



2023 Annual General Meeting: chief executive officer's speech

Bernard Looney

Chief executive officer

bp AGM, ExCeL London

27 April 2023



Thanks

Before I get going – if it is ok – there are some people that I would like to thank. I am deeply grateful to our board, not only for their support last year but for testing and challenging me too. I also want to thank the entire team at bp.

As Helge just said, we're living in challenging times. Throughout it all, our teams have kept the energy flowing while growing the parts of our business that are helping bp's transition – and indeed the world's transition.

I'm incredibly proud of the job they are doing. And finally, I want to thank you, the owners of our business. We never forget that investing in bp is an act of trust. Thank you for that trust. We do our best for you each and every day.

Addressing the energy trilemma

Helge also said that people won't always agree with every decision that we make.

And he's right.

For some – anything less than deep, immediate cuts to the production and sale of hydrocarbons, is simply not enough.

I would like – if its ok - to address that head on.

The world's carbon budget is finite. And apart from the pandemic, global emissions have risen every year since the Paris Agreement.

So the transition needs to be rapid.

And – and it's a very important 'and' – it also has to be orderly.

Rapid in the sense that we need low carbon energy deployment, at a scale and pace that's consistent with the Paris goals.

Orderly in the sense that supply has to meet demand. People need energy available literally at the flick of a switch – something that's still not a reality in many parts of the world. Let me expand on what Helge just said.

People all over the world need energy – to heat their homes, to power their businesses, to get from A to B. And the truth is – today that energy is predominantly hydrocarbon based.

The war has shown us what happens when the supply of that energy gets squeezed but demand stays the same. Huge price volatility, governments worrying about how to keep the lights on, economic pain affecting billions – both in the developing and in the developed world.

It is clearer than ever that the world wants and needs a better, more balanced energy system. Energy that is not only lower carbon, but secure and affordable too – what's called the energy trilemma.

As an integrated energy company, bp is very deliberately set up to help solve this problem. We have the skills, the scale, the networks, the infrastructure, and importantly the ambition.

And we see two ways that we can help:

Investing to help accelerate the transition...and – not or,

Investing in today's system, to keep affordable energy flowing to where it's needed – while driving down operational emissions.

Take transport. We are helping the world keep moving today, with gasoline and diesel. And at the same time – we are rapidly building an electric-vehicle charging network.

Or take natural gas. We're producing it to power businesses and homes. And as we do this, we are expanding in wind and solar.

It's the same for natural gas for making steel and cement. We produce it and we're working to build out hydrogen to switch to.

Or jet fuel for planes – and at the same time, scaling up sustainable aviation fuel to switch to.

That – uniquely – is what an integrated energy company can do.

And the good news is we're making real progress.

Safety

Helge said I would talk about our performance. And there are quite a few points I want to share with you.

But safety always comes first at bp, so that's where I'd like to start.

There is nothing more important to bp than safe, reliable operations. Everything we hope to achieve depends on making sure everyone gets home safely at the end of the day.

In 2022, four people tragically lost their lives while working for bp.

Families lost loved ones. Colleagues lost friends. I feel that deeply – as I know others do across the company.

We're determined to honour their memory by learning – and living – the lessons.

Despite these tragic events, we did make progress on safety – and on putting the systems in place to make bp a safer company.

We have updated our operating management system to be more reflective of our current organization, and also more flexible.

It's still a rigorous system for the disciplined management of our core risks. And now it's equally effective for the new businesses that we're building, and the different set of risks they face.

We are also developing and progressing process safety improvement plans for every one of our sites.

This helps us maintain a high level of vigilance and control for our biggest site-specific risks.

We're making improvements. And in 2022 this resulted in 19 percent combined fewer tier 1 and tier 2 process safety events. It was also one of the safest years on record in our upstream operations.

And there's something vital that underpins all these systems and processes. Supporting a culture of care for others.

Whether it's physical safety or mental health, in the field or on the forecourt, we want our people to look out for their colleagues – and look after them.

Safety always comes first.

Strong performance

When I came into this role, I said we would perform while transforming – that we would meet today's energy needs, deliver competitive returns, and transition bp to a lower carbon future.

Last year overall was a year of strong performance.

It's still early days, but our plan is working. Our confidence is growing. And that is demonstrated by what happened in 2022.

Let me briefly take you through the highlights.

On the operational side, we delivered our highest upstream plant reliability on record, along with our lowest per barrel production costs since 2006. This helped us generate a \$40.9 billion operating cash flow for the year, an underlying replacement cost profit of \$27.7 billion, and a return on average capital employed of 30.5 percent.

All three of those figures are a record financial performance for the company, giving the board the confidence to increase the dividend per ordinary share by 21 percent throughout the year.

And as we perform, rightly, we pay more tax.

In the UK, for 2022, we paid £1.8 billion – or \$2.2bn in taxes from our North Sea business. Globally, we expect to pay \$15bn in taxes for 2022 – the highest ever annual tax bill for bp.

We also continued to drive down our operational emissions, delivering sustainable greenhouse gas emission reductions worth 1.5 million tons of CO2 equivalent.

And there's one other number that really matters to me.

Pride in our company is growing.

In our last employee survey, the number of people who said they were proud to work at bp hit a new company record. 78 percent.

These are the people who know bp best. And it says a lot about their belief in the direction we've set.

So we are performing. And at the same time, we are also transforming.

2022 was the year when bp's transformation really started to take shape.

bp's transformation

We have now significantly increased our investments in the non-oil and gas parts of our business that we call our transition growth engines.

That's bioenergy, EV charging, convenience, renewables & power, hydrogen; growing this share of our capital spending from around three percent in 2019 to around 30 percent last year.

We're growing our new biofuels business. In 2022 we completed a \$3 billion deal to acquire Archaea Energy, one of the leading US producers of renewable natural gas.

We're growing our EV charging network – we've tripled it in size since 2019. Last year, the energy we sold through bp charge points grew 150 percent.

And to build an even bigger charging network, what do we need? We need land and customers.

Our convenience business brings us both. And we're growing this too. Last year we added 250 new strategic retail sites.

How about our hydrogen business? It's growing.

Last year we took a 40.5 percent stake in the Australian Renewable Energy Hub project, which is based in Western Australia. The goal is to produce green hydrogen for use in industry, helping some of the most energy intensive businesses decarbonize.

And our renewables business? Yes! It's growing too.

Last year, with our partners EnBW, bp was awarded a new offshore wind lease option off Scotland's east coast. At 2.9 gigawatts, this would be enough to power the equivalent of 3 million homes.

So shovels are in the ground. Our project pipeline is filling up. We will continue to invest in and produce oil and gas – it's the backbone of bp. And we are investing in and growing businesses in markets that are only getting bigger over time.

Leaning in further

So let me tell you a little about what this means for the future.

In February we said we now have the confidence to lean further into our strategy.

Compared to a year ago, we plan to spend more on bp's transition. And we plan to spend more to support energy security, given the reality of today's energy system.

We will invest for today and tomorrow.

We now plan to invest even more into our transition growth engines, up to \$8 billion more by 2030, focusing on the more quick, near-term, easy-to-scale solutions like EV charging and sustainable aviation fuels. Solutions that can deliver today.

We also plan to invest more in oil and gas, again up to \$8 billion more by 2030.

We will concentrate our efforts on high-quality oil and gas projects, prioritizing where we can deliver quickly and at low cost, keeping emissions down by using existing infrastructure wherever possible.

Governments around the world are looking to companies like bp to help them keep energy flowing and affordable. We are determined to play our part.

And we're delivering as I speak.

Since we updated you on our strategy in February, the following things have happened:

In the Gulf of Mexico, we've just started up the first of five major oil and gas projects planned for this year.

The deal still needs to close, but we've agreed to purchase TravelCenters of America. It's a massive convenience and mobility business, one that will grow our footprint across the highways of the US.

And we're continuing to back Britain. Three of our flagship low carbon projects in the Northeast have just been selected for potential government support, as part of the UK's own ambitious energy transition.

That's our plan.

We are putting it into action.

And today we have real momentum.

Closing thanks

None of this is possible without the support of our shareholders.

By choosing to back bp you are backing a company that is growing and delivering for customers, that's contributing to society by investing and paying tax, that has a strategy that's working, a team that's fully behind it, and a vital role to play in helping to solve one of the greatest challenges of our time, or any time.

Thank you again for your support everyone.

Back to Helge.