

THE ECONOMIC CLUB

O F W A S H I N G T O N, D. C.

Executive Conversation

Bernard Looney

Speaker:

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bp

Moderator:

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DAVID M. RUBENSTEIN: So we're very fortunate today to have Bernard Looney – is that the correct?

BERNARD LOONEY: Well, it's a good question. I lived in America for – I'm Irish. I lived in America for nine years. I lived in Houston for seven of those years. And where I come from, we say Bernard. But Americans find it very hard to say Bernard. They say Bernard. And I would always correct people and say it's Bernard not Bernard, and we would have this back and forth. A young man from Mississippi, a guy called Charlie Powell [sp], came up to me one day. And he said: When your last name's Looney, who cares what your first name is? [Laughter.] That's one I've had to deal with for –

MR. RUBENSTEIN: What is your first name?

MR. LOONEY: My first name is actually Florence, but, you know, let's not go there. Florence Bernard Looney, yeah. We should move on, I think. [Laughter.]

MR. RUBENSTEIN: OK. All right. OK. So he is the CEO of bp, one of the largest energy companies in the world, with a revenue of, I guess, over \$109 billion and a market cap of –

MR. LOONEY: Market cap of \$109 billion.

MR. RUBENSTEIN: Market cap of \$109 billion, and revenue of about \$250 billion, something like that? And 67,000 employees, something like that?

So, he has been in this position for several years now, but he's been at the company for his entire business career, 33 years at the company. And he is in town to kick off the – open the new headquarters down at the wharf, which Mary selected. And he asked me if this was the right location and I, of course, said, yes, it was the perfect location. [Laughter.]

So let's talk about bp and the energy world. So why do you think it is that the average person in America, or Europe, doesn't love energy companies? They love energy, but they don't love energy companies.

MR. LOONEY: Well, I think that you made an important clarification in the question, because as is often the case, in much of the world where we live and work energy companies and companies like bp are hugely admired. In Brazil, Petrobras is probably the number one company to work for. In Azerbaijan, bp is. In Angola, Indonesia, Egypt. So in many parts of the world, it is actually a very different story.

With that said, in Europe and in the United States, in some states, it is certainly challenging. And I think – I always try to tell people we should put ourselves in the other person's shoes before we blame the other party. And I think the industry has had some challenging events over its history. If I look at bp, we had a big accident here in the Gulf of Mexico over a decade ago. There's been, in other companies, issues with corruption and so on.

So I can understand why people might have a certain view, but of course I would highly disagree with that view. I think the energy business is an enormous force for good in the world. If we look at what oil and gas has done in the world over many, many decades, it's transformed lives, transformed economies, transformed countries for the better. But it's not good enough to simply tell people that. I think we have to show them what we're doing, show them that we're part of the solution, and do so with some humility.

MR. RUBENSTEIN: So in the United States, because energy companies have been making a lot of money, there has been talk about a so-called windfall profits tax. You have that in England. And, like, how much windfall profits tax have you paid?

MR. LOONEY: So in the North Sea, and the U.K. North Sea, we pay 75 percent tax. So for every four dollars that we make, we pay \$3 in taxes. Now, it's a very difficult time for a lot of people in the world right now. So we must start with an understanding of that situation for many people out there in the world. Yes, we made a lot of money as a(n) industry last year. Bp had a record year. We've been around for 113 years. We had record profits last year. What is less reported on is that two years earlier we had the biggest loss in our entire history.

So it is a cyclical industry. And I think what's important, David, is to talk about what we do with the profits. What do we do with them? Well, the first thing we do is we invest back into the energy system. And last year, bp invested \$16 billion back into the energy system. Secondly, we pay taxes. Last year bp paid our highest tax bill in its history, \$15 billion in taxes globally last year.

And, thirdly, we look after our shareholders, millions of people around the world whose lives depend on bp as part of their pension plan or whatever. And we pay distributions to those through a dividend or through share buybacks. And that was about \$14 billion last year. So \$16 [billion] in investment, \$15 [billion] in taxes, \$14 [billion] for our shareholders. So I think that's an important part of what we do.

MR. RUBENSTEIN: Now, some energy company executives – oil and gas executives – seem unwilling to say that man or mankind has produced climate change. They seem unwilling to say that climate change is due, in part, to what humans have done. Are you in that category? Do you think we are responsible for – or, humans are responsible for climate change, or not?

MR. LOONEY: I think the science is very clear. And you don't have to listen to me. In 1997, our former chief executive Lord John Browne, who you know, David, made a speech at Stanford University, where he said exactly that. So we are on record as having said whatever that is over 25 years ago, that there is a connection between our activities on this planet and climate. And that has not been in dispute in our company.

MR. RUBENSTEIN: So tell us, had no oil or gas had ever been discovered on the face of the Earth, there just was no oil and gas, would civilization be further along or further behind, do you think?

MR. LOONEY: Well, it is a great question. And I'm always advised by my media people not to answer hypothetical questions. [Laughter.] But seeing as you're such a nice guy. [Laughter.]

MR. RUBENSTEIN: Just tell us – well, I won't tell anybody. You can just tell us what your answer is. Everybody will – it'll be secret.

MR. LOONEY: So let's not share this part. No, so, look, difficult to know, of course. Humankind is incredibly innovative and resourceful. But you would have to say that the contribution of energy to this world has been extraordinary. And where would you go for some proof points on that? Life expectancy has doubled since oil and gas was discovered – doubled, from 40 years to 80 years today.

Imagine our global trade, aviation, road transport, shipping – all made possible through energy – how that would look different. Imagine a hospital today, medication that is derived from petrochemicals, devices that are made using petrochemicals. Imagine feeding 9 billion people where fertilizer, ammonia fertilizer, represents 70 percent of the fertilizer in the world that helps feed 9 billion people.

So I would say categorically the world is in a better place. With that said, there is an issue called carbon. It's a real issue. It needs to be tackled. And that's why we need to transition the energy system.

MR. RUBENSTEIN: So right now the world consumes roughly 104 million barrels of oil a day, more or less. How many barrels of oil do you produce, oil or oil equivalent, a day?

MR. LOONEY: Two-point-three million.

MR. RUBENSTEIN: All right. So 2.3 million out of the 104. Most of your energy is from oil and gas, but you have some that it's not oil and gas. What percentage of your energy is produced from non-oil and gas?

MR. LOONEY: So let me just, if I could, describe the strategy of the company, to help answer the question. The strategy of the company is to grow our company, is to grow the value of our company, by helping to solve what we think is one of the greatest challenges ever that the world has faced, which is what we call the energy trilemma. How do we provide the world with cleaner energy, more secure energy, and more affordable energy? Our strategy is to help solve that equation. And we do that by doing two things. And this is what we laid out in 2020.

We do that by, first of all, investing in today's energy system. And today's energy system is predominantly an oil and gas system. And – not or, and – at the same time we are investing in accelerating the energy transition. So to give you an example of that, in our strategy update in February of this year we said we're going to lean further in and we're going to put more, \$8 billion more, into today's system and \$8 billion more into the transition. That's \$55 to \$65 billion in the transition by 2030. We spent 3 percent, David, of our capital outside of oil and gas in 2019. Three years later, we spent 30 percent of our capital outside of oil and gas. Three to 30 percent in three years.

So today, if I look at our energy, to your question, if I look at our financial results, if I look at that, bp is an oil and gas company. But bp is on its way to becoming an integrated energy company. In 2030, we will deliver \$10 to \$12 billion of EBITA,¹ of earnings, from our non-oil and gas businesses. Last year, that was about \$1.5 billion. So we're growing five new arms of our company in things like EV charging, in bioenergy, in hydrogen, in renewables, and power, and convenience. And, at the same time, we're investing in the oil and gas system that the world critically needs today, at the same time.

MR. RUBENSTEIN: All right. Suppose I wanted to be an investor in renewable energy, and I don't know which of the renewables is the most likely to take off. So should I invest in solar, wind, electric batteries? What do you think I should invest in if I really wanted to take advantage of the push that's going to go to non-oil and gas energy?

MR. LOONEY: Well, the reality is that if we are going to solve climate and get to net zero, which is our ambition to be a net zero company by 2050, we're going to need all of the above. We have four areas of focus in your particular question. EV charging, a sector that's growing at 15 percent plus per annum. Hydrogen, a market that has yet to be established, low-carbon hydrogen, but is crucial to decarbonizing things like steel manufacturing and cement. Bioenergy, a huge area. The only way we'll solve aviation emissions in the next decade or two is through sustainable aviation fuel, which comes from bioenergy. And renewables and power, investing in solar, investing in offshore wind.

And we're doing all four. Now, we're doing that because we believe we can generate returns that are competitive. So in bioenergy, 15 percent-plus. We believe we have unique skills that we can bring to the equation. A lot of people say, how can you be successful in this new world when you've been an oil and gas company for 100 years? And it's not because of me. I don't say this in a boastful way. But the capabilities of a company like ours are extraordinary. If I could just – and I'll finish – if I could just give you one example.

If you wanted to invest in a sustainable aviation fuel startup company tomorrow, you'd need to do three things. Number one, you'd have to get feedstock for that process. Very difficult. The hardest thing to do. Bp is one of the largest commodity traders in the world. We just did a deal with a company called Nuseed to grow a crop called Carinata, a ten-year deal. They take that deal, our balance sheet, they go and leverage it with farmers around the world. The second thing you'll have to do is build a plant. We spent decades building plants and projects. And in fact, we'll build it next to our refinery so that we can build it 30 percent cheaper than the startup.

And finally, you'll have to sell that sustainable aviation fuel. And, guess what? bp is in 700 airports globally. We have decade-long relationships with every airline in the world. We have the physical infrastructure. Why wouldn't we take advantage of that incredible capability and invest in sustainable aviation fuel? And that's what we're doing, putting \$5 to \$6 billion into it this decade.

MR. RUBENSTEIN: OK. Let me ask you, in 2050 you're going to be net zero.

¹ EBITA - earnings before interest, taxes, and amortization; a measure of company profitability used by investors.

MR. LOONEY: Yes.

MR. RUBENSTEIN: What does that really mean? What's going to happen in 2050? What does it mean to be net zero?

MR. LOONEY: What it will mean is that we will be an integrated energy company providing the world with cleaner energy, secure energy, and affordable energy. What will the makeup of our company be at that time? We will still be in oil and gas in 2050. It will be a much smaller part of our company than it is today, but it will still be there. The emissions that are associated with that oil and gas will be offset. And we will have five new parts of the company that are very small today. And I've taken you through what those five are.

MR. RUBENSTEIN: OK. So when people say – and you're not the only person that says this – we'll be at net zero in 2050, it's such a long time down the road. It's easy to say, well, in 2050, I'll be great. But how do you measure yourself between now and 2050, that you're making enough progress to get there by 2050? None of us are going to be probably focused on these things by 2050. Maybe some people will be, but I don't think I'll be focused on it. [Laughter.]

MR. LOONEY: I wouldn't bet against you on that front.

MR. RUBENSTEIN: So how do you measure your interim progress?

MR. LOONEY: So we have targets and milestones along the way. So we do not just have – I would be as skeptical as you sound if all we had was a 2050 target. If I take; we have aims, we have aim one. It's about our scope one and two emissions. This is the emissions that we emit as we go about our work. They will have to be net zero by 2050. But by 2030, they will have to be cut in half. So we have an ambition to reduce them by 50 percent by 2030. And by 2025, we have an ambition to reduce them by 20 percent. And in fact, to date we've already cut them by 41 percent. So you are absolutely right, it is not possible –

MR. RUBENSTEIN: All right. And so let me ask you, if your airplane fuel – you have airplane fuel that's regular airplane fuel. Is yours any better than somebody else's airplane fuel? Like, if I want to get gasoline at an airport, is yours different than anybody else's, really?

MR. LOONEY: You sound like you've got your own plane. [Laughter.]

MR. RUBENSTEIN: I want to make sure – I want to be environmentally friendly when I have –

MR. LOONEY: This is not a problem that most people in the room face. It's not a choice.

MR. RUBENSTEIN: Really? [Laughter.]

MR. LOONEY: Let's just take the question as is. [Laughter.] So if you want to fuel your plane, or for the rest of us if you want to fly on a plane that's fueled. [Laughter.] And then, of course, you want to be flying with the lowest possible emissions. And the way to do that is to blend

existing jet fuel with sustainable aviation fuel that's made from waste oil; that's used cooking oil, all sorts of things, tallow - which comes from animal fats. We're doing that at Cherry Point Refinery here in the West Coast, producing sustainable aviation fuel that we use at SEA-TAC Airport and around the United States. So that's how you do it. And bp wants to be a leader. We want to have about 20 percent market share by 2030.

MR. RUBENSTEIN: All right. So how many employees do you have?

MR. LOONEY: Roughly 65,000.

MR. RUBENSTEIN: All right. How many of them are in the United States?

MR. LOONEY: Thirteen thousand.

MR. RUBENSTEIN: OK. And of the money that you earn each year, what percentage comes from things in the United States?

MR. LOONEY: The United States? So, as I said last night at our reception, it's probably important to overstate the importance of the United States to our company. And let me just give you a few of the reasons why. Thirteen thousand employees here, more than we have in any country in the world. We contribute to 240,000 jobs in the United States. We contributed \$70 billion to the economy here last year. We spent over half of our capital in the United States last year. So a capital budget globally of about \$16.5 billion last year, over half of it went into America, as I like to say as an Irishman. Over half our shareholders are here in the United States.

So every element of our strategy – every element of our strategy is represented here. And the three recent relatively large acquisitions that we did, guess what, here in the United States. So this is crucial and core to bp.

MR. RUBENSTEIN: So in Washington, D.C., we do not have any headquarters of major energy companies. Would you consider relocating from London here? Why don't you make your headquarters here? [Laughter.]

MR. LOONEY: Well, we have our Washington, D.C. headquarters here, that Mary runs and runs very well.

MR. RUBENSTEIN: You wouldn't move out of England? That's –

MR. LOONEY: We have a lot of things to do and a lot of plans that we need to execute. And moving our headquarters is not one of them. [Laughter.]

MR. RUBENSTEIN: OK. So let me ask you about your own background. You grew up on a farm, is that right?

MR. LOONEY: That's correct.

MR. RUBENSTEIN: So you were up milking the cows every morning and things like that?

MR. LOONEY: We had 14 cows. I grew up in the southwest of Ireland. And I always tell people that in Britain they used to, let's say, tell Irish jokes. In Ireland, they tell Kerryman jokes. So we're sort of way down here in the pecking order. But I grew up on a small farm. And we had our own meat. We had our own potatoes. We had our own milk. And it was a dairy farm. So we sold milk to the creamery.

MR. RUBENSTEIN: And did you ever expect to go to college or run bp, or something like that, when you were growing up? [Laughter.]

MR. LOONEY: I couldn't spell bp growing up. [Laughter.] But I think my dream, and the dream of a lot of people that grew up in Ireland when I grew up, was to emigrate to America. And I wanted to go to Boston and work on the building sites, because that's what you did. And you go to Boston, you work on the building sites, you make a lot of money, you come back, you buy the local pub, and you're a hero. And that was – [laughter] – that was the life. And in fact, I worked in a pub when I was in university, and it was owned by Timmy and Kathleen Brennan [sp]. And they had immigrated to America and made their fortune, and came back, and bought that pub, and transformed it into something very different.

My mother – I was the youngest of five. My mother knew there was a better life. [Phone rings.] As we say in Ireland, that would be the phone. [Laughter.] My mother knew there was a better life outside of farming. And she believed in education, having never gone to school herself. But she wasn't having any of this Boston idea and made sure that I went to Dublin.

MR. RUBENSTEIN: So only five children in your family. So that's small for an Irish family, is that right?

MR. LOONEY: Yeah. Yeah, I can't comment on why. But, yeah, average. Less than average.

MR. RUBENSTEIN: And you're the youngest?

MR. LOONEY: I'm the youngest.

MR. RUBENSTEIN: And you went to college, where?

MR. LOONEY: In Dublin.

MR. RUBENSTEIN: And you majored in?

MR. LOONEY: Engineering.

MR. RUBENSTEIN: And so you got a job with bp right out of college?

MR. LOONEY: When I was 20, yes.

MR. RUBENSTEIN: And did you ever consider any other company? You've been there your entire career. You ever thought of another company?

MR. LOONEY: I'm not sure any other company would consider me. So I would say I was happy to be where I was.

MR. RUBENSTEIN: OK. So when did you realize you were going to rise up and become the CEO? I mean, at what point? Ten years into it? Twenty years into it?

MR. LOONEY: I'm not sure. You know, I worked hard in the company. I was very fortunate to have worked for great people. And I worked for people who always put me ahead of them. And I'm very grateful to them for the opportunity that I've had in my career.

MR. RUBENSTEIN: And did your father think this was a good job?

MR. LOONEY: My father, before he passed away, he – I went to see him. And he said: Are you in London? And I said, yes, I'm in London. And he said, is your job sitting down? And I thought about it, and I said, yeah. But I went outside and I asked my brother Ray, the eldest in the family. I said, what did he mean? You know, dad asked me if my job was sitting down. And he went on to tell me that in the 1950s when office work came in, farmers could not believe that you could get paid to do a job where you sat all day. [Laughter.] And if you think about it, his whole life, 86 years he lived, and my mother, she worked as hard physically as he did. Their whole life was – their whole work was through their hands. And the only time they sat was to eat. So they didn't – we didn't grow up in a business family, I guess.

MR. RUBENSTEIN: All right. So, did you think that an Irishman could become the head of bp?

MR. LOONEY: Well, my mother used to ask me when I came home from Scotland if they minded that I was Irish, because she grew up in that time where that might have been an issue. And all I can say is that I guess they didn't.

MR. RUBENSTEIN: So Brexit has come into being. It's now, what, four or five years old. Do you think this has been a plus for the U.K. economy to have Brexit, or not?

MR. LOONEY: Well, I won't really comment, because the reality is it has very little impact on what we as a company do. We are a global company. We operate in 60 countries around the world. We operate in Europe. We operate in the U.K. But we have operations all around the world. And Brexit, as a thing, has not had a particularly significant issue on our company. It may have on other industries and other businesses, but not on ours.

MR. RUBENSTEIN: OK. So I can't say our government is so perfect, but your government has gone through a lot of prime ministers in rapid succession. Do you have a prime minister that's going to last for a few months now, or? [Laughter.]

MR. LOONEY: I thought you said you were going to be nice to me. [Laughter.] I try to avoid politics where possible. And I'm encouraged to do that as well here in this country, so. [Laughter.]

MR. RUBENSTEIN: OK. So you don't want to comment on that. All right, let's talk about Russia and Ukraine. [Laughter.] This is easy. What's been the impact on bp of the invasion of Ukraine by Russia?

MR. LOONEY: Well, we had a business in Russia. And within I think it was 96 hours of the invasion happening, we made the decision to exit Russia. I think we were the first company, period, to make that decision. Overnight we wrote off one-third of our production, one-quarter of our reserves, and \$25 billion write-off overnight. So we are out of Russia. [Applause.] And —

MR. RUBENSTEIN: All right. So when Russia — now, Western technology was often thought to be pretty good in terms of oil and gas. Do you think the Russian people have as good technology capabilities as they did before all the Western companies left? In other words, to replenish their — they're producing 10 to 12 million barrels a day. Can they keep doing that efficiently without Western technology coming in?

MR. LOONEY: It's a good question. And it's obviously a question that I get asked a lot by governments. And the honest answer is, it's difficult to know. The only comment that I would add is I think it would be unwise to underestimate the resourcefulness of that country and those people.

MR. RUBENSTEIN: OK. And so today you're assuming going forward you'll never probably produce oil again from Russia? You're not going to be involved with Russia again?

MR. LOONEY: No.

MR. RUBENSTEIN: OK. So do you have any insights on when that war might be over, by the way?

MR. LOONEY: I do not. I was going to ask you. [Laughter.]

MR. RUBENSTEIN: Well, not anytime soon. But anyway, OK, so let's talk about, of the various types of renewable energy some people really are gigantic fans of hydrogen.

MR. LOONEY: Yes.

MR. RUBENSTEIN: Can you explain where — how that's going to work? Are you in hydrogen now?

MR. LOONEY: We're getting into hydrogen business. So, first of all, hydrogen is a feedstock in any refinery that produced gasoline and diesel today. So it's actually part of how we convert crude oil into gasoline that goes into your car. So hydrogen is something that we've been

dealing with, as an industry, for decades. The question is, how do we make low-carbon hydrogen? And how do we make it such that if it's not just a feedstock, but also an energy source? And what I mean by that is, can we then use that hydrogen to power heavy-duty trucks? Can we use it in airplanes? Can we use it on ships? Can we use it for heat in high energy-intensive industries, like cement and steelmaking?

And the answer to the question is that if the world is going to decarbonize what we call hard-to-abate sectors – so, aviation, shipping, steel, cement – we will have to develop low-carbon hydrogen. And we are very ambitious about this because it plays to the strengths that we have as a company built up over decades. So we just recently, David, got into a very large project in western Australia that could require 25-26 megawatts of green electricity to generate hydrogen that we might export to Asia. We are also doing this in Oman. We just got a large track of ground in Mauritania that we're studying. And obviously we're looking at it here in the United States, beginning with our own refineries, and then expanding it beyond.

MR. RUBENSTEIN: OK. So what about nuclear? We haven't talked about that. Is nuclear a future solution to our energy problem? Or is it too dangerous, in your view?

MR. LOONEY: So nuclear is not part of our strategy. Not because we're anti it. It's just not something that we have built up a capability in over decades, and therefore doesn't form part of our future strategy. My only belief in any of this is that people are searching for the one silver bullet that's going to solve this problem. And there is no one silver bullet. It will take nuclear. It will take energy efficiency. It will take bioenergy. It will take all of the things that we are talking about, the electrification of the world. That's what's – it's an all-in solution, including carbon capture.

MR. RUBENSTEIN: OK. So let me ask you, when you're in town do you see members of Congress?

MR. LOONEY: Yes.

MR. RUBENSTEIN: And do you find that an enriching experience? [Laughter.]

MR. LOONEY: Of course. [Laughter.]

MR. RUBENSTEIN: Really? How do you compare meeting with members of Congress with meeting with members of the British House of Commons?

MR. LOONEY: I think the serious answer to this question is – and I think we all feel it – these people have very difficult jobs. We have difficult jobs. We're being pulled in many different directions by many different stakeholders. Politicians too. So again, it's back to that, you know, our job – first of all, understand their perspective, try and put ourselves in their shoes. They're being pulled in multiple directions. And as a company, our job is to try and help.

And that's what we're doing here in the USA. You know, we're – Dave Lawler is here. He runs our onshore U.S. business. He's the chairman and president of bp America. But we're

going to grow production in the onshore business by between 30 and 40 percent over the next two years, because that's what the administration, and the government, and society, and America wants. It needs more energy security today.

At the same time, we're building with Equinor offshore wind off the East Coast here that can power 3 million homes with green electricity. We're going to spend a billion dollars in developing a charging – EV charging infrastructure network throughout this country. In fact, we recently bought Travel Centers of America with part of the rationale being we will have sites in 44 states to lay down an EV charging infrastructure, so that people can have more confidence to buy an electric vehicle. Because that's the worry today.

So we have to listen to these people. They too have difficult jobs to do. And we have to play our part, which is to help. And our job for our shareholders is to create value in helping.

MR. RUBENSTEIN: So if there are more electric cars out there, won't that hurt the traditional oil and gas business?

MR. LOONEY: If you do not have an EV charging business, it will. We have an EV charging business. We want to be as big in EV charging as we have been in fuel. And we will be. We have created – I don't know if you know Stephen Scherr, the CEO of Hertz. Fantastic leader. We've taken – we've created a partnership, as one example, with Hertz, where we're going to build – they're going to be 25 percent electric by 2025. Twenty five percent electric of their fleet. We're going to – we're their charging partner. We're their infrastructure partner. We're their software and power management partner.

We're building GigaHubs, one at Hobby Airport in Houston, where we can charge between 80 and 100 cars at the same time. That's the solutions that this country needs. So we see that as a huge growth business for bp. I'm hugely excited about it. And it was one of the reasons that we bought Travel Centers of America, which hopefully, I have to say, is subject to approval today.

MR. RUBENSTEIN: Do you have – do you have retail operations where you can go and get gasoline that is bp?

MR. LOONEY: Yes, and charge a car.

MR. RUBENSTEIN: Is your gasoline any different than Exxon's or anybody else's, really?

MR. LOONEY: I'm sure it's – what would I say? Is it better? We all have our own attributes. We have technologists who specialize in this. We have ultimate brands that can reduce fuel economy. And these are things that we do.

MR. RUBENSTEIN: OK. So do you drive your own car?

MR. LOONEY: I don't have a car, actually.

MR. RUBENSTEIN: You don't have a car?

MR. LOONEY: No. I live in central London. I have a car with work, but I don't have a personal car.

MR. RUBENSTEIN: So you never have to go get your own – fill up your own gasoline?

MR. LOONEY: Not in a while, but when I rent a car on holidays I do.

MR. RUBENSTEIN: Oh, you do? So if you see a bp station or an Exxon, would you go past the Exxon one to go to the bp one, or? [Laughter.]

MR. LOONEY: Is that really a question? [Laughter.]

MR. RUBENSTEIN: Yeah. OK. So today – and my own firm does invest in oil and gas, obviously. And I've had protests against me when I make speeches or so forth, around Washington and other places, because we invest in oil and gas. I assume you've had protests against you from time to time.

MR. LOONEY: Yes.

MR. RUBENSTEIN: And is there any way to deal with that? Or what's your best solution to deal with it? Can you reason with people like – who are protesting? Or you try to just ignore it?

MR. LOONEY: So I think what we need in the world – we need solutions. And solutions don't come from having a position. You can have a point of view. We can have opinions. But we need to come together to find a solution. And that's what we encourage people to do is, OK, have a point of view. Let's get together and figure out how we can solve this together. There are people in society who simply want to see the end of fossil fuels overnight. It's not an opinion. It's a position that they have. They're entitled to that point of view. We need to understand where they're coming from and we understand their motives, which are good motives.

But I'm afraid it's simply not practical. It's simply not pragmatic. If we don't invest in oil and gas today, oil and gas production will fall. People sometimes don't understand that just to keep it going, you have to invest. And production will fall. And when production falls and demand doesn't change, there's only one thing that's going to happen. Prices are going to go up. We lost, I don't know, 3-4 percent of production through the war in Russia, maybe 2 or 3 percent. Prices when sky high. The price of gas went up 10 percent when we lost – or, 10 times when we lost 3 percent of the world's gas supply.

Now, who wants to deal with that economic financial crisis, cost of living crisis? So we have to come together. We have to listen to these people because I think they're – well, they have the right objective. But we're going to get there not through yelling at each other. We're going to get there through dialogue and bringing people together and trying to find solutions. And that's what we're trying to do.

MR. RUBENSTEIN: So the United – in the 1970s OPEC became a global force. And obviously it's been up and down in terms of its power. Do you think OPEC is today more powerful than ever?

MR. LOONEY: I think what OPEC is trying to do that is probably not understood a lot of the time is to try and bring about stability in the marketplace. And I think it does a relatively good job at doing that. The reason that stability matters is because in a volatile industry, people find it very difficult to make plans and make investment plans. We just brought on a production platform in the Gulf of Mexico – our fifth platform in the Gulf of Mexico. It cost us \$9 billion to build. It probably took us four or five years to build. It will take another five, six, seven, eight years to pay back. So these are multi-decade investments. And to do that, if the price of oil is swinging \$5, \$10, \$15 on a monthly basis, is very difficult. And that's what OPEC is trying to do, is to try and bring some stability such that people can make the investments that they feel that they need to make.

MR. RUBENSTEIN: So this is your fifth facility in the Gulf of Mexico. You have five now. But you had a bad experience years ago, under a previous CEO. Why did it take so long to fix that problem?

MR. LOONEY: In terms of stop the oil?

MR. RUBENSTEIN: Yeah, stopping the oil. I mean, it was during the Obama administration. You know, it seemed to take a couple weeks or more to fix it.

MR. LOONEY: It took longer than that. And I was in Houston. We were – for that entire period of time. And therefore, it's – as you would understand – embellished in my brain as probably the most painful memory in my career history, for sure. And the reason that it took so long is because it was a series of circumstances, which is what happens in these accidents. It's not ever one thing; it's multiple things. And this combination of multiple things had never happened like this in the industry before. And therefore, we didn't have the solution to do it overnight, and nor did the industry, nor did anybody in the industry.

So we worked, as we should, night and day to try and stop that. We got a lot of support from the industry. We got a lot of support from the government. But we have a saying inside the company that we will never forget. And bp is a very, very different company today from that time. It has much higher standards, greater oversight, very different reporting structure. It's a different company. But we will never forget, and it is always front of mind in what I do.

MR. RUBENSTEIN: So but you think that there's no risk for the platforms you have in the Gulf of Mexico now? You think the chance of something like that again is modest?

MR. LOONEY: It is front of mind in everything that I do. And our people, and our teams, and they're in the room here, work so hard to make sure that that will never happen again.

MR. RUBENSTEIN: So looking at the economy now, people worry that the United States might be going into recession. People think the U.K. might be closer to a recession. Europe may be in

a recession at some point. Do you worry about a recession? Or do you see any evidence in your – all the data you have that we might be going into recession in the Western economies?

MR. LOONEY: Well, I am not an economist, as you can tell. So I think there is a likelihood of, I guess, what is called a technical recession in the U.S., possibly in Europe. But quite frankly, whether it's minus 0.2 percent, or plus 0.2 percent is not really the issue. I think the risk of a deep recession seems low and seems remote. What we're seeing around the world is a softness here, a softness in Europe. China is strong. We're seeing 6 percent growth there. I think their plan was 5 [percent]. The thing that we're seeing consistently across the world, David, is that it is – services or a household spending-led growth. We see that in China. We see that here in the United States. And manufacturing and industry is a little bit weaker.

Here we have a very tight labor market. In China, unemployment is high, or higher. And these are the factors that we look at. So we still expect the world economy to grow as whole this year. But obviously, it's something that we monitor very closely.

MR. RUBENSTEIN: OK. So I've noticed – I've known a number of the CEOs, and your predecessors. And I've noticed that every successive CEO of bp is taller than the previous one. [Laughter.] Have you noticed that?

MR. LOONEY: I hadn't noticed that, but you might be right.

MR. RUBENSTEIN: So that's not intentional.

MR. LOONEY: What do you do with your time? [Laughter.]

MR. RUBENSTEIN: I think of questions like that. OK. [Laughter.] So what's the greatest thrill of being the CEO of bp? Is there some great excitement to it? And now that you have this job are you happy you have it?

MR. LOONEY: I'd say a couple of things on that. It might sound strange, but I love this company. It's given me a life that I could never have dreamed of. And therefore, it is the honor of a lifetime to get to lead the company, because I love it. I love bp. And that's part of the answer. Is it different to what I expected? Somebody once said, I think, that it's one thing to think of being CEO. It's another thing to be CEO. And I think I understand what that means. And the reason that I say that is that I have always thought of myself as an accountable person, as a responsible person. But I think I haven't ever felt accountability and responsibility like I do in this job. It's just different. And the sense of not wanting to let my team down, my organization down, the countries where we work, not let them down, it becomes very, very personal. And I think it's at a level that I probably hadn't appreciated.

MR. RUBENSTEIN: OK. So you're working long hours in this job. What do you do for relaxation? You look like you're in good shape. Are you an exerciser? Do you have sports that you play or something?

MR. LOONEY: I was useless at sports, useless with my hands. I do work out. I try to, particularly when I'm home, work out every morning. And interests – I like to travel. But I also love my work.

MR. RUBENSTEIN: So when you're in London, let's say you're having breakfast, or lunch, or dinner at a restaurant, do people come up to you and recognize you? Or can you walk around London without people bothering you?

MR. LOONEY: I can walk. Nobody knows me.

MR. RUBENSTEIN: Really? [Laughter.]

MR. LOONEY: Really.

MR. RUBENSTEIN: OK. So did you get invited to the coronation?

MR. LOONEY: No.

MR. RUBENSTEIN: Really? [Laughter.] You're the CEO of one of the biggest companies there and they didn't invite you?

MR. LOONEY: They had a lot of people to invite.

MR. RUBENSTEIN: But you don't think it's because you're Irish though, right? [Laughter.]

MR. LOONEY: I will let you say that. I was invited to a garden party there on Wednesday, and it was a real privilege, I have to say.

MR. RUBENSTEIN: So you've met the king before?

MR. LOONEY: Yes.

MR. RUBENSTEIN: And does he care about energy that much?

MR. LOONEY: The king is, I think, an extraordinary man. So I work with him on something called the Sustainable Markets Initiative. And what is interesting, David, is that the role of the Sustainable Markets Initiative, which he founded, is basically to say that the solution to climate is going to be through the private sector. This is from the prince of Wales at the time, and now the king. This is his belief, that it is the private sector that will actually bring about the change that is necessary in the world. That is now a 400-company CEO-led organization, which he has instigated. And obviously, he's more distant from it now that he is king. But he is incredibly committed and incredibly kind. And I have been – I have been amazed, actually, in my interactions with him.

MR. RUBENSTEIN: OK. One of your predecessors got the title “lord.” Are you likely to get one of those titles too? [Laughter.] I mean, you just said something nice about him. So maybe he’ll – [laughter] –

MR. LOONEY: Yeah. Yeah, I think your show is great. Whether the king will watch it or not, I don’t know, David. [Laughter.]

MR. RUBENSTEIN: All right. So a final question in the end. The world of energy is one that is under some challenge, obviously, oil and gas and so forth. But are you reasonably optimistic that the image issue of the oil and gas industry can be improved by doing the kind of things you’re doing? Or do you think this is basically you’re going to be criticized by people that are against what you represent for quite some time. There’s nothing you can do that’s really going to stop people from protesting you, or what I’m doing, or other people?

MR. LOONEY: The reality is that one of my learnings – and I guess I shouldn’t have needed to learn it – there will always be criticism. It’s a fact of today’s life. And so there will always be criticism. However, I am incredibly optimistic that through our actions – and I take it back to the farm, because my team will know this phrase. I say to my team, somebody wrote to me on social media. And they said: Don’t tell me what you’re doing. Show me what you’re doing. And I thought, there’s a lot of garbage on social media, but I thought this was – this was good. And I said to my team, I want to get off PowerPoint, and I want shovels in the ground.

Because nothing happens in life without somebody digging a hole, real work, a foundation – an EV charging site, a hydrogen plant. It has to be physical. This is not going to be solved in some digital world. So we are – our strap line inside is, from PowerPoints to shovels in the ground. We need to show the world that we’re serious. We need to build that GigaHub in Hobby Airport with Hertz. We need to build that biofuels SAF plant at Cherry Point Refinery. We need to increase production in the Permian Basin. We need to bring those offshore wind farms on off the East Coast. We’re not doing that to improve our image. We’re doing that because it’s what the world needs, and we’re going to create real value for our shareholders in doing so.

MR. RUBENSTEIN: OK. So if I want to buy stock in the energy area, would recommend any particular stock? [Laughter.]

MR. LOONEY: I would recommend bp. We are – we are very cheap. We pay a fantastic dividend. We bought back 13 ½ percent of our stock in the last 18 months. We have a very strong oil and gas business that will help the world over the coming decades. And we’re future-proofing the company by investing in some very high-growth sectors where we think we can really win. And we’re going to create enormous value.

MR. RUBENSTEIN: All right. Well, thank you for being here, and thank you for putting your offices here. [Applause.]



Bernard Looney
Chief Executive Officer
bp

In 2020, bp set out a net zero ambition and a new strategy to transform from an international oil company to an integrated energy company. Recently bp announced plans to invest an additional \$16 billion into its strategy by 2030. This includes five transition growth engines: bioenergy, convenience, EV charging, hydrogen, renewables and power, as

well as oil and gas systems.

With more than 67,000 employees in over 60 countries, bp has a larger presence in the U.S. than anywhere in the world. More than 13,000 employees work in the U.S., every major bp global business is active here, and the U.S. accounted for more than half of bp's global investment in 2022.

Mr. Looney has spent his entire career at bp, joining as an engineer in 1991, and has held a number of operational and managerial positions, including in Alaska, the Gulf of Mexico, Vietnam and the UK North Sea. He is a steering committee member for the Council for Inclusive Capitalism, an FCLT Global board member and leads the Energy Transition Taskforce of the Sustainable Markets Initiative.

Mr. Looney is a Fellow of the Royal Academy of Engineering, the Irish Academy of Engineering and the Energy Institute, and an Ambassador for 25 x 25, an initiative to improve the gender balance among the leadership of the Financial Times Stock Exchange companies. He has an honorary doctorate and a bachelor's degree in electrical engineering from University College Dublin, and a master's in management from Stanford Graduate School of Business.