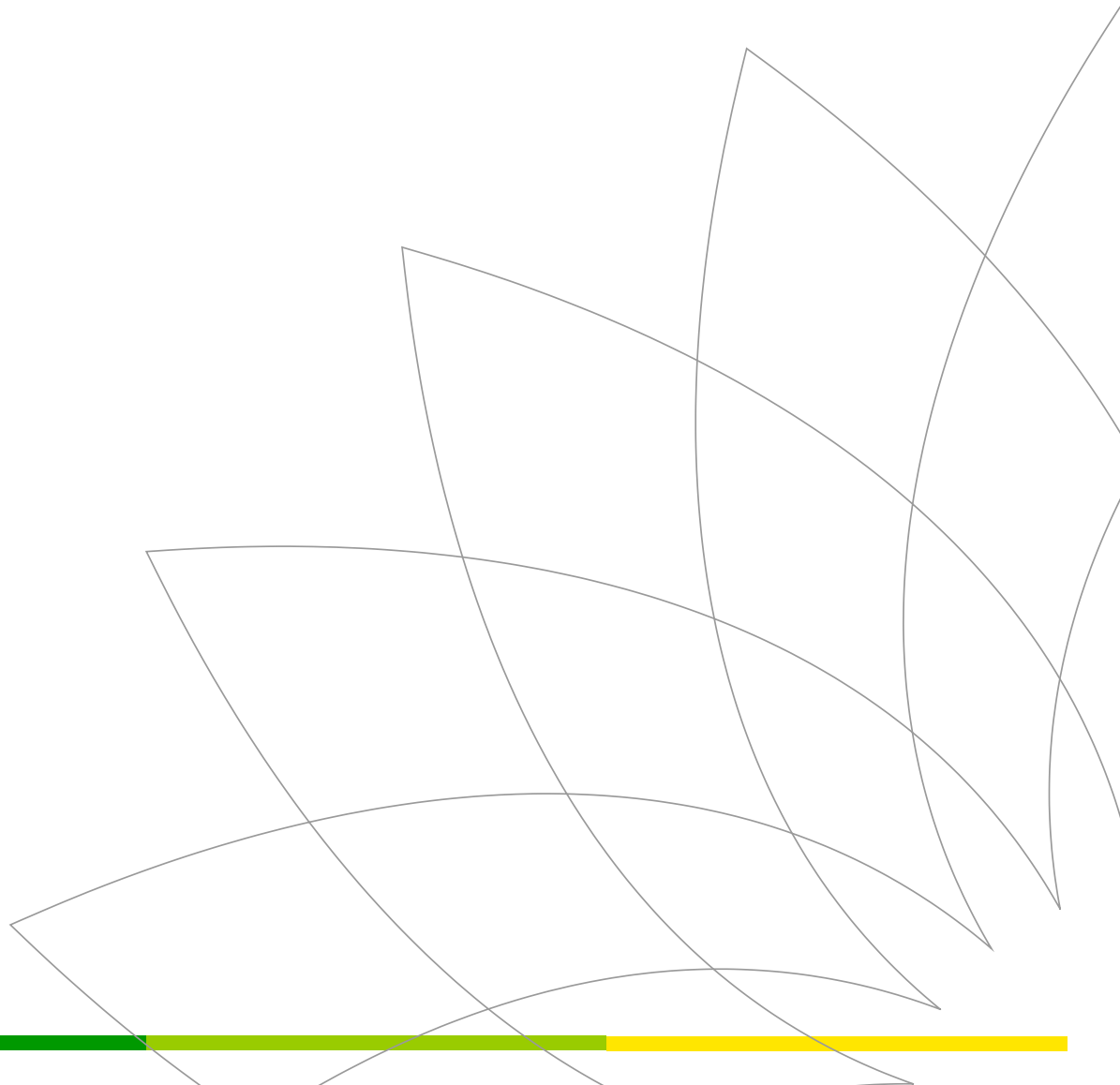




KPMG International Partners Conference

Brian Gilvary, chief financial officer





Introduction

Thanks to John [Veihmeyer] for this invitation.

It's great to be in Prague and thank you for inviting me to address your gathering.

I'm told the KPMG team has worked with BP on 3,000 projects and more than 50 deals, which you could say illustrates two things – we're really busy, and you are providing us with some very valuable support, so thank you for that.

I understand you have spent this morning hearing about 'the KPMG story'. It's a fundamental part of the success of any type of business to get to know the history, and we have quite a back story of our own in BP.

We found oil in Persia just as the money to back the exploration was about to run out.

We built a large Middle East business but a large part of the resources were later lost to nationalisation.

We've pioneered the industry in Alaska and in the deepwater of the North Sea.

In recent years we've established long term relationships in challenging circumstances in Russia, Azerbaijan, and Indonesia.

We stepped up as the first oil company to acknowledge the climate change threat.

But of course we also had the tragic incident in the Gulf of Mexico.

We will always be mindful of what we have learned from what was a terrible accident. But we've made real progress since then, and we're committed to becoming even safer in the future.

BP's story is one of navigating change, learning and adapting – and coming out stronger.

BP's Business and Strategy Today

By adapting BP has been ahead of the curve in the face of the downturn in the oil price.

We've simplified our business.

Established systematic and reliable operations.

Implemented a new functional organisational model.

Developed a high quality, diverse, balanced, resilient and competitive portfolio.

We have a great set of new projects about to come on stream and a really big portfolio of future prospects to choose from – giving us options that create the best value.

Those options include a lot of natural gas and we continue to develop our existing interests in wind, biofuels and venturing – which is the optionality we like the look of for the future.

Two Strategic Challenges

So, what about the story ahead?

The first thing to say is that we must sustain competitiveness through future oil price cycles.

Second, we need to be successfully engaging the transition to a lower carbon energy system.

These challenges are not mutually exclusive.

Global demand is still growing driven by increasing GDP and populations.

In this changing landscape BP's purpose is to provide access to that energy - safely, reliably and affordably....

.... While at the same time helping to turn the curve around on greenhouse gas emissions.

To do all this requires energy from all sources.

It means a big expansion of renewables as well as a continued role for fossil fuels to meet demand.

It's going to need increased production of natural gas as the cleanest fossil fuel as well as improved energy efficiency and enhanced carbon mitigation technologies.

Most importantly, we believe it will require the pricing of carbon as the most effective way of incentivising efficiency, energy saving and lower carbon over higher carbon.



Capability, Leadership and Values

These challenges ask a number of questions of us. Three are front of mind – and chime with the KPMG agenda today.

The first is capability. Do we have the right people with the right capabilities in key areas like strategy, technology and in relationship-building?

It's about having the people with the ability to understand, anticipate and respond strategically to emerging trends.

Investors are placing a premium on management teams that are seen to be agile and flexible.

So it's about having people who are comfortable asking 'what's next?' – and then knowing how to go about answering the question.

People who have drive, who make the business priorities their priorities and can get things done.

People who are good at building relationships and the networks to plug into a bigger brain.

Secondly, are we creating the right conditions for our leaders to succeed?

The challenges for leaders today are of a different order of complexity.

There is a need to keep things simple.

Our approach to operations is now much more systematic and consequently more reliable and safer.

We need to support leaders through deep functional expertise.

We've moved from an asset to functional organisational model.

Functions are working outside of previous silos.

Leaders need space and permission to challenge traditional thinking.



In the Upstream we are adopting a more manufacturing approach to compete in new world of \$50.

Leaders need a clear sense of purpose and alignment of objectives.

This helps support decision making, prioritisation, focus, expectations and commitment.

The third and final question is on values – are they driving the right behaviours for success?

We committed a lot of time to this in BP as part of the recovery process after the Deepwater Horizon incident and we arrived at a set of five values that are for life as well as the workplace.

Safety, Respect, Excellence, Courage, and One Team express our shared understanding of what we believe, how we aim to behave and what we aspire to be as an organisation.

We reinforce these through embedding them in our objectives, role modelling them on a daily basis, and encouraging people to share achievements within their teams, across teams and geographies, and ultimately, through our global Helios Awards.

We get great examples from teams across the group every year, and the stories of what our people can achieve when they demonstrate these values are really inspiring.

It's important to recognize and celebrate these examples, and the positive impact they have in the workplace – or in the communities we operate in – as it provides a huge boost to the morale and sense of purpose of the teams.

Of course, you also have something similar in your KPMG Higher Purpose Initiative, and I'd been interested in hearing your thoughts on how that resonates in your teams.

Thank you.