire fuel production supply chain to estimate life cycle greenhouse gas emissions (BP PLC 2017b; CDP 2017).
Area score	Poor	Fair ▲	

DATA SOURCES: 2017 AND 2018 US SECURITIES AND EXCHANGE COMMISSION 20-F FILINGS, CDP DISCLOSURES, SUSTAINABILITY REPORTS, AND ANNUAL REPORTS; COMPANY WEBSITES AND COMPANY PRESS RELEASES FROM JULY 1, 2016, THROUGH JUNE 30, 2018.

TABLE 4. Supporting Fair and Effective Climate Policies

Metric	2016 Score	2018 Score	Rationale
CPA-Zicklin Index of Corporate Political Disclosure and Accountability: Disclosure	Fair	Poor ▼	BP's policy is not to make political contributions from corporate funds and not to give to candidates, committees, and parties. It provides partial or no disclosure of other aspects of political spending, including trade associations and super PACs (political action committees) (BP PLC 2018c; BP PLC 2018g; BP PLC 2017c).
CPA-Zicklin Index of Corporate Political Disclosure and Accountability: Policy	Advanced	Advanced	BP's policy is not to make political contributions from corporate funds and not to give to candidates, committees, and parties (BP PLC 2018c; BP PLC 2018g; BP PLC 2017c).
CPA-Zicklin Index of Corporate Political Disclosure and Accountability: Oversight	Poor	Good ▲	BP's policy is not to make political contributions from corporate funds and not to give to candidates, parties, and committees. The company has a web page dedicated to ethical conduct and has an internal process for ensuring compliance. It has partial or no oversight in other areas related to political spending (BP PLC 2018c; BP PLC 2018g; BP PLC 2017c).
Engagement with Congress on federal climate policies or legislation	Fair	Fair	BP did not publicly engage with Congress on climate policies during the study period (BP PLC 2018h; BP PLC 2017b).
Consistent support for US policy action to reduce emissions	Fair	Fair	BP consistently calls for and supports a government carbon policy framework, including a price on carbon, but it did not publicly support specific federal or state policies to enact a carbon price during the study period (CLC n.d.).
Support for Paris climate agreement*	N/A	Poor	BP has made a general statement of support for policies to advance the Paris climate agreement but has not explicitly endorsed its global temperature goal (BP PLC 2018e; Dlouhy 2017; Nussbaum and Carroll 2017).
Company influence through international or national business alliances or initiatives that are supportive of specific climate policies	Good	Good	BP is a member of the Oil and Gas Climate Initiative, a voluntary, chief executive officer-led initiative that aims to lead the industry response to climate change (OGCI 2018). BP is a founding member of the Climate Leadership Council, an international policy institute that promotes a carbon dividends framework (CLC n.d.).
Area score	Good	Fair ▼	

*Metric regarding Paris Climate Agreement moved from the "Planning for a world free from carbon pollution" Area to the "Supporting fair and effective climate policies" Area because nations have begun to craft and enact policies to implement their Paris Climate Agreement commitments. 2018 scores not compared with those from 2016.

DATA SOURCES: 2017 CENTER FOR POLITICAL ACCOUNTABILITY-ZICKLIN INDEX AND SCORING GUIDELINES; COMPANY WEBSITES, MAJOR NEWS SOURCES, CONGRESSIONAL TESTIMONY AND COMPANY COMMENTS FILED WITH REGULATIONS.GOV FROM JULY 1, 2016, THROUGH JUNE 30, 2018.

TABLE 5. Fully Disclosing Climate Risks

Metric	2016 Score	2018 Score	Rationale
Disclosure of regulatory risks	Good	Good	BP provides a detailed analysis of existing and proposed laws and regulations relating to climate change and their possible effects on the company, including potential financial impacts (BP PLC 2018b).
Disclosure of physical risks	Poor	Poor	BP generally acknowledges the physical risks it faces, such as severe weather, but it does not discuss climate change as a contributor to those risks (BP PLC 2018b).
Disclosure of market and other indirect risks and opportunities	Fair	Poor ▼	BP provides some examples of how it may be affected by indirect risks from climate change, including decreased demand and technological improvements, but it does not mention the climate liability lawsuits in which the company is a defendant (BP PLC 2018b).
Disclosure of corporate governance on climate-related risks by board and senior management*	Egregious	Poor ▲	BP makes generic statements about a “transition to a low-carbon economy” but does not provide sufficient details on climate-related governance by its board and senior management (BP PLC 2018b).
Area score	Fair	Fair	

* Company scores may have improved because proxy statements were considered as a source in 2018 if referenced in US Securities and Exchange Commission (SEC) 10-K/20-F governance disclosure.

DATA SOURCES: 2018 US SECURITIES AND EXCHANGE COMMISSION (SEC) 10-K OR 20-F FILINGS; PROXY STATEMENTS AND CDP DISCLOSURES, ONLY IF DISCUSSED IN SEC 10-K/20-F.

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