



bp climate policy positions

January 2021

Climate Action 100+ Net Zero Company Benchmark – climate policy positions

Introduction

In September 2020, the steering group of the Climate Action100+ investor initiative issued the [Climate Action 100+ Net Zero Company Benchmark](#) (the benchmark).

bp has welcomed the benchmark as an important transparency initiative.

One of the indicators in the benchmark (Indicator 7) relates to climate policy engagement and specifically to companies' positions on a number of specific areas of climate policy.

In recognition of investor interest in this matter, we set out below bp's high-level public policy positions in response to those specific areas of climate policy. These do not seek to be comprehensive.

Support for economy-wide net zero greenhouse gas (GHG) emission targets by 2050 or before

bp believes that the world is not on a sustainable path. We support the goals of the 2015 Paris Agreement on climate change and to achieve those goals we believe that the energy system needs to be transformed.

This will require action from everyone – producers, sellers and users of energy, and policy makers. We believe that ambitious climate policies will be essential to enable the world to meet the Paris climate goals, including achieving global net zero GHG emissions. In our Aim 6 we have publicly stated our aim to more actively advocate for policies that will support net zero, including carbon pricing.

bp welcomes and supports the decision by an increasing number of countries to declare net zero GHG emission targets and goals by 2050 or sooner.

The need for increased climate policy and regulation

bp believes that there is a need for increased climate policy and regulation, to incentivize economy-wide decarbonization. We support and advocate for the well-designed policies and regulation that will be necessary to drive that decarbonization, consistent with global attainment of the Paris climate goals.

We believe that carbon pricing is the most economically efficient policy mechanism to incentivize decarbonization, while recognizing that regulation also has a critical role to play. This could be in the form of mandates, standards or the direct regulation of emissions, such as the federal regulation of methane emissions in the US, which we have publicly supported.

Support for the United Nations Framework Convention on Climate Change (UNFCCC) process, including the acceleration of Nationally Determined Contributions (NDCs) to achieve the Paris Agreement goal of limiting global warming to well below 2°C and towards 1.5°C

As stated above, we support the goals of the Paris Agreement.

We also support the UNFCCC and Intergovernmental Panel on Climate Change (IPCC) processes, particularly the acceleration of climate ambition in revised NDCs ahead of COP26. We support countries setting ambitious NDCs that are consistent with global attainment of the Paris Agreement climate goals and global net zero in accordance with the Paris Agreement.

Carbon pricing mechanisms and emissions trading

We support the use of carbon pricing and emissions trading.

We believe that a well-designed carbon price – whether by means of a carbon tax or a cap and trade scheme underpinned by emissions trading – is the most efficient way to reduce GHG emissions. It provides the right incentives for everyone – energy producers and consumers alike – to play their part in reducing emissions.

Our full carbon pricing principles are at [bp.com/carbonpricing](https://www.bp.com/carbonpricing).

Carbon offsets

We support the use of high-quality carbon offsets. We believe that such carbon offsets give flexibility for society to achieve reductions at lower cost in both cap and trade and carbon tax policies. Offsets are used for compliance in a number of national carbon pricing systems and are commonly used to help achieve voluntary emission reduction goals by businesses and other organizations around the world.

bp strongly supports the ability of a fully functional Article 6 to help raise the ambition of NDCs through cost-effective carbon pricing cooperation. We support the core carbon principles as recommended by the Mark Carney led Taskforce on Scaling Voluntary Carbon Markets.

Energy efficiency standards

We support standards that drive energy efficiency, for example, those for buildings, vehicles and appliances. We believe that energy efficiency has a major role to play in the low-carbon transition and can improve energy affordability, security and sustainability.

Renewable energy legislation

We support the use of legislation to promote the growth of renewable energy.

Renewable energy is the world's fastest growing energy source and vital to getting the world to net zero. We have an ambition to have developed 50 gigawatts to financial close by 2030.

Legislation has an important role to play in driving the adoption of renewables, for example, in terms of carbon pricing, targets or tax credits for supporting the penetration of solar and wind within electricity generation.

Energy policy and mix

We support a net zero energy system and policies that are well designed to deliver this outcome consistent with the goals of the Paris Agreement.

We recognize and welcome that this will involve a fundamental restructuring of the global energy system, with a more diverse energy mix.

GHG emission standards

We support well designed standards to reduce greenhouse gas emissions.

Note on high-level policy positions

These are high-level positions. In our experience the detail of specific policies and regulations is crucial for their success:

- new policies and regulations generally need to interact effectively with a range of existing measures, and these interactions can be complex.
- each policy maker needs to tailor their policies to the unique circumstances, challenges and opportunities of their country and their specific social, political and economic environment.

For these reasons, to achieve the relevant policy objectives while avoiding unintended consequences it is essential that climate policies – like any other policies – are well designed.