Thanks Brian.

You heard earlier from Bob about the dual energy challenge – I’d like to return to the topic to share with you our approach to the energy transition, and how we are doing this in a focused and disciplined way as part of the broader financial framework outlined by Brian.
As a global energy business, we face the dual challenge of meeting society’s need for more energy, while at the same time working to reduce carbon emissions. Our industry is changing faster than at any time in our lifetime with the energy mix shifting towards lower carbon sources, driven by technological advances and growing environmental concerns.

In an uncertain and changing world the key is for our strategy and investment choices to be resilient to a range of future outcomes.

As Bob outlined earlier, how we do that is by setting clear strategic priorities and vigorously pursuing these.

We also consider the timing and implications of changing patterns of demand, and use this to plan around distinct horizons – things we are doing in the near term to make the business more resilient, things we are doing into the next decade and beyond to deliver growth, and things we are starting to do to secure our energy future over the much longer term.

Let me share with you how as a Group we are embracing the energy transition and outline how we are investing through this multi-decade transition.
Today, oil and gas accounts for almost 60% of all energy used. That means companies who provide these energy sources – along with their consumers and others – have an important role to play in the energy transition.

Our ambition is to provide more energy while advancing the energy transition – and we are taking action.

Our approach – ‘Reduce-Improve-Create’, which Bob mentioned earlier – consists of three distinct elements:

First, reducing our own operational emissions. Now I need to be clear here – this is a complex subject and our total emissions may grow in the coming years as our production grows. Indeed, the emissions intensity of some operational activity may increase, such as LNG processing – though on a lifecycle basis gas wins over higher carbon products such as coal. However, we are actively looking for ways to limit the growth of emissions where we can, with a focus on reducing our emissions at an operational level – and that’s what we’re talking about when we say ‘Reduce’. A couple of examples:

– We are integrating energy efficiency into the design of new projects – we designed our Khazzan gas operation in Oman to be inherently efficient and low in emissions. It has a central processing facility, removing the need for processing equipment at each well site, a common source of methane emissions;

– We are also improving the equipment and processes in existing operations – our work to reduce flaring is an example of this. We are a founding member of the World Bank’s Global Gas Flaring Reduction partnership and a member of its Zero Routine Flaring by 2030 initiative.

To underpin our efforts to reduce our own emissions we plan to set operational emissions targets, including for methane and you’ll hear more on this in the coming
months.

Second we are improving our products with the development of advanced fuels, lubricants and chemicals that enable our customers to lower their emissions. Providing lower carbon products to our customers is one of the biggest contributions we can make – around 80-90% of CO₂ emissions from oil and gas products originate from their consumption. We’re in action on this:

- BP fuels with ACTIVE technology use an innovative formula designed to help engines run smoothly and efficiently by fighting dirt in the car’s engine;

- We are the largest producer of renewable natural gas fuel for US transport, making fuel from agricultural and food waste; and

- Our PTAir, used to make items such as clothes and soft drink bottles, has a carbon footprint around 30% lower than the average European PTA, and we’ve launched a carbon neutral PTAir in China.

The third element includes growing our established renewable portfolio and creating new low carbon businesses. By investing in hi-tech, low-carbon start-ups and developing new business models and offers, we can complement our existing hydrocarbon and renewables businesses.

I want to take a bit more time to run through the work we have been doing in this area.
We have established a clear platform for building our low carbon and digital businesses, through our established Alternative Energy business, but also through start-up companies that help accelerate and commercialise new technologies, products and business models.

As I laid out a year ago, across this platform we have identified five focus areas – advanced mobility; bio and low carbon products; carbon management; power and storage; and digital.

These were deliberately selected as:

- They are aligned to our commitment of advancing the energy transition;
- They provide opportunities aligned with our core businesses, allowing us to exploit portfolio adjacencies and build resilience within existing operations; and
- Each have the potential to become material businesses in the future.

Our approach is enabled by strategic partnerships, large scale projects, venturing and experimentation.

We are investing with discipline and expect to spend around half a billion annually from within our financial framework. As a founding member of the Oil & Gas Climate Initiative – or OGCI – we are also an active contributor into its $1 billion investment fund, as well as co-investing alongside it.
Established low carbon business – Alternative Energy

- Fastest-growing energy sector
- Focus on safety, reliability, optimisation and efficiency
- Lightsource strategic partnership
- Integrated value chains

Turning firstly to our renewables portfolio.

Renewables are the fastest growing form of energy. They account for around 4% of all energy demand today and by 2035 we estimate that could grow to more than 10% – a rate of growth not seen in recent history.

As you know, we already have an established and growing low-carbon business focused on the bio and low carbon; and power and storage focus areas – we call it Alternative Energy.

Alternative Energy has a significant portfolio across three platforms: Renewable Fuels, Renewable Power and Renewable Products.

In Renewable Fuels, we operate three world-scale sugarcane ethanol plants in Brazil producing some 750 million litres of ethanol per year. We are expanding the reach of this business and in November announced a JV with Copersucar, the world’s leading sugar and ethanol trader, to own and operate a major ethanol storage terminal in Brazil.

Our Bio-power business, which sits within our Renewable Power platform, exploits adjacencies with Renewable Fuels operations, generating enough electricity from the waste sugar cane to power our three ethanol plants while exporting the remaining 70% to the local electricity grid.

In the US, our Wind Energy business has 2.2 gigawatt gross capacity across 14 sites.

Bob already mentioned our investment in Solar Energy through Lightsource BP.

We estimate that solar could generate up to 10% of total global power by 2035, and see significant commercial potential in targeting this demand growth, together with a partner which has aligned aspirations.

Lightsource BP is a global leader in the development, acquisition and long-term
management of large-scale solar projects and smart energy solutions.

The company has developed 1.3 gigawatt of solar capacity to date and manages some 2GW of solar assets – the equivalent of powering over half a million homes. Lightsource BP aims to develop a 6 gigawatt growth pipeline focused largely in the US, India, Europe and the Middle East.

Renewable Products is the third and emerging platform within the Alternative Energy portfolio.

Through our Butamax JV with DuPont we are working to commercialise technology that converts sugars into an energy rich biofuel known as bio-isobutanol – this can be used as an advanced biofuel or a high value building-block for a wider range of products.

Operating performance across our Alternative Energy businesses has been strong and they increasingly provide platforms to grow our integrated value chain offers.
We are also developing new low carbon and digital businesses and our portfolio of opportunities today includes a pipeline of more than 35 active investments with more than 200 co-investors. We are already leveraging these investments successfully with 12 technologies in use within BP.

In the advanced mobility area we are pursuing opportunities across a number of broad themes including electric vehicles, batteries and charging; new mobility models such as car pooling and ride sharing; and vehicle autonomy.

We are exploring the development and production of new bio-molecules for gas, fuel, lubricants, plastics and chemicals, and other lower carbon products – something many of our customers are beginning to ask for. As I mentioned earlier, our Alternative Energy and Downstream manufacturing and marketing operations provide a platform for commercialising these products. We have already had success in this space for example with Fulcrum, PTAir and Clean Energy.

In the area of carbon management, we are working to improve carbon emissions performance at an operational level and enable customers to reduce or offset their emissions through carbon markets. We are investing in new technologies and exploring the application of carbon capture use and storage. In addition, our trading business, IST, is increasingly active in originating and trading carbon credits. With one-seventh of the world’s greenhouse gas emissions now covered by carbon pricing systems we anticipate further growth in this area.

We are also looking at opportunities to invest in low carbon power and storage, in particular where portfolio synergies help to build further resilience across our existing core businesses. As discussed in our 2017 Energy Outlook nearly two-thirds of the projected growth in world energy demand over the coming decades could come in the form of electricity.
Finally, in the digital space we are looking to new digital platforms including blockchain, quantum computing and cognitive computing to improve efficiency and productivity in our operations, as well as transform our customers experience. We recently invested in Beyond Limits – a leader in artificial intelligence and cognitive computing – and are working together to apply technologies developed and pioneered in space to the extreme environments we operate within such as deep-water exploration and production.

Each opportunity is subject to our rigorous investment framework. In the early stages of incubation we don’t expect immediate profits, however where they pass materiality and return thresholds, we will look to take the investments forward, growing and commercialising them.
Advancing the energy transition

A clear approach

1. Reduce
2. Improve
3. Create

Creating low carbon and digital businesses

5 focus areas

~$500m annual spend within a strict investment framework

To summarise.

BP is in action, with a clear strategy and set of businesses that are focused on a lower carbon future.

Our commitment to helping drive the energy transition is embedded in the core of our business strategy.

The key for BP is for our strategy and investment choices to remain flexible to a range of scenarios – scenarios which ultimately drive our four strategic priorities.

We believe that maintaining a balanced portfolio and a disciplined investment framework will enable us to be resilient to the evolving energy landscape.

We are actively developing lower carbon and digital businesses through our established Alternative Energy business and across five focus areas: advanced mobility; bio and low carbon products; carbon management; power and storage; and digital.

In 2017 we made important progress building on our existing foundations through our investments in Lightsource BP, Clean Energy, Fulcrum, and Butamax among others.

As we look to invest around half a billion dollars annually in these areas, each opportunity will be assessed against materiality and returns thresholds, and subject to our rigorous investment framework.

With that I’ll pass you over to Bernard to talk to you about strategic progress in the Upstream.