



# Carl-Henric Svanberg's speech at the 2010 AGM

Speaker: **Carl-Henric Svanberg**

Title: **chairman**

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Good morning, ladies and gentlemen. My name is Carl-Henric Svanberg and on behalf of the board, I am delighted to welcome you to BP's 2010 Annual General Meeting. This is a very special occasion for me – my first BP AGM, and the company's 101st. I would like to start on a personal note by saying how privileged I feel to be here.

By any measure BP is one of the world's greatest companies. It has played a significant role in supplying the world with energy to power economic growth for over a century. In my last role, I was chief executive officer of Ericsson, the leading global telecommunications provider. It is indeed a great honour for me to chair this company.

For someone from outside the energy industry it is an inspiring challenge. However, I have come to the conclusion that the worlds of telecommunications and energy are not in reality so far apart.

The one is like a body's nervous system; the other is its bloodstream. Both industries require long-term relationships; both industries interact intensively with governments and work in a world of regulation; and both industries involve working at the frontiers of technology.

All of these factors make energy a particularly fascinating industry, of critical importance to the world's development. They also place long-term sustainability and good governance at the forefront of priorities for a company like BP.

Let me spend a few moments describing how I see these issues as a newcomer to the chairman's role. In my view, it should go without saying, that good governance and the work of boards are more important than ever.

The size and scope of the global companies that have been created over the past two decades have grown managements' workload dramatically. In addition, the complexity of the issues facing these companies has grown significantly, and created more items that need thorough and well-grounded discussion and debate at board level.

A company like BP, therefore, demands a board with vision. A board that works with the executive team to ensure there is a well-worked strategy in place. A board that is 100 per cent engaged, as always, in governing on behalf of the shareholders. A board that makes sure that risks are well-identified, properly assessed and managed; and that the company is performing operationally - being well run in every respect.

But BP also demands a board with a long-term perspective because the energy industry, by its nature, works to long time horizons. And when we talk about long-term I mean not just the next 10 years but two or three decades if not more.

Ladies and gentlemen, I have taken on this role at an important time for BP.



As Tony Hayward will explain in a moment, the company is doing very well. Despite challenging market conditions and a very competitive environment, financial and operating performance in 2009 was strong.

In my short time here, I have already seen in action the remarkable skills and technology in the company and the professionalism and commitment of BP people. This, I believe is a clear result of the leadership of Tony and his team who are world class and who have led BP back to competitive fitness. After the recent years of hard work, I believe BP is well positioned for the future.

I would like at this point to pay tribute to the work of the board in recent years, and in particular to the role of my predecessor Peter Sutherland in creating today's BP. During 12 years at the helm, as well as a further two years as a non-executive, Peter steered BP through many challenges. He presided over the transformation of this company through far-sighted mergers and wise and productive investments. He was a tower of strength in defending BP at moments of turbulence, and a fantastic advocate for the company's positive role in the world. We all owe him a deep debt of gratitude.

I would also like to welcome two new directors and record my thanks and appreciation for the work of another two for whom today will be their last Annual General Meeting. Ian Prosser and Erroll Davis are standing down after distinguished service over more than a decade. We are all hugely grateful for their contributions – including Ian's 10 years as deputy chairman, and Erroll's work on a variety of important non-executive committees.

As new board members, I am delighted to introduce Paul Anderson and Ian Davis. Both are outstandingly equipped to make an important mark on BP in the coming years: Paul with his strong management record at the highest level of the resources industry; Ian with his broad business insight and global consulting experience across a whole range of sectors. I am also pleased that Ian will be filling the vacancy on the Audit Committee.

Their arrival is part of a continuing process of board renewal and I look forward to welcoming further experienced and talented newcomers to the board in coming years.

Before concluding, let me share some of my thoughts on the wider energy industry and how I see BP's role in the future. Even after the financial shocks of the last two years, the world economy is going to grow, and at an increasing rate.

The world's gross domestic product is expected to triple by 2050. Energy demand is expected to at least double in the same period.

This is driven by the increasing energy needs of developing markets as more and more people improve their quality of life. Demand in the developed world is expected to remain more flat as a result of energy efficiency measures. This growth in demand represents four times the present energy consumption of the United States. In meeting this demand countries will be concerned that they have reliable, secure and affordable supplies.

And the complex, but important, issues around climate change will also have to be addressed.

All of this presents a vast challenge. And BP, to my mind, has a clear role in working to meet this challenge.

In addressing climate change BP has been an early advocate of action and will continue to play an important role in promoting practical pathways to a lower carbon world. We are already investing in a portfolio of low carbon energy businesses which will have a role to play and which Tony will discuss in greater detail later.



The size of the challenge is such that all forms of energy will be needed for the foreseeable future. Fossil fuels will thus continue to play a major role in satisfying the growing energy demand for years to come.

The application of BP's strong skills and technological base will contribute to meeting this demand in a responsible way.

Your board is very mindful of the expectations that are placed on a company like BP. The scale of BP's operations and its place in many markets are such that many people have differing expectations of what we can do and what we should be doing.

We are here first and foremost to generate returns to you, our shareholders, our owners. But to do that, over the long time periods in which we operate, requires us to act wisely and responsibly. We must therefore conduct ourselves in a way that is appropriately responsive to the needs of those with whom we come into contact or work. It is the task of your board to make sure that we can continue to respond to all these challenges. And that we fully realise the company's potential.

I believe we are well placed to do so.

Before moving to our agenda, which is long with some 25 resolutions, I wanted to thank you all for being with us today. I gather that a well-attended meeting is a hallmark of the BP AGM. I am pleased that we can all be together in the same room to discuss the issues before us. It is good to have your support.

I realise that we are a little outside central London. However this remains the venue best suited to our needs given the numbers that attend.

We do, of course, have a very broad shareholder base with the majority of our shares being held outside the United Kingdom.

I am keen to ensure that all have the opportunity to have their say on the items on today's agenda. Many of them will be watching today's meeting on our web site. We will continue to have all of our voting by way of a poll. That should not however constrain debate and discussion in the meeting today. With your support and assistance I hope we can move through the resolutions in a timely manner.

Tony Hayward will now review what has been an excellent year.