

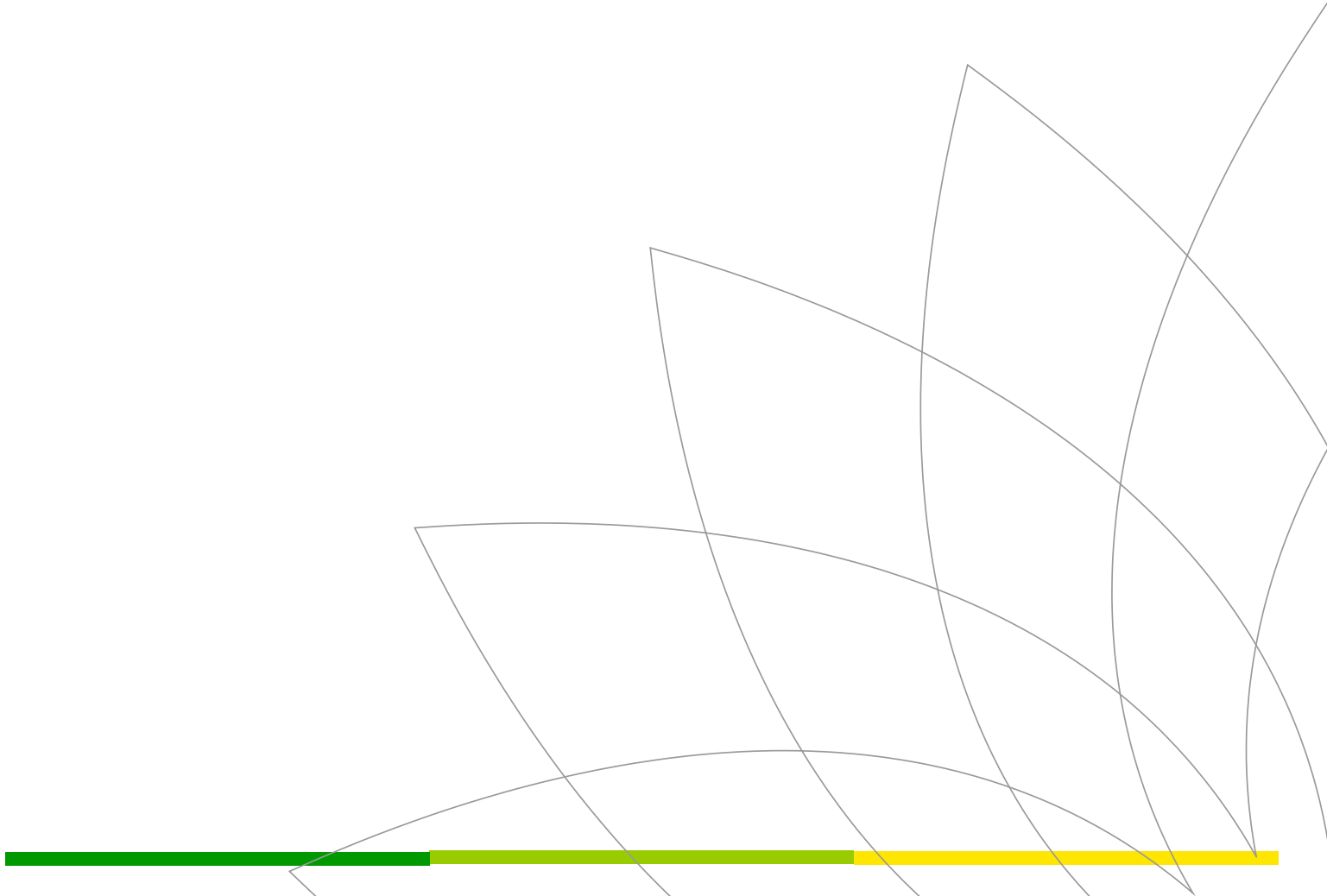


Getting to net zero

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10 July 2019



1. Introduction

Thank you, Evan, and good evening everyone.

I don't get here to Chatham House much as I'd like – but I can't exactly blame the commute.

BP and Chatham House aren't just neighbours – we are good friends.

We've been working together for decades on some of the most pressing issues of our time.

If you've attended one of the events in this series before, you might notice it's a little unusual to begin in this way.

Normally we'd go straight into the conversation with Evan and I'm grateful to the organisers for allowing me to break protocol.

I think it will be helpful if I set out some thoughts at the start about the issue that is defining the future – not just for BP or the energy industry, but for all of us, all around the globe.

2. We agree on more than people realise

Here in the UK, in London, even in this square – the world's passions, frustrations and ideas relating to climate change are being played out louder than anywhere else.

The UK is taking a leading role.

Even still, the anger of demonstrators about the speed of progress is escalating.

Climate protests brought parts of the capital to a standstill over Easter.

Our offices across the square were blockaded for two days back in May.

Simultaneously, our AGM was briefly interrupted by demonstrators – even as we were passing a very progressive shareholder resolution.

Then in June, activists risked their own safety and that of others by scaling a floating rig under contract to us in the North Sea.

So, tensions are running high and we recognize there are real concerns being expressed – about BP, and about the energy sector more broadly.

All this might suggest that the demonstrators' view of the future is worlds apart from BP's.

The frustration from my side is that we agree on much more than people realise.

Like our critics, BP believes the world is not on a sustainable path.

The BP Statistical Review of World Energy has highlighted that for some time – more starkly than ever this year with global carbon emissions rising at their fastest rate in years when they need to be falling dramatically.

Like our critics, we also support a rapid transition to a lower carbon future.

That may sound like an unusual thing for the CEO of an oil and gas company to say. But it's in BP's best interests. What is best for the world, is also best for the company.

If dithering and delay today lead to an abrupt, precipitous course-correction tomorrow, that could be highly disruptive for business and the world economy.

So, we need to get on with it.

In a similar vein, BP also agrees with its critics on the need for the world to move to net zero emissions.

That's what Paris calls for in the second half of the century and BP applauds the UK government's ambition to reach net zero even sooner, by mid-century.

3. Components of a net zero world

Here's one more area where there's a high level of agreement -- the necessary components for a net-zero world:

Zero-carbon heat and power keeping us warm and the lights on...

...provided largely by renewables and supported by decarbonized gas, including the use of carbon capture use and storage (CCUS).

Streets humming with electric and hydrogen-powered cars and the skies and seas being navigated by planes and ships powered by biofuels and hydrogen.

It's a world where people and businesses will have moved away from a throw-away culture and are embracing the circular economy...

Where nature's power is harnessed to reduce emissions – through planting trees and nurturing peatlands.

And in that UK net-zero world, oil one of BP's core products today – will likely play a smaller role.

Even then, we have to make products cleaner, better and kinder to the planet, by taking the carbon out of hydrocarbons, where you can, and offsetting as necessary.

That's a vision I'm sure most of us share.

4. Turning the vision into reality

What's less clear – and where there's more disagreement – is on how we turn that vision into reality.

Critics say there's no room for oil and gas companies in that future.

They say we are part of the problem.

I say there has to be a role because of our experience in producing at scale all kinds of energy the world needs.

Not just oil and gas but renewables as well.

And because of our technical capabilities, financial resources and global reach, we're not just part of the future, we're an important part of the solution.

That's not to say we'll be the same companies.

At BP, we've never stopped evolving and modernising since we began doing business 110 years ago.

And we are in action now, transforming our company once again.

We recently bought the UK's largest EV-charging network.

BP Chargemaster will soon roll out 400 ultra-fast chargers across the country...

We've created one of the world's fastest growing solar developers, Lightsource BP, which is aiming to reach 10 gigawatts of installed solar capacity by 2023. That's enough to power 3 million UK households.

It's part of our renewable energy business, which generates clean power from wind in the US and produces biofuels in Brazil. Stay tuned – you'll hear more on all of these businesses soon.

We're also growing our natural gas production.

As well as cutting emissions by displacing coal in power grids around the globe, our natural gas is now going to be helping to produce more sustainable animal feed in a unique business called Calysta.

It's just one of a number of start-ups backed by our venturing arm.

We're investing in another that converts household waste into lower carbon jet fuel and one that uses up CO2 to make concrete.

And we're not alone. Many industry peers are also actively advancing a low carbon future.

I know that because BP works closely with them, not least in groups such as the Oil and Gas Climate Initiative.

The OGCI brings together many of the world's leading providers to collaborate on reducing methane emissions and advancing carbon capture use and storage, or CCUS.

5. Constructive dialogue is essential

But as much as BP and the rest of the energy industry have a significant role to play --- we cannot make the energy transition work on our own.

Other carbon-intensive sectors like construction, manufacturing and agriculture also need to take action and make changes.

So do individuals, who can make lower carbon choices every day to help the world onto a sustainable path.

Most importantly, governments around the world have to play a leading role, and we are seeing some governments stepping up and doing this.

For example, only governments can factor in a cost of the carbon emissions into the cost of the energy itself. And we've seen here in the UK the impact that can have on emissions – having driven them down to levels not seen since Victorian times.

Pricing carbon is the most efficient and equitable tool we all have available for driving the energy transition.

If we were to really focus on only one area, I'd say it has to be carbon pricing, because it impacts the consumer behaviours which dictate corporate investment.

But, as we're seeing with the yellow vest protests across the Channel, it's not easy to introduce carbon pricing at a level that will incentivise low carbon choices, energy efficiency and low carbon investment.

It goes to show how important it is that we work together – consumers, corporations, governments, activists and investors.

The challenges facing the world are too serious to polarise the debate and demonise one another.

In order to progress we have to talk constructively.

Not broadcast our opinions at each other but really talk.

That means taking the time to listen, understand each other's perspective and then work together to find the solutions. And fast.

That's why I am here tonight.

I look forward to taking your questions and engaging in a real conversation.

Because the only way the world is going to meet the Paris goals is by coming together in constructive dialogue. And putting that dialogue into action.

If we do that – and I am confident we can – then we should all be optimistic about our future.