



2023 Annual General Meeting: chair's speech

Helge Lund

Chair

27 April 2023



Welcome

A warm welcome to the 2023 Annual General Meeting of BP p.l.c. to all our attendees - online and in person.

I am Helge Lund, chair of bp's board.

And I am chairing our meeting today from the Excel centre in London.

In the unlikely event of an emergency during our meeting, please follow instructions from our team of ushers and the Excel staff, who will lead you to safety.

On my left we have, in order:

- Paula Reynolds, Senior independent director and chair of the remuneration committee
- Ben Mathews, Company secretary
- Bernard Looney, Chief executive officer; and
- Murray Auchincloss, Chief financial officer.

On the screens on my right we have board members:

- Dr Johannes Teysen
- Tushar Morzaria, chair of the audit committee
- Melody Meyer, chair of the safety and sustainability committee
- Pamela Daley

And on my left:

- Hina Nagarajan
- Amanda Blanc
- Satish Pai
- Karen Richardson

And last but not least:

- Sir John Sawers.

It is now 1pm, a quorum is present, and I formally declare the meeting open.

Agenda

In a moment, we will hear from Bernard Looney.

Paula Reynolds will then make some remarks on remuneration. And Ben Mathews will cover the procedural arrangements for today's meeting.

After that, we look forward to responding to your questions on the resolutions the board has put to shareholders today.

But first I would like to offer some reflections on the progress bp has made since 2019.

Four judgements

I begin with 2019 because we saw accelerated concerns about climate change – a threat scientists had been warning about for decades – finally leading to a broad and intensified impetus for action.

What began as a young persons' movement spread rapidly through our institutions, the business world, and the capital markets.

And we welcomed that shift.

It began to bring what the world wanted more closely in line with what the world needed. And we also saw in this change a clear opportunity for bp.

Over the course of that year, we came to four judgements

All of which were foundational for bp's subsequent reinvention and launch of bp's new strategy in 2020.

The first judgement was simply that the world is on an unsustainable path.

This might seem obvious.

And it wasn't, of course, new to us in bp.

But it's nevertheless an important truth.

Second, we judged that energy markets will transform and change.

Energy will transition increasingly towards lower-carbon sources.

And the production of energy will decentralise and localize.

Third, while oil and gas will still be needed for decades to come, they will be increasingly challenged.

And fourth.

We judged that bp has the capabilities with which to help build the energy system of the future – capabilities that we believe can create value for our shareholders along the way.

Inside bp we have thousands of scientists, engineers, economists and all kinds of other experts with the skills the world needs to reimagine energy.

Not only do they have the skill – they also have the will.

Strategic flexibility

Now a lot has changed since 2019 when we came to these four judgements.

None of us predicted the pandemic.

Nor Russia's invasion of Ukraine.

Nor the volatility that followed.

Navigating a company as big and complex as bp through such an environment has been challenging.

And yet our belief in those four foundational judgements has only been strengthened.

At the same time, the last few years have reinforced for us the importance of flexibility.

We knew the transition would be challenging.

We knew we wouldn't get everything right.

And we knew that even the right choices in one context might need to be adjusted as circumstances change.

Both to manage risks and to seize opportunities.

Of course, what we didn't know then was how – or how soon – we would need to exercise that flexibility.

But we did exercise that flexibility – first in February last year, when we increased the ambition and scope of our net zero aims.

And we did so again, this February, when we provided an update on bp's strategic progress – shaped by conversations the board had been having since the middle of 2022.

Our strategy update was influenced by three factors.

First, the realisation that Russia's invasion of Ukraine could ultimately cause the energy transition to accelerate.

But that the world needed access to more oil and gas in the near-to-medium term.

That realisation was consistent with what we were hearing from governments, customers, investors, and the markets.

Second, we had seen another societal shift.

Debates around energy were no longer simply about how we could achieve lower-carbon energy.

But energy that is secure and affordable too.

Energy security, affordability, and decarbonization are all areas where bp can contribute.

We welcome this rebalancing of the debate.

It should not lead to a slower energy transition.

But it should lead to the creation of a better, more resilient – as well as a decarbonized – energy system.

The third factor that influenced bp's recent strategic update was bp's strong financial, operational and strategic performance.

As Bernard will explain, bp has been performing well since we began this transformation journey in 2020.

These three factors –

- a change in the world's energy needs
- a shift in what society wants from its energy system
- and consistently strong performance.

All gave the board both conviction that the strategy we set in 2020 is working.

And the confidence to deepen our investment into that strategy.

But as I've said, the energy transition is complex.

Not everyone will agree with every decision we've made.

There will always be a range of views.

We are listening to those views.

And we are grateful for the broad support shareholders have given so far.

Safety

Of course, the foundation of bp's strategic progress is safety.

Nothing is more important.

And generally, safety continues to improve within the company.

But tragically, four people lost their lives while working for bp last year. Several others were injured.

The board and the leadership team have the same goal.

Everyone who goes to work at a bp site should also return safely home at the end of their day.

We remain absolutely focused on our goal of no accidents and no injuries.

On maintaining a rigorous commitment to safety across bp.

And I'm grateful for the leadership shown by Bernard and his team in enhancing the safety of bp's operations – something he will say more about shortly.

Board and leadership performance

Subordinate only to maintaining safety, bp's focus now is strategic execution.

I believe we have:

A strategy that is fine-tuned to deliver.

Momentum behind that strategy

A diverse and a capable board – with the experience and expertise to steer the company in today's complex world.

And we have a very strong and committed leadership team – led by Bernard Looney.

I can also say that the board's governance and decision-making framework has been further improved through the strong constructive challenge made possible by deep trust.

But also by the engagement we have with stakeholders outside the company – especially our shareholders.

In recent months I have enjoyed meeting many shareholders, for discussions on the topics of greatest importance to them.

We are grateful for that engagement – it makes bp a better company.

Resolutions for voting

And that brings me to the resolutions proposed for voting.

Resolutions 1-24 form the ordinary business of this meeting and provide the board with the clear authority we need to get on with the job in hand.

In contrast, Resolution 25 has been filed by a group of shareholders co-ordinated by the activist group Follow This.

This resolution represents the fourth time in five years that Follow This has tabled such resolutions with bp – just as they do with several of our peers and competitors.

It is a resolution that shareholders have consistently rejected in the past – and we ask shareholders to reject the resolution today.

bp's board does not support this resolution and recommends voting against it.

I don't doubt the good intentions of Follow This and their supporters.

We share their desire for the world to meet the Paris goals.

But this resolution is not the answer.

What it calls for bp to do is unclear.

It does not recognise that our strategy, ambition and aims constitute a coherent and integrated programme of transformation for bp.

Nor does it take into account the update to our strategy in February.

And it would be disruptive of the strong progress bp is making on behalf of its shareholders.

The board therefore recommends voting against resolution 25.

Closing

In conclusion, with your support we will continue the job we have begun.

Delivering bp's strategy – safely.

Producing the energy on which societies depend today – while helping to build the energy system for tomorrow.

Creating value for our shareholders – now and into the future.

And continuing bp's transformation – with the same focus, energy and determination the team has shown over the past three years.

Many people deserve thanks for the progress bp is making.

Bernard, Murray, and the whole of the leadership team

They have led bp through a volatile period – through a pandemic, a war in Europe, and a global energy shortage.

They are executing a strategy that your board believes should see bp successfully through the energy transition.

I also commend every one of bp's employees – for their resilience and their commitment to the task.

And of course, I thank you – our shareholders.

Whether you are among those who have stayed with bp as we continue our transition to become an integrated energy company.

Or new shareholders who have joined us for the journey ahead.

With the strength of the support you have shown us, bp will continue performing while transforming.

Thank you.

And now – over to you, Bernard.