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BY VIVIENNE WALT DECEMBER 5,

BP's CEO Is Trying to Convince the World He's Serious About Going Green



Nothing in Bernard Looney's youth suggested that he would find himself, at 50, leading one of the world's biggest oil giants at the most tumultuous moment in its history. The CEO of the 112-year-old British company was raised in relative poverty on a farm in rural Ireland, and joined BP straight out of college 30 years ago. Then he rose through the ranks, and nailed the top job in February 2020.

Now he says he is determined to remake BP entirely. Just weeks after becoming chief exec. last year, Looney announced the company would cut its oil and gas production by 40% by the end

of this decade, plow billions into solar, wind and other renewables, and roll out electric-vehicle charging points at its convenience stations worldwide. By 2050, he says, BP will zero out its polluting carbon emissions—a whopping 415 million metric tons a year in 2019.

Climate activists are deeply skeptical, fearing Looney is tinkering at the edges, and claiming big loopholes in his plan; they hear echoes of BP's failed attempt in the 1990s to ramp up clean energy, when it dropped its old name British Petroleum. Such skepticism was underlined in October, when the organizers of the COP26

climate talks in Glasgow rebuffed requests of BP and other oil companies to formally join the massive confab of governments, businesses, and climate activists. BP's plans, they said, did not match the climate goals.

Looney says he understands the doubts, but insists he is “all in,” to use one of his favorite phrases. On November 22, he sat down with TIME in his sleek executive offices on London's St. James's Square, to explain the reach—and limitations—of his strategy, and to describe the immense complexity in resetting the company's direction after a century of putting carbon into the atmosphere.

Some might say it's an unenviable job leading a Big Oil company now. You're the villain in the climate debate.

We must change. We have to lean into the transition. We must give society what it wants and needs, and that is clean, reliable, affordable energy, and to do that, we have to change. And of course, we want to change and we want to change because our employees are part of society too. They have children, they have neighbors, they have friends. They want to make a difference in the world. And we also believe in this. And it's an enormous business opportunity for us, because trillions of dollars are going to get spent rewiring and replacing the Earth's energy system. So yes, it is complex. Yes, there are times when it is hard. But tell me something in life that was worthwhile, that was neither complex nor hard.

People are skeptical that you are actually for real.

We understand why people feel like that. They see us as part of the problem, not part of the solution. I believe that we are and will be and need to be part of the solution. I would go further and say that if BP doesn't transition, the world won't transition.

Energy is where the emissions are. Tesla sells close to a million cars a year today. The world needs 70 million cars a year. Toyota, Volkswagen, Renault-Nissan: They make 30 million cars a year. When they go electric, the world goes electric. When companies and sectors like BP start to transition, the world will transition. You just cannot scale and build enough green companies fast enough at the pace enough to make the difference.

Even so, climate activists say that word “ambition” is a fuzzy word. It's not a real commitment.

Any objective person would struggle to say we are not all in on this. We took the painful decision to cut our dividend in half last year. We wrote off over \$20 billion worth of assets last year that we said neither should be produced nor could be produced. We took the difficult decision to have 10,000 people leave the organization. We are reallocating capital. We are increasing our spend. We are the only company who said that they're going to reduce their production of oil and gas.

We're not doing this to window dress and we're not greenwashing. We're trying to do what is the right thing for our company, for its stakeholders and importantly, for its shareholders.

Environmentalists say that's all very well, but this does not include, for example, your joint venture with [Russian oil giant] Rosneft, which is a considerable amount of BP's production—something like a third, I believe.

It's about a million barrels a day, about a third. We've been absolutely transparent. We said we will reduce our production by 40%. If you include Russia, it's 28%—still a huge amount. It's not like we control Rosneft. We're a 20% shareholder. You would you be surprised to hear that Rosneft's greenhouse gas intensity per barrel of oil is lower than BP's. They have a plan to eliminate routine flaring. They're reducing emissions as we speak.

The question is, is the world better off by BP being there or not? It's the same argument I would use for an investor: An investor has a choice to divest from BP or invest in BP. Some people feel that they should divest, they feel that's the right thing for the world.

I think many people feel they should divest. BP is hardly alone in this. Many people, many funds, endowments, are basically getting out of fossil fuel companies. How worrying is that for you?

I can assure you that is not the right thing. Our shareholders own our company. We listen to our shareholders. The way to bring about change is to invest and make your views known. We need

people to back the agenda that we're on. A transition like this is going to be messy, it's going to be complex. It does not lend itself to a simple, 'Who's good, who's bad? Who's green, who's not?' There is no simple solution here. The best thing you can do for climate is to invest in a carbon-intensive company like BP and back them going green. We're going to reduce our emissions by between 35% and 40% by 2030. We're going to invest 10 times more in low carbon than we do today by 2030, eight times by 2025. We're going to install 70,000 charging points for electrification. We have the scale and the resources and the cash flows and the skills to do that.

But you are also in the next several years adding barrels. If I read the the third-quarter results correctly, there has been an increase in production. I read that you have added 900,000 barrels a day.

Yes, between 2016 and 2021, five years. We brought on seven projects this year, and we will bring on projects next year, and the year after. We will start up new oil fields and we will invest in new oil fields, but only the ones that have the best carbon intensity, only the ones that have the best economics, the shortest paybacks, the highest returns. But we will do that because we have a three-part strategy: Part one is resilient hydrocarbons. Part number two is convenience and mobility. Part three is low carbon energy.

So part one of our strategy is hydrocarbons and will be for decades to come. We're not shying away from that. Any scenario has oil and gas in the system in 2050. Our job is to produce those hydrocarbons with the lowest possible emissions. Oil and gas will continue to be needed. People may not like to hear that. It may be an unpopular truth. We will do that and we will use those cash flows to help us make the transition.

We will continue very clearly to sanction and develop new oilfields. The existing oil fields decline, and some of them decline very quickly. So net-net our production goes down by 40% through this decade: 20% by 2025, 40% by 2030.

The International Energy Agency projects something like 20 million barrels of oil a day global consumption by 2050. That's a fraction of current demand.

Yes, 80% less. Very, very much smaller. We've projected [BP's production will be] 1.5 million barrels a day by 2030, down from 2.6 million today. Our focus is on is developing reserves on two criteria: How do we produce barrels with the lowest possible environmental footprint? Number two: What produces the best returns. We will invest in only the best because less barrels will meet those investment thresholds.

Does this mean that from your reserves of 18 billion barrels of oil equivalent, a chunk of that will never be touched, that it will remain in the ground?

We've said things like we are no longer going to explore into new basins for exploration, right? We are no longer going to enter a new country to find the next giant oilfield.

But, for example, you are in Norway. So you are going to explore new oil prospects in Norway, correct?

We have a joint venture in Norway, and they will develop new oil fields. And BP will explore for oil in the Gulf of Mexico, where we have existing infrastructure: It's been growing and it will grow. It was a great success story for America and the world, and we believe we can grow it over the next three to four years.

But that doesn't mean that the overall picture doesn't decline. That's what we mean by "high grading." We will develop the best barrels, will make the portfolio higher value.

How much of your overall greenhouse gas emissions targets will rely on things like carbon capture and storage technology, which climate activists see as not a solution?

We can do what we've set out to do between now and 2030 without using carbon capture. Beyond that, we believe that the world will need sort of every tool available to it to meet its net-zero. In the longer term, things like natural climate solutions, things like carbon capture and storage will be a very big part.

What about offsets, like planting trees?

That's what I mean by natural climate solutions.

Planting trees or preventing trees from being cut down. There is no silver bullet. I wish there was. The world is going to have to use every tool to help it get there. People like Mark Carney, Prince Charles, activists that I've spoken to, Conservation International, these people believe that this is part of the solution and it will be part of our toolkit in the medium term.

The barrels where we have existing infrastructure are very positive, because you're not having to build new infrastructure and start up new facilities. So places like the Gulf of Mexico will be very important to the company for a very long time to come. Our position in the onshore in the United States is very important to the company for a long time. We're mainly in Texas.

But you will still be exploring and producing new fields.

It is a three-part strategy and there is not a light switch. We cannot turn off the business that generates the cash flow overnight.

There is 100 million barrels a day being used in the world today. BP produces about 2.5 million barrels a day right now. If BP is somehow removed from the system, the 100 million demand isn't going to go away. People still need the product they need. And you would somehow have just removed one of the greatest contributors for positive change. Why would you want to do that? What you really want to do is back those people, to make the transition a real success. But you can't do it overnight. You simply cannot flick a switch.

The market has not been particularly giddy with enthusiasm about your strategy.

Why do you think that is?

I don't know. You tell me.

Well, look, I think this is a big change. The most important part of our strategy is what we call performing while transforming. You have to do multiple things at once. It's about reducing emissions, and it's about growing cash-flow. It's about purpose. We just had our third quarter in a row of strong results. Our business is running really, really well.

I was struck by the testimony of oil executives before the U.S. Congress in late October. The whole framing of that was this is like the Big Tobacco testimony, which was so memorable. Hollywood movies were made of it. Firstly, what's it like to be compared to Big Tobacco in the media?

I think the provision of energy to the world is a very, very different proposition to tobacco. The energy that the world has consumed over the last many, many decades has brought about enormous increases in standards of living. So that's how I think about it.

Talking of that, climate activists say the industry never deals with its historic carbon emissions, and the fact that they have taken so much out of the world's carbon budget. It has been a century. Aside from transitioning to green energy now, is there also a kind of debt to be paid to the planet?

I'm not the best person to ask about that. What I can tell you is that in 1997, BP's chief executive Lord Browne gave a speech at Stanford University, where he was the first leader in our industry to acknowledge that there was a link between human activity and carbon emissions. And if you look at the work that we have done since then, including investing \$10 billion and writing off most of it between 2000 and 2010, because we were simply too early, the world wasn't really ready for renewable energy. We established an internal emissions trading system. We've been doing everything that we can to put this on the agenda and be do something about it.

We have both an opportunity and a responsibility to help the world transition. I actually believe that with the thousands of engineers and the thousands of scientists and one of the world's largest trading organizations and decades of experience in the energy markets, we actually can help. Society wants reliable, affordable, clean energy. This is not easy when you have wind, solar, hydro, natural gas, nuclear in the mix. Somebody has to take those forms of energy and knit them together to give a hospital or give a data center what it needs.

Think about it. We spent decades going offshore, drilling for oil, finding it, building big facilities,

producing it, refining it, putting it into our retail network into your car. We're going to take offshore wind. We're going to build that. And this time we're going to generate electrons rather than molecules, and we're going to take those electrons in our energy system, take them to our charging network, and put them into your car.

I am thinking of buying a car, trying to figure out what to get.

Will you buy an electric vehicle?

I think it may be a hybrid. The hybrid is a nice representation of a world in transition.

You mentioned your trading business, which is a big business. The 40% cut in oil and gas production does not include that. How much of your oil and gas is from trading, selling oil and gas that other producers drill?

I don't have a number in terms of volume. A barrel might change hands 10 times. That's why we focused on our aim, which is the oil and gas that we take out of the ground and introduce to the world. We're going to reduce it by 40%.

I genuinely believe that if we stick to our plot, and perform while we transform, that's the formula for success. It's not one at the expense of the other. We have to do both. Shareholders like what we're doing. And increasingly, they understand it and back it.

Moody's credit agency published a report in October saying the oil and gas industry has a high probability for default, because they are the least prepared for the energy transition. Even if you are a standout in the industry, are you concerned that investors, that a major credit rating agency, sees the oil and gas industry as just not the place to put your money?

Well, allow me to make the value argument. Oersted used to be an oil company called the Danish National Oil Company. It transformed itself from being an oil and gas company into being the world's largest offshore wind company, and in the process, its value went up by 30 or 40 times. We are at the beginning of a journey that will take time. That has the potential to create

enormous amounts of value for our shareholders who invest in us. Good for the world and good for the bottom line.

You think you can convince the young generation of that?

You talk to our employees, talk to our own young people. They're very committed. They know this transition is not a light switch. It's going to be hard work.

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