

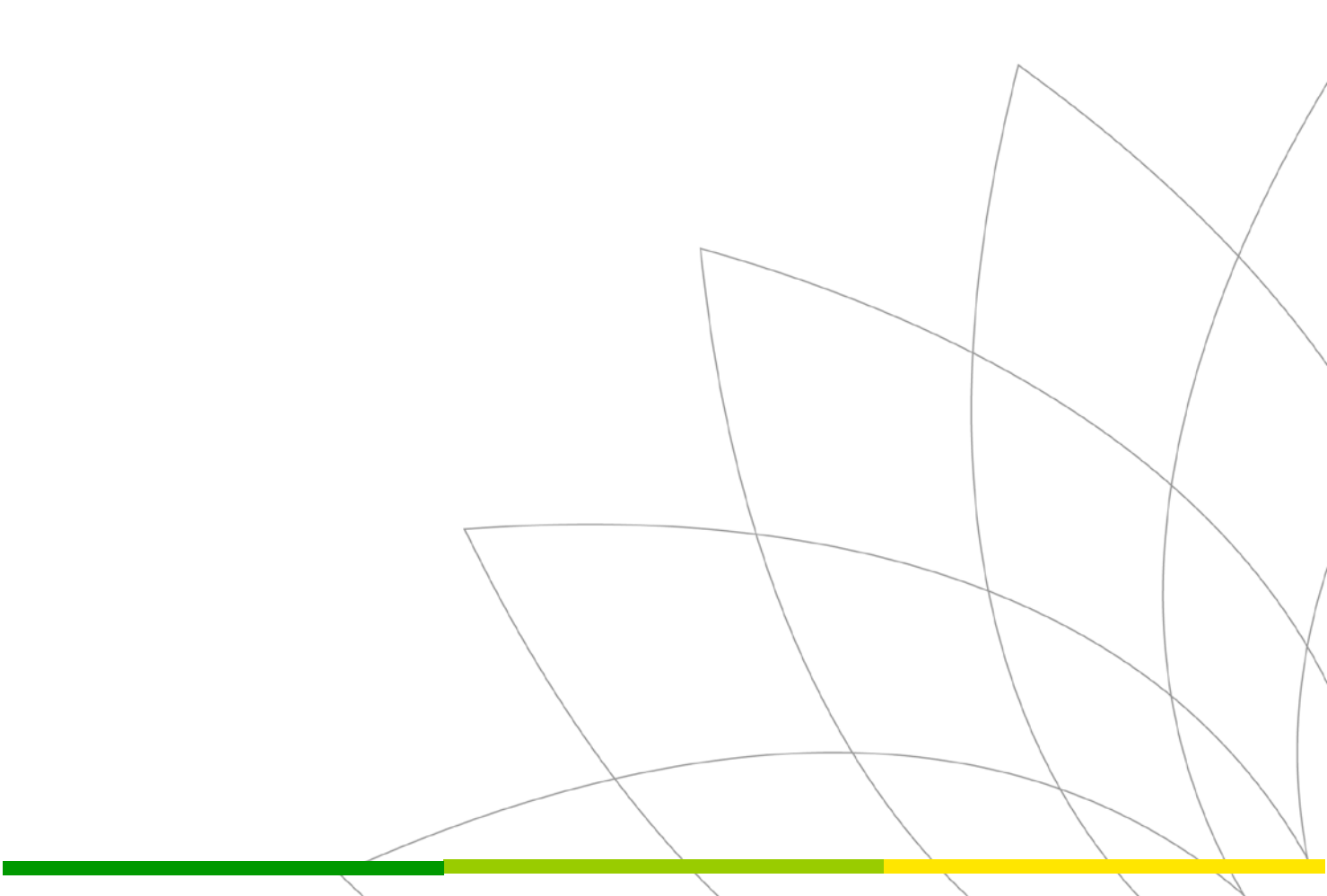


Reimagining energy, embracing opportunity

Bernard Looney, chief executive officer

IP Week, London

27 February 2020



Introduction

Thank you all for that warm welcome.

It is great to be here among friends, and at an event I always look forward to.

I am very happy to see the energy transition as a big part of this year's conference as we head towards COP26 in Glasgow.

We are all talking about transformation, about deploying technology at scale, about getting greenhouse gas emissions out of the energy system.

That makes me very proud to be a Fellow of the Energy Institute – and prouder still that BP is a big supporter.

Louise, thank you for your fantastic leadership, and your tireless dedication to the Institute.

And Steve, thank you for that overly kind introduction.

You are right – I am three weeks into the job. And I am glad we still seem to be in the honeymoon period.

I just hope it lasts long enough for me to get through this speech.

Bob Dudley handed over a company that is in great shape and ready for the changes we are making at BP to advance the energy transition.

I will talk first about those changes, very briefly – and why they are right for us.

Then I also want to talk about trust, which is a big focus for us in BP.

And I will finish with some personal thoughts on the opportunity ahead for all of us.

Right for BP

So, to recap very quickly on BP's announcements earlier this month...

We introduced a new purpose, which is to reimagine energy for people and our planet.

To meet our purpose, we have a new ambition – which is to become a net zero company by 2050 or sooner, and to help the world get to net zero.

We are underpinning that ambition with 10 aims.

And to deliver all this, we are reinventing BP with probably the most wide-ranging reorganization in our history.

We are retiring our upstream/downstream model and introducing a single entity focused on four core capabilities: operations, customers, low carbon and innovation.

And as we go about this programme of change, we are equally committed to performing while transforming – to honouring the promises we have made to our shareholders.

Chief among those promises is to operate safely and to deliver our financial plan.

It has been very encouraging to hear the reaction.

Mostly it has been very positive, and I am grateful for the words of support many of you have shared.

We have had positive messages from Mark Carney at the Bank of England.

From Patricia Espinosa at the UN and her predecessor, Christiana Figueres.

And from the Church of England.

I was brought up a Catholic, but I welcome divine intervention regardless of the denomination.

We have had our share of criticism as well, which in many ways is understandable.

Some say we have gone too far – that we are caving-in to the critics.

We are not.

Others say we have not gone far enough.

Maybe so.

Others say what we are attempting is not possible.

We respectfully believe it is.

And all this feedback is welcome and appreciated.

In fact, our ambition is the product of constructive challenge and intense dialogue with many different people around the world – including BP colleagues.

And we will go on listening because we know we do not have all the answers, we will make mistakes, and we have much to learn from others – especially from those who think differently or have different views.

I mentioned that we have set ourselves 10 aims.

Five of those are focused on BP becoming a net zero company by 2050, or sooner if we can.

And the key point here is our intention to make absolute reductions in our greenhouse gas emissions.

Across our operations, and the oil and gas we dig out of the ground, we are aiming to make absolute reductions amounting to 415 million tonnes of carbon.

Just for comparison, 415 million tonnes is nearly equivalent to the total emissions of the UK, the world's 6th largest economy.

I think we would all agree that is no small task!

Regaining trust

Now let me turn here to our second 5 aims, which we frame as helping the world to get to net zero.

We have set these additional aims because we know net zero for the world is way beyond any one company or any one organization.

It will require investors, governments and non-governmental organisations, academia, consumers – and the energy sector – to play their parts.

And we have to be trusted to do so – which is why trust is such a significant thread running through many of our aims.

I'm speaking only for BP, and I know we have an issue with trust.

Some people think we say one thing and do another.

That is not the BP I have come to know over the last 28 years.

But I get why people might feel that way. We need to accept it, and we need to work to change that perception.

One of our aims considers the alignment between BP's views and those of the trade associations to which we belong.

We have carried out our first review and published it yesterday.

We will be leaving three trade bodies in the United States as a result of the misalignment between our respective views on climate change and the energy transition.

This is about choices, and these are not easy decisions to leave. But we feel it is the right thing to do – both for BP and indeed for the associations.

We have another aim, which is to increase our advocacy for policies that support progress to net zero.

We are now going to advocate much more actively and forcefully.

We will be stopping our corporate reputation advertising campaigns and redirecting those resources towards low carbon advocacy.

One way in which we are already in action is by lending our support to the adoption of a well-designed carbon pricing scheme in Washington State in the US.

We can say all the right things, but people want to see for themselves, particularly when trust is low, as it is at the moment.

So, we have an aim to be recognized as an industry leader in transparency.

Along this road, a good next step for us is our declaration of support for the recommendations of the Task Force on Climate-related Disclosures.

And we intend to work with the TCFD, and others, to keep developing good standards and practices.

These may only be incremental steps towards closing the trust gap, but I believe they will add up over time.

Opportunity

That brings me to my third point, which is about opportunity.

Today our industry is seen by many as on the wrong side of the climate challenge.

The world is not on a sustainable path.

It is not on track for the Paris goals.

And the carbon budget is finite and running out fast.

Consumers everywhere – not just in richer countries – want energy that is clean as well as reliable and affordable.

Governments want help with their low carbon commitments and aspirations.

Investors increasingly want sustainability as well as performance.

It comes down to everyone really wanting the same thing.

You could say we need to change to meet these changing demands.

I believe we should want to change.

We should want to change not just because it is the right thing to do – but because it is a tremendous business opportunity.

Over the coming decades, the world will need to invest trillions of dollars in rewiring the global energy system.

One trillion dollars a year in new energies to keep to a 2-degree rise.

2.5 trillion a year to keep to 1.5-degrees.

So, this moment for our industry is a hugely exciting time.

We should see a rapid energy transition not as a threat – not a risk to be managed – but as an opportunity to create value and to do the right thing.

For that, we will need new ideas, new perspectives and an openness to thinking in new and different ways.

We can expect uncertainty and disruption – which can be hugely unsettling.

I recognize that, and it brings me to the topic of mental health.

This is something that matters to me personally and is relevant to everyone I have spoken with.

As I like to say, everyone has something.

As an industry, we have come a long way in a short time on the physical side of safety.

We have rules – and we talk about safety constantly.

I would love for us to do the same for people's mental health and mental well-being.

That is particularly the case at a time of disruption and change, when it is normal to feel stress, fear, worries and concern.

So I think we should be prepared to really, genuinely look after each other through the transition.

Conclusion

And here is my final thought.

As I said at the start, I am only three weeks into this job and I am not about to go offering advice to anyone.

So what I say now is just how I choose to see the energy transition:

I think it's important to believe in the opportunity there is in it.

“Optimism is the faith that leads to achievement.”

Helen Keller wrote that over a century ago and it is just as true today.

If we think risk, then we are more likely to see darkness and threats lurking in the shadows.

If we think opportunity, we are more likely to see light, to free up our imaginations, and to unlock creativity.

In short, if we think opportunity, we will see opportunity.

I see opportunity and I am really excited about what is possible for all of us.

Thank you all very much for listening and for your time.