

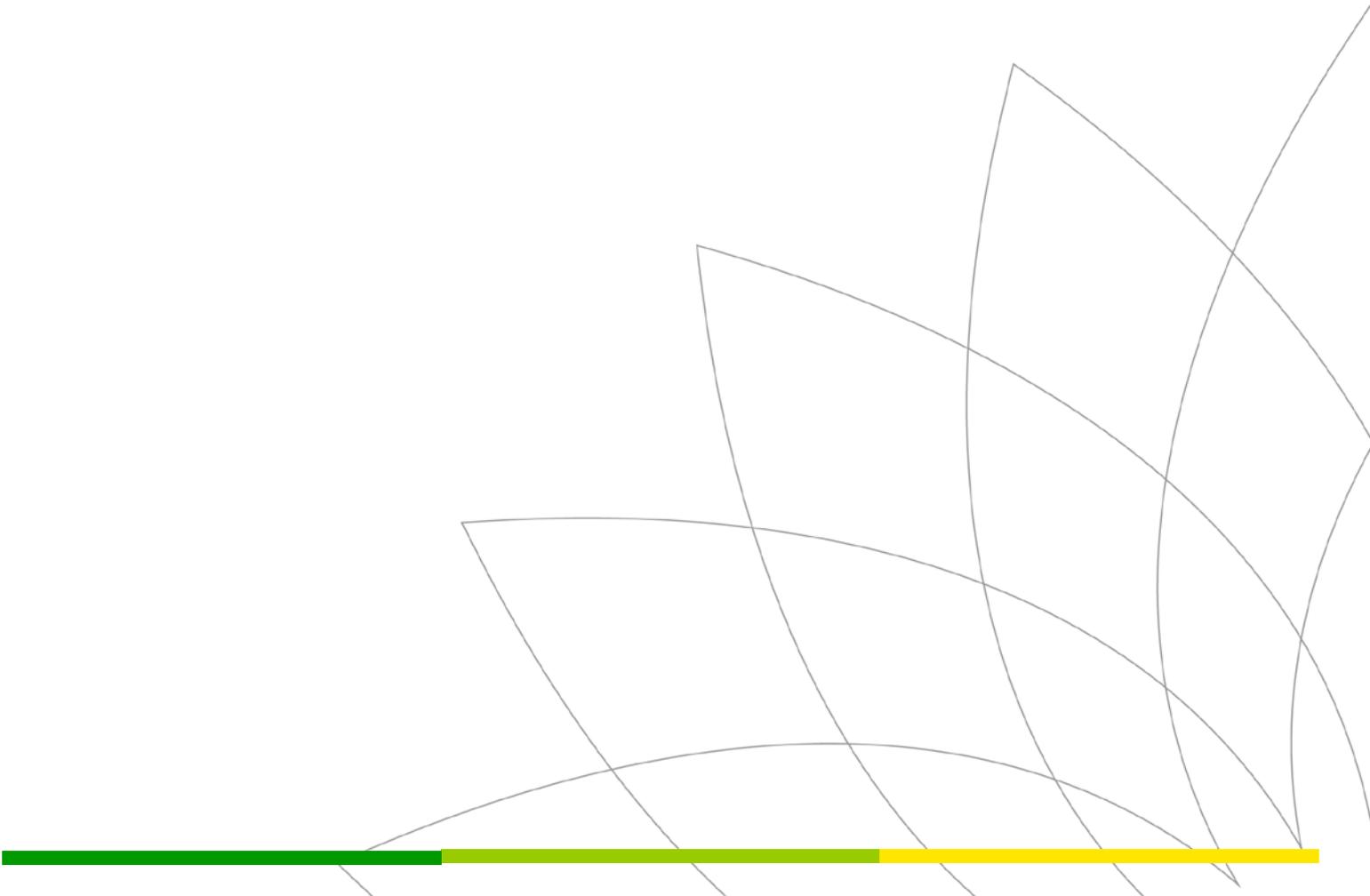


New horizons, new strategy

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SVP health, safety, environment and carbon energy

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Hello – thank you for joining today.

I think I know most of you, but to those I don't, I'm Fuzzy Bitar – and aside from my day job looking after HSE and carbon at bp, I also have the privilege of chairing IOGP.

Last time I spoke to you, the world was in the grip of a pandemic – and I spoke about some of the things we'd need to keep in mind, to weather the storm that was breaking over our heads.

Well – skip forward to today. Thankfully, the storm has abated in some places, but is by no means over – and in many countries, the situation is still very grave. My thoughts go out to everyone affected – and if there is anything IOGP can do to help, please let us know.

But – and I say this cautiously - hospitalisation rates and the gradual loosening of restrictions are trending in the right direction in many places as vaccines are rolled out. So perhaps the skies are beginning to clear.

Still, every ounce of optimism, comes with a dash of trepidation.

I am optimistic about the future – but I'm also realistic about it.

We are not done yet with uncertainty and we are not done yet with change – and that is not a bad thing.

The great American revolutionary statesman Benjamin Franklin once said: "When you're finished changing, you're finished."

Well, we're far from finished.

Our industry has a long, distinguished history of evolution since we drilled the first oil wells and shipped the first hydrocarbons around the world.

We've never stayed the same for long.

And, mostly, we've changed for the better.

When done right, oil and gas resources can bring tangible, long-lasting benefits to society – through creation of institutions, investing in education, building infrastructure and sustaining a growing economy.

But that's not always been the case.

In some cases, the opportunities presented by the discovery and development of energy reserves have not brought about the societal benefits one might expect. And sadly, in some cases has halted or even compromised economic development.

I'm sure you can all think of an example or two.

So, the question I really wanted to ask is, how can we ensure that the change we're going through now will see our industry emerge stronger?

Norway

When thinking about today's speech, my mind went back about ten years.

To a time when I looked after bp's global operations, including those in Norway.

It's a very beautiful country – as anyone who has been there will know – and I had the good fortune to visit our assets many times for work.

That's not to say it doesn't have its frustrations.

The price of beer.

The pickled herrings – which I could never get on board with.

Getting stranded offshore when gales and plunging temperatures kept the helicopters on the ground.

But that's nothing compared to everything that is so good about the country.

The enviably high rates of happiness.

The low rates of crime.

The camaraderie and unique sense of humour. The deep technical expertise and focus on delivering amazing results.

Above all, the ability to think and plan ahead.

So, my time in Norway was a formative experience for me.

This was a decade ago, way before Greta Thunberg was a household name and the focus on climate change really took off – and way before Me Too became a global phenomenon.

Yet, from climate change to the diversity agenda, they were already wrestling with some of the thorny questions facing society –that many parts of society only started taking seriously much later. In many ways they were way ahead of their time.

In terms of what our industry does – and our remit.

In terms of creating a working environment that gets the best from our people.

And in what we should do with the proceeds from our work.

So I thought today, I'd talk a little about each of those.

What we do

I'll start with what we do.

On the face of it, for members of the International Association of Oil and Gas Producers, we know the answer: we produce oil and gas.

And let's remember why.

The energy we produce delivers heat, light and mobility, often to parts of the world that desperately need it.

There are also the associated benefits our investment brings.

Providing jobs, developing skills, supporting communities with healthcare and education.

There's no doubt that what we do deeply matters to the world.

And there's no doubt the world will need oil and gas for decades – probably in substantial quantities.

But we also know that the energy transition is already underway.

The IEA said a couple of months ago that renewables already dominate investment in new power generation.

They are expected to account for 70% of 2021's total spend on all new generation capacity.

And you will have seen the recent IEA net zero scenario that calls for an end to new investment in new oil and gas projects.

Now – it is a scenario not a decree and I'm sure we'd agree that the IEA sees a continued need for oil and gas – as do almost all of the many net zero scenarios.

But the energy landscape is changing fast and it will continue to do so.

So while we produce oil and gas, we should do so in a way that is compatible with the energy transition.

It's no longer just about pumping the hydrocarbons.

It's about producing them in ways that are more responsive to change ... bringing down emissions, maximising efficiency and reducing costs.

We also need to rethink our remit – and I would argue, push the boundaries of what we do.

This is one of the ways Norway took an early lead.

Building off its abundant hydrocarbon reserves, it thought deeply about the revenue it was generating and its importance for the country – while also acknowledging that those revenues might not always be there.

So the country thinks long-term and has invested accordingly.

And today, despite its rich heritage in oil and gas, 98% of the electricity produced in Norway is renewable.¹

Meanwhile national producers like Equinor are taking a lead in the energy transition - pushing its carbon intensity to well below the industry average.²

I think there are lessons there for our industry today.

We need to broaden our horizons and rethink how we approach oil and gas.

Many of our members are already doing that – and are delivering on the strategies to thrive through the energy transition.

It's time associations did the same – and IOGP is no different.

It is why we have been carrying out our strategic review over the last year and I am delighted to share an overview of the results.

Building on our long history of focussing on oil and gas production we're going to expand into three new areas that will be key to our industry's future success:

- First, reducing emissions: this is an area many of our members are already working on.

But the truth is oil and gas cannot play a significant role in a net zero future unless we work much harder to bring down emissions.

Our industry is full of skills and expertise that will be vital to making a difference.

¹ <https://www.regjeringen.no/en/topics/energy/renewable-energy/id2000124/>

² <https://www.equinor.com/en/sustainability/our-approach/reducing-ghg-emissions.html#:~:text=Equinor%20aims%20to%20reduce%20the,8.0%20kg%20CO2%2Fboe>

And it's right that, as associations, we take a more active role in this space.

- Second, CCUS: if we want the world to use our product, while allowing it to reach net zero, we have to do more to take the carbon out of the oil and gas we produce.

CCUS is a complex solution to a complex problem. But it is really the only way to bring down emissions at scale.

- Third, hydrogen – particularly blue hydrogen.

Hydrogen can provide a really low emissions alternative to natural gas – opening up a potentially very large, valuable market that many of our members would be well suited to.

These are not new themes – many of you are already active in these areas. And at IOGP, we've been talking about them for a while.

What is changing is the decision to formally hardwire these into IOGP's DNA – to ensure we keep evolving, along with the rest of the sector.

This will mean some changes to IOGP – both in terms of what we do and how we work.

But I believe, we will change for the better – making us better able to serve our members' interests.

Diversity, equity and inclusion

Of course, we could carry on discussing how IOGP – and our industry is changing. There will be plenty of time for that throughout the day...

But there's another important area I want to mention.

We know our people are key to our success, so we work hard to bring in and retain the best talent.

I think there's even more we could do there...

But once they're with us, we need to support our people - creating an atmosphere that allows them to thrive.

An atmosphere where they can come to work to be their best and do their best work ever.

Here again, my experience in Norway a decade ago seems remarkably prescient.

Norway is often held up as a world leader in diversity.

Even a decade ago, the country required 40% of the non-executive directors of public companies to be women.³

This early lead in diversity was obvious on the ground when I was there.

I remember how diverse the teams were, in terms of the split between men and women. And how different it felt to work there.

Working offshore has for the most part been an incredibly male-dominated experience.

But Norway was an early-mover in bringing in more women.

At the time, it was striking to see so many women working offshore - but it was also noticeable how much better the team performed.

The discourse was more open, calmer, more welcoming – and perhaps most importantly people seemed much more able and willing to speak up.

Of course, a decade on, many of us are already making progress in improving diversity.

But I still think there is a lot we can learn, and there is certainly more we can do.

Why do I say that?

Of course, it's the right thing to do for the individual. Absolutely.

Everyone should be able to apply for any job – be accepted on merit – and then be supported and encouraged to succeed in that role.

But it's also the right thing to do for our businesses.

Numerous studies have made clear more diverse teams lead to more successful outcomes.

A recent industry leader survey found greater diversity led to better performance and decision making, more innovation and increased collaboration.

But the truth is, despite great efforts – we have much more to do. It is time to translate talk into action.

In IOGP's review, we came across a study that found that in the US, for example, women make up almost half the overall workforce but represent just 15% of the oil and gas sector.⁴

³ [Enlightened Norway's gender paradox at the top of business | Financial Times \(ft.com\)](#)

⁴ Petroleum & Equipment Services Association – quoted in slide 3, IOGP's July 1 Framing Workshop to Transform the Energy Workforce

This has direct repercussions for our talent pipeline.

There's growing evidence that young people today want to work for employers that value and promote DE&I.

But we also found that Generation Y ranks energy and manufacturing last in terms of desired career paths.

My own view is that our industry will not be able to succeed if we don't challenge those perceptions.

And one way to do that is to ensure we are open, diverse and inclusive.

We must seek to represent the communities we serve.

The IOGP will play its part.

We recently led a cross-industry effort to take collective action leveraging each other's strengths.

We have a new vision that by 2025 we have made substantial progress towards a diverse and inclusive workforce, confident in their capabilities and ambitions to tackle our world's energy challenges.

But our industry can only bring about real change if we all put our shoulders to the wheel and make this a priority.

Ultimately, we will be judged by what we do not what we say.

Using proceeds as a force for change

My final point is about what producers do with the revenues our products generate.

Our industry's long history in countries all around the world is studded with many examples where the potential benefits of oil and gas resources have not been properly realized – without enough thought going into how to make lasting, positive change.

And then there are more positive examples. Where resources are reinvested into the people and communities, into institutions and infrastructure.

Once again, Norway is a great example.

The Norwegian state invested substantial resources into society and the welfare state.

The petroleum sector makes up almost 15% of Norway's GDP.⁵

And in a given year, a fifth of the government's budget comes from its state oil fund.⁶

But despite the importance and heft of the sector, Norway – and many of its energy providers – have worked hard to diversify its economy.

Aside from setting up its sovereign wealth fund, it invests substantial amounts into developing renewable energy supplies for its people.

Equinor – a jewel in Norway's crown – is a trail-blazer in terms of oil and gas production. But it also invests heavily in renewables.

In fact, my own employer, bp, is working with Equinor in developing our offshore wind offering.

And only this year, Norway's sovereign wealth fund – built on the back of the country's hydrocarbons revenues – made its first investment in renewables.

Well, there are lessons there for both governments and oil and gas producers today.

Invested well, the proceeds from oil and gas can have a huge impact on the pace of the energy transition, the pathways to Net Zero and the access to energy that is still denied to almost a billion people around the world.

Energy resources are a great gift. Let's not squander them.

Conclusion

Let me be clear here, as I draw to a close. I have spoken about Norway a lot, but not because I'm lobbying for a job with the Norwegian Tourist Board, much as I like the country.

It's because the country's approach and way of thinking about its energy offers us a helpful example for how globally we can think about the future of our industry in a more interconnected way – about its role not just in a rapidly changing energy system, but in a world of rapidly changing societal needs and demands.

And if the pandemic shows us anything, it's that societies are increasingly interconnected.

In that respect, energy is a great unifier – because we all need energy and our industry can deliver it wherever it's needed.

⁵ <https://www.norskpetroleum.no/en/economy/governments-revenues/>

⁶ <https://www.nbim.no/en/the-fund/about-the-fund/>

COVID-19 is also a sharp reminder that our industry is deeply enmeshed in society.

What we do – and how we do it – matters to the communities we serve.

And so how we change going forward is incredibly important.

Of course, hindsight is a wonderful thing...

But looking back on the past 18 months, we can all find examples of good and bad responses. Whether that's in politics, business, at work – or in social or family settings.

There were responses that brought people together – that found common ground – and that put others' interests before their own.

And then there were the responses that didn't.

I know which category our industry should fall into... that our industry should change for the better.

Thank you.