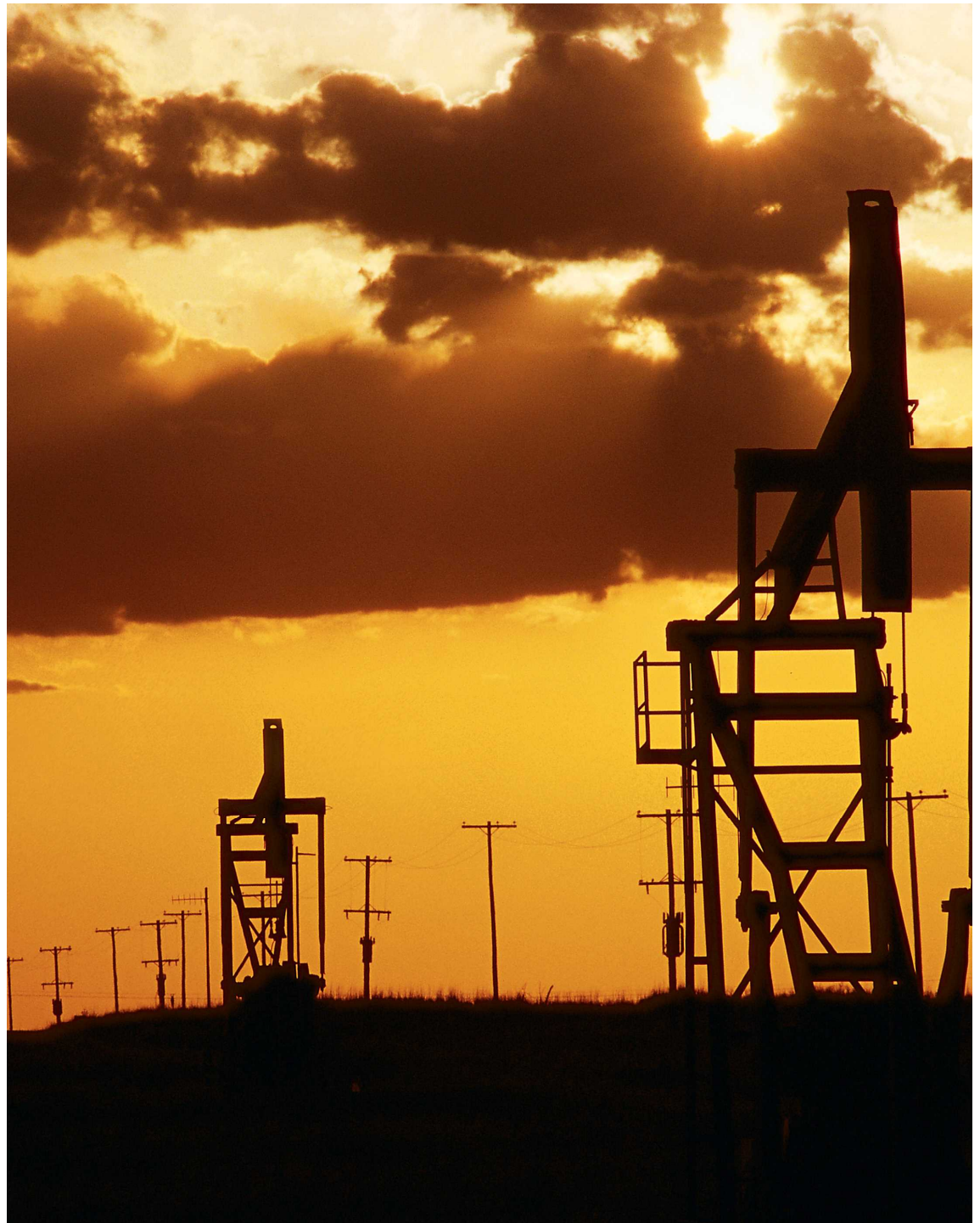


EITI Overview

September 15, 2016

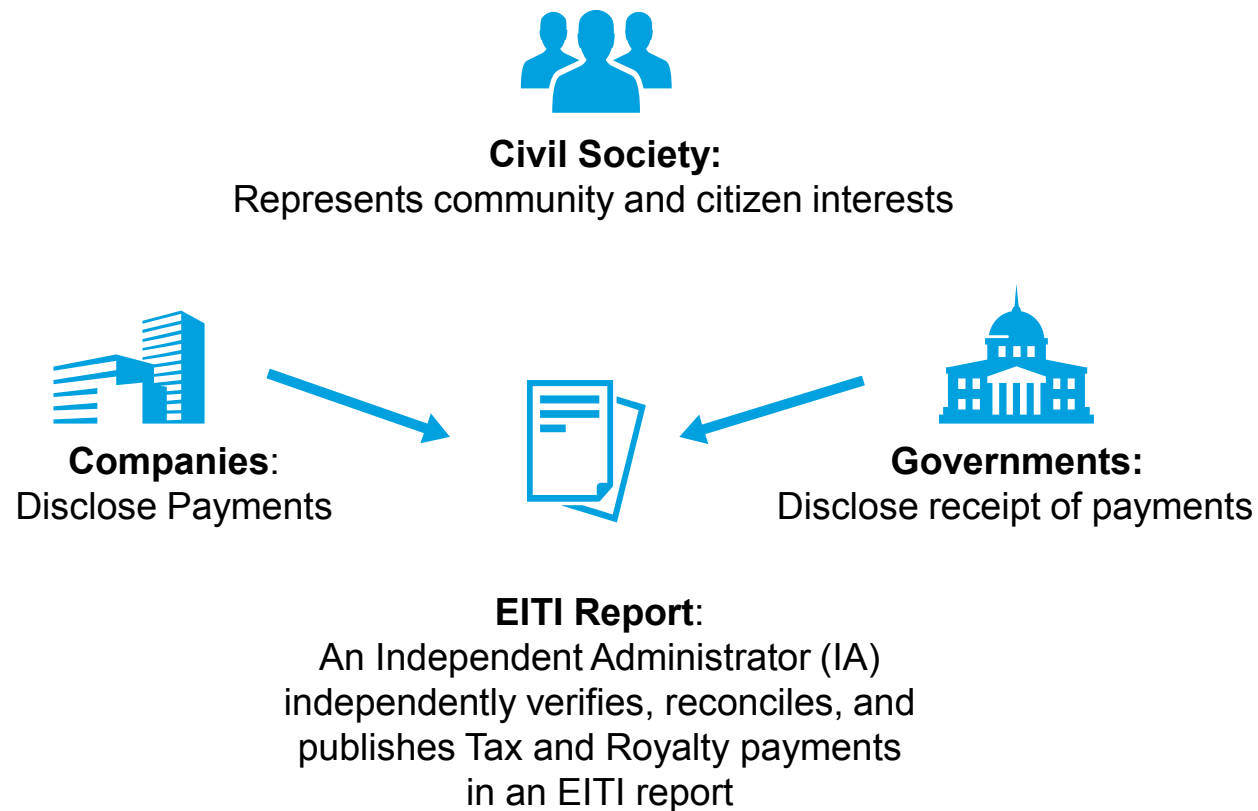
Please kindly note that this presentation does not represent Deloitte's official views but includes my personal opinion.



Extractive Industries Transparency Initiative (EITI)

EITI is a voluntary, global effort to strengthen accountability and public trust for the revenues paid and received for a country's natural resources

Multi-Stakeholder Process



EITI is a global standard to promote transparency in the accountable management of natural resources

There is a heavy emphasis on the oil and gas sectors which impacts a number of our clients



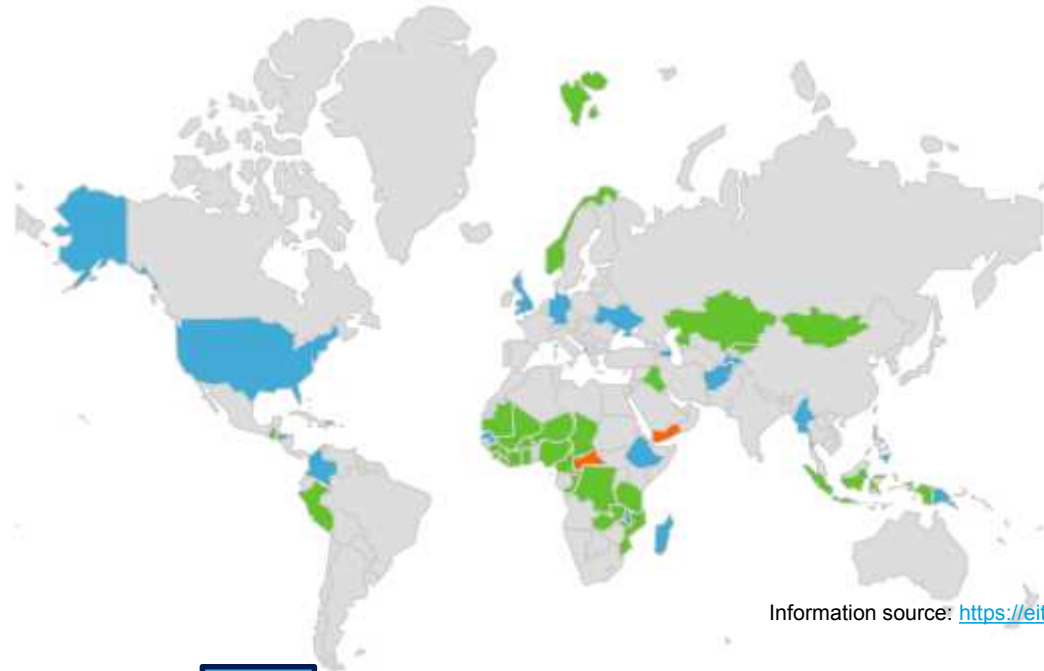
51 countries have implemented EITI



31 are compliant with EITI requirements



Over **\$1.5** trillion in government revenues from oil, gas, and mining have been recorded globally



Information source: <https://eiti.org/>



EITI Candidate Country - implementing EITI, not yet compliant



EITI Compliant Country - confirmed to have met all EITI requirements



Suspended - Compliant/Candidate status is temporarily suspended

Two Parts of the EITI Standard and EITI Report

1. **Reconciliation and Reporting** – disclosure process regarding natural resource revenue

Reconciliation Figures

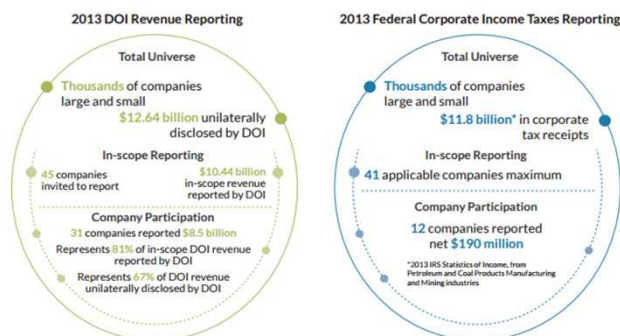
2015 USEITI Reporting and Reconciliation

Through a **unilateral disclosure**¹¹, DOI published online all in-scope revenue from extraction on federal lands by revenue stream and company for CY 2013. DOI reported a total of \$12.64 billion in revenue, disclosing to the public 100% of in-scope DOI revenue from extraction on federal lands during CY 2013. In addition to DOI's unilateral disclosure, the MSG asked companies to report to the IA that same nontax information, revenue payments to DOI, as well as federal corporate income tax payments to or refunds from the Internal Revenue Service (IRS).

¹¹ <https://useiti.doi.gov/explore/federal-revenue-by-company/>

Reporting

Forty-five companies were asked to report. Thirty-one out of the 45 reported DOI revenue. Twelve out of a maximum of 41 applicable companies reported federal corporate income taxes.



2. **Contextual Narrative** – provides citizens with necessary information to understand extractive industries, revenue, and governance

Scale of the Industry

2013 Extractive Industries' Real Value-Added GDP in Billions of US Dollars and as a Percentage of Real US GDP¹

Industry	Real Value Added ² (in billions)	Value Added as a Percentage of Total US GDP
All Industries	\$16,663.2	100%
Extractive Industries	\$441.0	2.6%
Oil and Gas Extraction	\$298.1	1.8%
Mining, Except Oil and Gas	\$79.1	0.5%
Support Activities for Mining	\$63.9	0.4%

¹BEA, "Industry Data," November 5, 2015, <http://www.bea.gov/Table/Table.cfm?ReqID=516&step=516&dur=165114&s=5162+1>

²BEA, An explanation of value added can be found here: http://www.bea.gov/faq/index.cfm?faq_id=1034

Overview of Production

2013 US Global Rank and Production Totals for Select Natural Resources Compared to Other Countries¹

1 Gas:	30,005,254 million cubic feet
1 Oil:	2,720,782 thousand barrels
2 Coal:	Nearly 1 billion short tons
2 Renewable energy:	9.33 quadrillion Btu
3 Gold:	230 metric tons
4 Copper:	1,250 thousand metric tons
8 Iron:	53 million metric tons

Tax Receipts for Mining & Petroleum

Calculated Federal Corporate Income Tax Receipts for Mining and Petroleum Industries 2009–2013 in Millions of US Dollars¹

Industry (Major / Minor)	Total Receipts—All Returns (\$ in millions) ²				
	2009	2010	2011	2012	2013
Mining (Major)	\$3,831	\$5,722	\$5,941	\$5,249	4,896
Oil and gas extraction	\$1,424	\$2,152	\$1,811	\$1,642	1,943
Coal mining	\$207	\$344	\$325	\$245	32
Metal ore mining	\$866	\$1,573	\$1,945	\$1,329	755
Nonmetallic mineral mining and quarrying	\$181	\$158	\$183	\$233	222
Support activities for mining	\$1,153	\$1,494	\$1,677	\$1,800	1,944
Petroleum and Coal Products Manufacturing (Major)	\$1,897	\$5,126	\$7,630	\$9,223	6,908
Petroleum refineries (including integrated)	\$1,772	\$4,865	\$7,402	\$9,064	6,631

¹IRS, "SOI Tax Stats—Returns of Active Corporations—Table 1," n.d., <http://www.irs.gov/soi/Tax-Stats-Returns-of-Active-Corporations-Table-1>

²All figures are estimates based on samples.



US, EU,
Canada and
UK

The companies subject to report in other countries(1/2)

US, EU, and Canada¹



US: Section 1504 of the Dodd-Frank Wall Street Reform and Consumer Protection Act²

- The proposed rules would require a domestic or foreign issuer to disclose payments made to governments if:
 - The issuer is required to file an annual report with the SEC under the Securities Exchange Act (Exchange Act); and
 - The issuer engages in the commercial development of oil, natural gas, or minerals.
 - In addition, a resource extraction issuer would be required to disclose payments made by a subsidiary or another entity controlled by the issuer.



EU: EU Accounting Directive, Chapter 10

- Companies active in the extractive industry or the logging of primary forests that are either:
 - *Large undertakings*—undertakings which on their balance sheet dates exceed at least two of the following criteria:
 - Balance sheet total €20 million;
 - Net turnover: €40 million;
 - Average number of employees during the financial year: 250; or
 - *Public-interest entities*—includes undertakings that are governed by the law of a Member State and whose securities are admitted to trading on a regulated market of any Member State.



Canada: Extractive Sector Transparency Measures Act

- Large companies with a presence in Canada in addition to companies that are listed on the Canadian stock exchange, if they are engaged in the commercial development of oil, gas or minerals in Canada or elsewhere.
 - It has at least C\$20 million in assets;
 - It has generated at least C\$40 million in revenue; and
 - It employs an average of at least 250 employees.

¹ <http://www.shearman.com/~media/Files/NewsInsights/Publications/2015/05/Shining-a-Light-on-Payments-to-Governments-PDF-052715.pdf>

² Draft Rule <https://www.sec.gov/news/pressrelease/2015-277.html>

The companies subject to report in other contrives(2/2)

US, EU, and Canada¹



UK: Implementation of EU Accounting Directive³

- 12/1/2014 - First EU member state to fulfil its G8 Commitment to quickly implement the EU Accounting Directive
- Companies would report if a company qualifies as a large company and fulfils 2 of the 3:
 - A balance sheet of more than £17.8 million
 - A net turnover of more than £35.6 million
 - Average number of employees during the financial year to which the balance sheet relates exceeds 250
- Reports must be prepared on an annual basis and:
 - Be prepared on the basis of individual projects (at the lease level)
 - Include all payments made in money or in kind, whether made as a single payment or a series of related payments totaling £ 84,000 or over
 - Disclose the total amount of payments made to each level of government, including national, regional and local governments, and state owned organizations
 - Disclose the total amount per type of payment

³ <https://www.sec.gov/rules/final/2012/34-67717.pdf>

Disclosure Requirement Comparison

	Dodd-Frank Section 1504*	EU	Canada	EITI
Payments	Taxes; royalties; fees (including license fees); production entitlements; bonuses; dividends; and payments for infrastructure improvements	Taxes levied on the income, production or profits of companies, royalties, license fees, rental fees, entry fees and other considerations for licenses and/or concessions, production entitlements, signature, discovery and production bonuses, dividends, payments for infrastructure improvements	Taxes, royalties, fees, production entitlements, bonuses, dividends, payments for infrastructure improvements	The host government's production entitlement, national state-owned production entitlement, profit taxes, royalties, dividends, bonuses, license fees, rental fees, entry fees and other considerations for licenses and/or concessions, any other significant payments and material benefit to government
Activities	Exploration, extraction, processing, export, acquisition of a license for any such activity	Exploration, prospection and discovery	Exploration, extraction, the acquisition or holding of a permit, license, lease or any other authorization to carry out any such activity	Exploration, production, Each enacting jurisdiction may elect to include revenue streams from other activities
Geography	Subnational	Location of activities must be reported	Not addressed	Subnational
Project-Level	Lease level	Lease level	Lease level	MSGs decide
In effect?	No – Proposed Rule	Yes	No – Proposed Rule	Yes (Countries that adopted EITI Standard)
Equivalency with other reporting regimes?	Yes	Yes	Yes	Not addressed in EITI Standard

[illegible]

Information source: <https://eiti.org/>

Report of BP p.l.c.



BP p.l.c.

Report on payments to governments

Year ended 31 December 2015

INDEPENDENT LIMITED ASSURANCE REPORT

Independent assurance conclusion to the Directors of BP p.l.c. on the consolidated report on payments to governments

This report is produced in accordance with the terms of the Master Service Agreement ('MSA') release order for the purpose of reporting to the Directors of BP plc (the 'Company') in connection with the consolidated report on payments to governments (the 'consolidated report'), prepared by the Company, in order to comply with the requirements of the Reports on Payments to Governments Regulations 2014 as amended by the Reports on Payments to Governments (Amendment) Regulations 2015 (the 'Regulations') for the year ended 31 December 2015.

This report is made solely to the Company's Directors, as a body, in accordance with our MSA release order. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's Directors as a body, for our examination, for this report, or for the opinions we have formed.

Our work has been undertaken so that we might report to the Directors those matters that we have agreed to state to them in this report and for no other purpose. Our report must not be recited or referred to in whole or in part in any other document nor made available, copied or recited to any other party, in any circumstances, without our express prior written permission. This engagement is separate to, and distinct from, our appointment as the auditors to the Company.

Respective responsibilities of the Company and Ernst & Young LLP

As Directors of the Company you are responsible for the preparation of the consolidated report in accordance with the Regulations, the requirements of which has been set out in basis of preparation of the consolidated report. The Directors of the Company remain solely responsible for contents of the consolidated report. It is our responsibility to provide a conclusion on the consolidated report based on

PAYMENTS OVERVIEW

The table below shows the relevant payments to governments made by BP in the year ended 31 December 2015 shown by country and payment type.

Of the seven payments types required by the UK regulations, BP did not pay any relevant dividends and therefore the category is not shown.

\$ million							
Country	Production Entitlements	Taxes	Royalties	Fees	Bonuses	Infrastructure Improvements	Total
Algeria		134.0					134.0
Angola	1,985.9	641.2		0.4	48.3	0.5	2,676.4
Argentina		0.2					0.2
Australia		71.1	129.9				201.0
Azerbaijan	8,019.1	237.5		2.1			8,258.8
Brazil				187.7			187.7
Canada		1.5	0.4	0.7			2.6
France		248.1		0.2	5.7		254.0

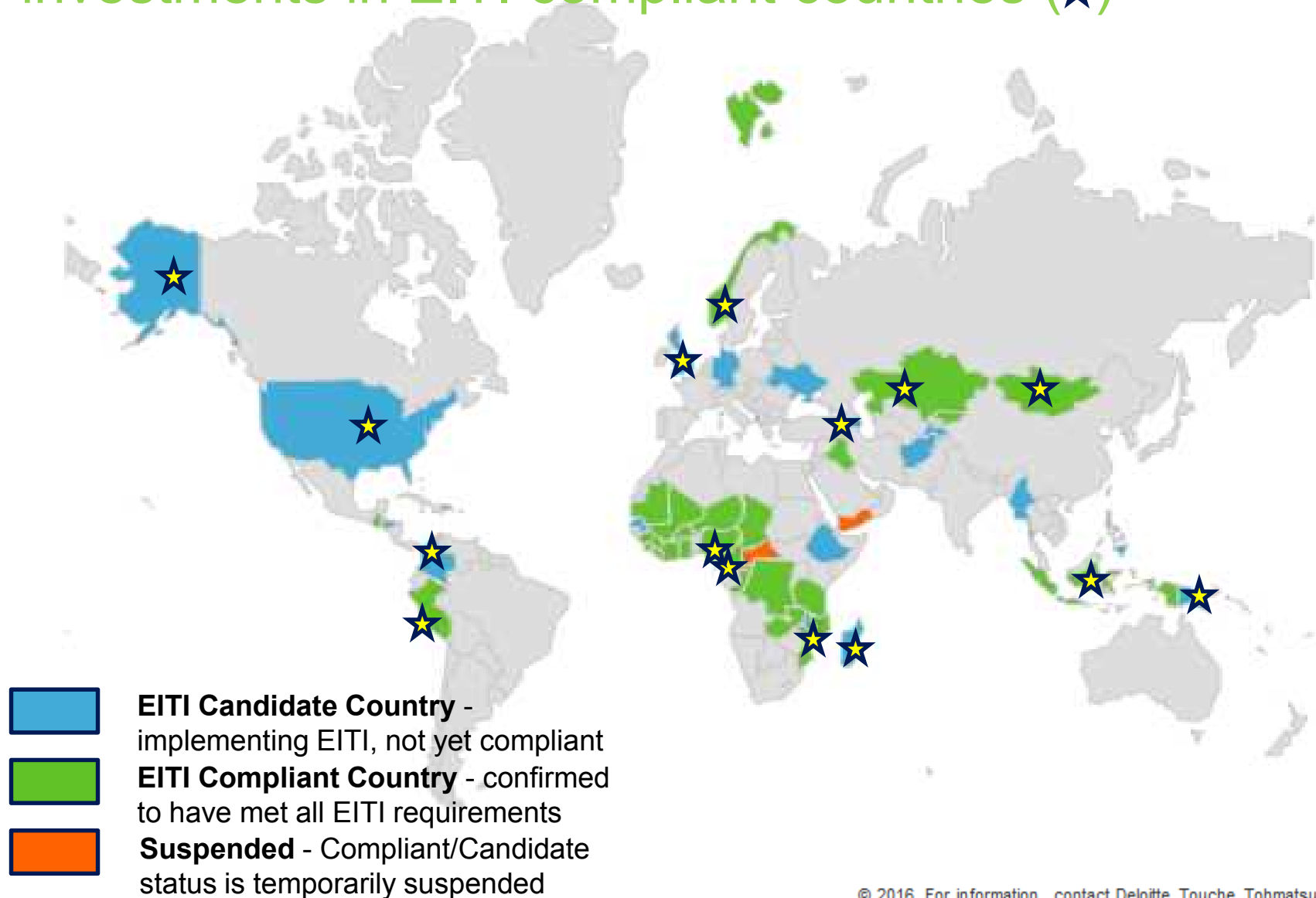
Information source: <http://www.bp.com/>

Signed by
professional
accounting
firm



Current status of Japanese companies

Japanese companies have made many significant investments in EITI compliant countries (★)



EITI supporting companies

Over 90 the world's largest oil, gas and mining companies have chosen to become EITI supporting companies

Oil & Gas



Mining



Information source: <https://eiti.org/supporters/company>

Japanese companies' unique aspects

Current status

- Many significant investments have been made in EITI compliant countries all over the world
- Trading houses join investments by a variety of stakes
- Being an non-operator, limited/remote access to certain information
- No mandatory disclosure requirement with regard to EITI

Benefit

- Keep up with the international norms lead by other G7 countries
- Further improve transparency and accountability
- Encourage companies to invest
- Enhance investor companies' credibility and value

Challenges

- Domestic civil society to understand its benefit and impact
- Limited/remote access to certain information as non-operator
- Timely disclosure and timely reconciliation between the governments' disclosure
- Might decrease competitiveness in tendering for non EITI countries

There have been a number of common questions from companies throughout the process

What decisions have our peers made in regards to participation?

How will our company be portrayed if we choose not to participate?

Would we need to involve any specialists?

Is this a one time request or will there be further requests? How much work will this require?

Will there be changes to the revenue streams and reporting process in future years?

If we choose to report taxes, will that information be presented confidentially in the report?

Deloitte. トーマツ.

デロイト トーマツ

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