

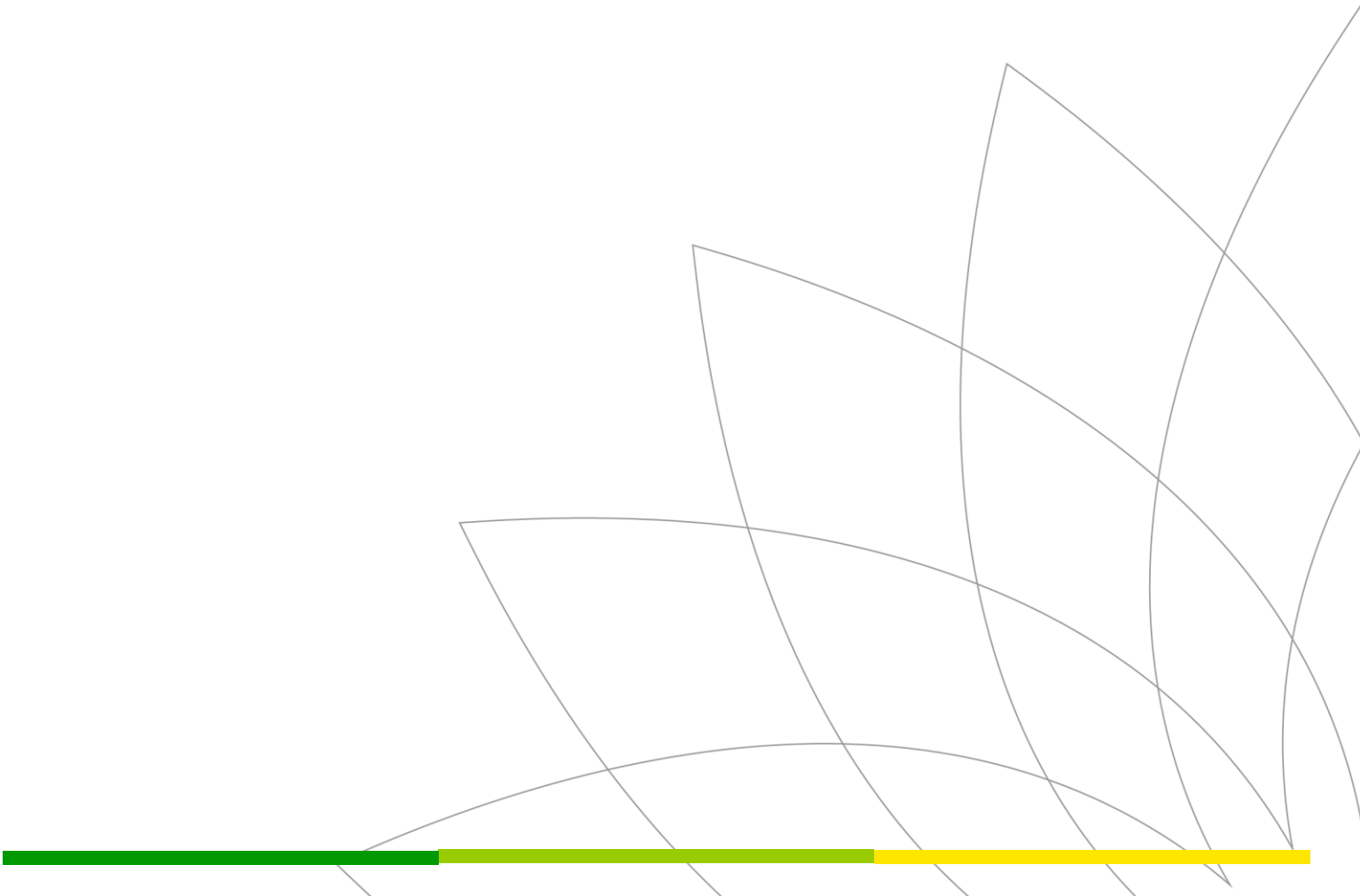


Catching the wave

Gordon Birrell

Chief operating officer for production, transformation and carbon

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Introduction

Good afternoon and thank you for that warm welcome.

My name is Gordon Birrell – I'm BP's chief operating officer for production, transformation and carbon.

Thank you, Lorenzo, for inviting me back to this event. Every time I come here, I'm reminded how incredible this city is.

Florence, of course, was the epicentre of one great phase of innovation – during the Italian Renaissance several hundred years ago.

Now we are here to discuss another great change...one which the oil and gas industry is helping to lead: the energy transition.

When I think about it, I picture a swelling sea, with waves building up before they break...

Judging the break

It kind of reminds me of my surfing days.

I used to surf off the coast of the Shetland Islands – about half way between Scotland and Iceland.

It was great fun but, my gosh, was it cold.

I have this memory of being out in the sea in [January], in the driving rain and sleet,

my hands going numb with cold,

the salt stinging my eyes,

the wetsuit – or in the icy North Sea, the dry suit – chafing my neck,

and just for a moment, I thought “what on earth am I doing?”

But when you're surfing, you have to ignore those distractions and stay focussed.

You have to watch the sea's gradual shifts and sudden movements.

Because as any surfer knows, the key is to identify the right waves early and predict when they're going to break.

Once you've spotted your wave, you get yourself into position... lining yourself up and then paddling like crazy. You do that so you've got some momentum as the wave breaks beneath you and you can catch it.

Catching our wave

Our industry is also about to go through momentous change – you can feel the wave rising.

The conversations about climate change and criticism of oil and gas are getting louder.

Around the world, we've seen high-profile demonstrations against fossil fuels.

We've had COP 25 in Madrid where politicians and diplomats wrestled with the practicalities of how to deal with such an enormous issue.

Investor pressure for our sector to do more to tackle climate change is rising. Just look at Blackrock's announcements on climate.

This is no longer a fringe issue for activist shareholders but an increasingly mainstream one. Indeed, our industry is already engaging in this issue.

And now all eyes are on Glasgow 2020 as the next major update since the Paris Agreement.

The world is focussing in this topic – creating the right conditions.

As an industry we've been getting into position and started paddling – that means reshaping our portfolios, reducing our operational emissions and investing in low carbon businesses.

Now the wave is about to break.

BP's moment of change

Tomorrow night, following a decade in charge, Bob Dudley passes the chief executive's baton on to Bernard Looney.

Bob has offered BP stability during one of the most challenging phases of our history. And he oversaw the start of our recent programme to reduce emissions, improve our products and create low carbon businesses.

Under Bob's leadership BP has made sustainable emissions reductions of almost 4 million tons of CO2 equivalent since 2016.

We owe him a huge debt of gratitude for steadying the ship.

For saving the company.

Now Bernard faces another great challenge.

Of steering BP through the energy transition and all its complexities.

I can't give away too many details today.

What I can tell you is there more to follow. And you'll be hearing from BP over the next few days and weeks over what that means for our future.

Embracing change

So BP and the industry know change is coming. The question now is how we will react when the wave breaks.

Will we lose our footing and fall...or will the wave lift us to our feet and carry us forward.

Unsurprisingly I think it's the latter.

But there are three things we need to do.

First, we have to see the energy transition as an opportunity, not as a threat. That means we must embrace change.

We have to acknowledge that the world is changing and so must our industry.

I'm an engineer by training.

I've spent three decades helping develop oil and gas right around the world.

And I've seen how transformative energy can be: improving living standards and driving economic growth.

UN data on human development shows there is a link between human progress and energy consumption – and that link is even stronger in countries where average energy consumption is relatively low.

Put simply, energy is the lifeblood of human progress.

So I make no apology for oil and gas: the world needs it and we supply it.

But nor do I make any apology for saying we need to change how we produce oil and gas – making them as low carbon as possible: societies demand that and we must deliver it.

Seize technical opportunities

That leads me to my second point.

Once we have embraced the concept of change, we must seize technology to accelerate and drive that change.

We have to maintain and keep improving facilities.

That means using drones, crawlers and rovers to keep everything in working order, spot problems early and help keep our people out of harm's way.

And it means deploying the latest hardware and software: whether that's algorithms to find untapped resources or AI to help us manage the reams of data.

Meanwhile technology is helping us identify and mitigate methane emissions: including cameras to visually show us whether methane is escaping. At BP we believe that we and the industry should be doing more to measure methane emissions.

Last October BP said it would deploy continuous methane measurement for all new oil and gas processing projects. I can now tell you our first new site doing this will be our Ghazeer project in Oman.

Deploying the right technology helps us to produce the oil and gas needed by the world – but do so in much lower carbon way.

So, for example, we are now designing a platform of the future, Cypre in Trinidad.

We are deploying hundreds of new ideas. And its carbon footprint will be much lower.

In fact, the estimated emissions from Cypre are 72 tonnes of CO2 a year. That's compared to 1,300 from another platform nearby.

We must continue to grasp technology like this to ensure we are constantly pushing the boundaries of what is possible.

Engage our teams

Third, we must engage our teams: inspire them, galvanize them and unleash their potential.

Our industry boasts some of the most talented scientists, engineers and technologists in the world. I'm reminded of that looking around this room.

We have to ensure we help our people meet their potential. That way we can draw on the vast array and depth of the skill this industry has that will help drive the transition – reservoir engineering, drilling, design, managing complex infrastructure and much more.

For example, that could mean our subsurface experts applying their knowledge and experience to safely and securely injecting CO2 into depleted oil and gas fields.

In practice, this means empowering and upskilling our people to give them the ownership and ability to play their part in the energy transition. And by giving them access to digital developmental tools to manage their own career.

It also means embracing new skillsets in our industry. Take data science. A few years ago, we didn't have many data scientists.

Now BP employs 220.

We also know that our people have tons of suggestions to help shape the energy transition. At BP, we set up a \$100m low carbon fund to turn their ideas into reality.

That was in March.

By December we had received over 90 ideas – and approved funding for 16 projects. Collectively, they have the potential to reduce our emissions by a further 700,000 tonnes a year.

Our people are brimming with ideas. Let's engage with them.

Collaboration

If we do these things – embrace change, seize technology and engage our teams – then we won't just be waiting for the wave of change.

We'll help shape it and control it.

Of course, it takes courage to go out into the open sea and take on those powerful waves.

And any experienced surfer can tell you, it's unwise to go out too far – beyond the sight of help.

Staying together, talking to one another and collaborating is better for everyone.

If we work together to drive down greenhouse gas emissions, we improve all our chances of success.

We know we are all in this together and we're helping shape the debate.

Whether that's through the Oil and Gas Climate Initiative and methane guiding principles, where we're taking action to reduce methane emissions across the industry. And we're testing ways to deploy carbon capture use and storage commercially and at scale. Plans are progressing well for the development of a Clean Energy Park in Teesside in the UK – where BP is taking a leading role.

Or through partnerships like the one between BP and Baker Hughes where our transparent, integrated ways of working together in the North Sea is helping accelerate the plateau of high quality oil.

And where Baker Hughes is proactively helping BP in our lower carbon agenda, including finding ways to reduce methane – partly through the use of FlareIQ that allows us to optimize flare efficiency.

By working together, we can pool our knowledge and make us all stronger – and improve all our chances of getting up on our feet when the wave breaks.

Optimism

So we know there are challenges ahead.

We know that work is underway to overcome them.

And we know we're working together – now we just have to hope we've judged it right.

That we are in the right place, with the right line and moving at the right speed.

Actually, it's not a question of hope – not for me, anyway.

It's one of belief.

Why? Because for more than a century our industry has been overcoming challenges.

When the odds were against us, we dug deep, we innovated, we drew on our people's talent and expertise and we found solutions.

- Whether in the early 20th century, striking oil in the Iranian desert when everyone thought it was a fool's errand.
- Or in the 1960s North Sea when we resolved a global supply crisis... creating a new industry and engineering giant floating structures to access energy locked deep beneath the sea bed.
- Or earlier this century when we found new ways to crack seemingly impenetrable rocks, harnessing the oil and gas within and helping the US emerge as an energy powerhouse.

It's easy to take these developments for granted. But these incredible feats have helped revolutionize the global energy industry.

If we can harness the same drive, innovation and desire to solve the challenges ahead, I'm optimistic that, once again, we can overcome the challenge facing us today.

Getting on our feet

In short, we have got the right people on the surf boards.

We're helping each other get into the right position.

We're watching the sea.

Reading the movements of the water.

We know a giant wave is building and the break is imminent.

And because we have trust in our people,

and we have invested in the right equipment,

and we have worked together,

we know we're not going to miss it or lose our balance.

This enormous wave doesn't threaten or intimidate us.

It excites us.

Because if we judge it right, we can catch it – and enjoy an amazing ride.

Thank you.