

Message

From: Dio, Susan W [/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=REDACTED]
Sent: 14/01/2019 14:01:20
To: Mckay, Lamar [/o=MSXBP/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=REDACTED]
Subject: Per our discussion

Lamar,

The \$5M included in the BP America budget, "Defend BP", supports the BP Group and BP America priorities by seizing opportunities and mitigating risks on reputational, policy and legal issues that could have material impacts. Given the current political landscape it is often difficult to anticipate the exact reputational, policy and legal issues BP America will face in 2019. This budget gives BP America the ability to quickly defend the company's reputation and license to operate at the federal, state and local levels. The funding will be available for use at the discretion of the Chairman and President of BP America. The budget estimate was developed using best available information with a specific focus on cost discipline. Any unused funds would be returned to Group at year-end.

Here are examples of items that would be covered through the 2019 Defend BP budget:

- Louisiana Coastal Litigation – Rough estimate for 2019 is \$2.5m. – this is a material issue that we believe will require resource this year.
- McKinsey work related to DWH claims – The costs for 2018 were approximately \$3m for the DOJ Safety Compliance program. These costs were incremental to the plan, so BPA Defend BP budget was used to cover. There is no budget for this in 2019.

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- Unexpected strategic sponsorship/contribution opportunities (first Chicago Architectural Biennial, for example) that needed funding for the first year and then moved to the following year's plan. We also had unanticipated cost driven by SJS. Here are examples from 2018: NAM MAP project (\$250K), US Coast Guard Museum (\$200K), Kuwait America Foundation (\$150K), Atlantic Council Dick Morningstar Chair (\$100k), Washington, DC Methane Event (\$65K).

Historically, this line has been included as part of the budget, however the amount has been reduced over the years to a point that was ineffective. Please see the chart below. With the Louisiana Land Loss issue at hand, I believe a large portion of the funds will be used to cover that, leaving us with a smaller contingency.



Please let me know if you need additional information and or have any specific questions.

Thanks,

Susan

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15/03/2022

C&EA Budget Variance



Cost Categories	2018 GFOz	2019 budget	2019 vs. 2018 Budget
Staffing costs (incl. Comms)	\$20,700,000	\$23,600,000	\$2,900,000
T&E	\$1,590,000	\$1,475,000	-\$115,000
Lobbying & Consulting	\$3,709,790	\$3,637,310	-\$72,480
Events	\$856,200	\$608,000	-\$248,200
Other professional services	\$1,053,500	\$968,000	-\$85,500
Contributions	\$5,838,500	\$8,211,500	\$2,373,000
Memberships	\$7,808,360	\$7,091,255	-\$717,105
Rent & Other	\$4,415,910	\$4,452,195	\$36,285
Membership - API	\$9,300,000	\$10,000,000	\$700,000
State and Local and National Contingency	\$394,500	\$1,000,000	\$605,500
Comms transfer adjustment	-\$8,091,410		\$8,091,410
Net BPA Reported Cash Costs	\$47,575,350	\$61,043,260	\$13,467,910
US C&EA Increase w/o Comms transfer			\$5,376,500

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C&EA Budget Bridge Worksheet



Overview of Increase	2019 ZBB Version 1	2019 Updated - new savings outlined below	
Proposed U.S. C&EA Budget	\$61,043,260	\$60,311,260	
Total Increase	\$5,376,500	\$4,644,500	Risks and Opportunities
SJS Items	\$1,250,000	\$1,250,000	CERAWeek Sponsorship Increase, World Petroleum Congress, NAM MAP, CLC, Kuwait America Foundation, Gas Tech
API Increase	\$700,000	\$700,000	API dues set - non-negotiable
Staffing Increase	\$2,900,000	\$2,703,000	2018 GFOz 87 total – GL/3, E/13, F/18, G/22, H/14, I/7, J/3, K/3, CTR/4 2019 GFOz 91 total – E/10, F/10, G/27, H/13, I/10, J/1, K/6, GL/3, CTR/1 2019 4.5% inflation = \$1.062M
U.S. C&EA Third Party Increase (excluding SJS Items & API)	\$526,500	(\$8,500)	See next slide for an overview of third party spend
Additional Proposed Savings			
Staffing		(\$197,000)	Backfill level F with level I, Backfill level I with level K, Release level K
Contributions & Memberships		(\$100,000)	Keep RGA and DGA flat to 2018
		(\$125,000)	Keep PAC match fund flat to 2018
		(\$50,000)	Fund relationship with new MOC's from existing budget
		(\$100,000)	Zero out S&L Employee Activation - fund from SLA
		(\$25,000)	Reduce RAP strategic events fund to \$25k
		(\$100,000)	Reduce S&L unallocated fund
		\$30,000	Governor's Inaugural Sponsorships
		\$60,000	Increase of LA contributions and membership
T&E		(\$125,000)	Reduce total T&E by additional \$125k for a total reduction of \$240,000
Total Additional Proposed Savings		(\$732,000)	

2

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15/03/2022



C&EA Increase Details

Increase vs 2018 Plan	\$ 5,376,500.00	Comments
Additional savings	\$ (732,000.00)	
Net Increase	\$ 4,644,500.00	
<i>of which:</i>		
Support to Group Campaigns	\$850,000	
Climate Leadership Council	\$250,000	
CERA Week	\$100,000	
World Petroleum Council	\$250,000	
GasTech	\$100,000	
Kuwait America Foundation	\$150,000	
Political Change/Uncertainty	\$200,000	
Governor inaugurations	\$100,000	
Subject Matter (Dems)	\$240,000	
WA Carbon Legislative Agenda	\$100,000	
Fierce Gov Rel'ns	-\$240,000	
Litigation Support	\$235,000	
NAM MAP	\$300,000	
Grow Louisiana Coalition	\$280,000	
Bruswick	-\$345,000	
Staffing	\$2,900,000	

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C&EA Core Activities Details



Support Group Campaigns/Energy Transition

U.S. C&EA advocates and promotes group campaigns through many avenues. This includes our consultant spend, external engagements, contributions and memberships, conference sponsorships, communications materials/support and executive engagement opportunities.

International Business Objective Advancement Covington-Sanctions

Reassessment of international organizations we support in DC.

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**Litigation Support
NAM Map, Louisiana**

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Items Cut in ZBB Process

- **Fierce Gov Relations (\$240k)**
- **Brunswick (\$345k)**
- **NRG Suite Rental (\$300k)**
- **BP MS 150 Execution (\$40k)**
- **JT/Brookwoods (\$125k)**
- **S&P Belinda role (\$50k)**
- **WSPA (\$500k)**
- **S&L Small Contributions & Memberships (\$100k)**
- **NAM (\$200k)**
- **Affordable Energy Coalition (\$190k)**
- **Atlantic Council (\$50k)**
- **World Affairs Council (\$30k)**

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