

Net Zero 101: What it is and why it matters

Wednesday, October 28

3 pm Eastern / 2 pm Central / 1 pm Mountain / 12 pm Pacific

Participants and Roles

- Mary Streett, host, Q&A panelist
- Al Vickers, net zero ambition and what net zero means presenter, Q&A panelist
- Dawn Constantin, bp opportunity and growth presenter, Q&A panelist
- Downey Magallanes, bp case studies presenter, Q&A moderator
- Erin Hupp, Teams Live production / runs slide deck, Q&A monitoring
- Christina Giannelli, Teams Live production / support for on-screen transitions, Q&A monitoring
- Austin Stanton, Teams Live production / support for on-screen transitions, Q&A monitoring

Run of Show Overview

Introduction and setting stage for US Advocacy (~5 minutes)

Net zero ambition and what net zero means (~15 mins)

How the energy transition supports bp growth (~10 minutes)

How net zero drives success (~7 minutes)

Bottom line (~3 minutes)

Q&A discussion (~20 minutes)

General Guidance

Program speakers should turn video and microphone **ON** when speaking and **OFF** when not talking.

Minute by Minute

3:00 pm ET/ 2:00 pm CT / 1:00 pm MT / 12:00 pm PT

Mary: Introduction and setting stage for US Advocacy (5 min)

- Slide 1 (title slide): **Mary** introduces the webcast audience to submit questions in comments, which will be received by moderator
 - **With me today I have:**
 - Al Vickers, VP onshore wind, US
 - Dawn Constantin, VP regulatory affairs, partnerships and low carbon
 - Downey Magallanes, Head of policy & regulatory advocacy, US
- Slide 1 (Cut to all Mary on video) **Mary** sets the tone for what we're doing in the US and to build excitement about what the future holds
 - In February, bp unveiled a new purpose: We set out to reimagine energy for people and our planet and knew it would require reinventing bp



- We also announced a new ambition: to become a net zero company by 2050 or sooner and to help the world reach net zero, too.
- Slide 2 (good company): **Mary** continues to provide context to the changing landscape in the private sector
 - bp's in good company with its net zero ambition; corporations and the private sector are leading the way in the US
 - These companies span the gamut – from automakers, to big tech and the largest consumer products companies – reinforcing that customers are ready for this transition
 - This isn't an exhaustive list; it grows and changes by the day and not all commitments are the same
 - As net zero becomes a mainstream concept, it's fair to ask what it means, and this discussion is focused on demystifying the term and our strategy for achieving it
- Slide 3 (How US team is driving to net zero): **Mary** provides a brief overview of what to expect from Net Zero 101
 - How we are going to play a big role
 - High-level on how advocacy and policy will impact how we get to net zero
 - How it enables the business to get the work done and move forward
 - Advocacy and engagement with governments, customers, suppliers and technology partners is essential to develop solutions that are both technically and commercially viable
- **Mary** hands off to **AI** to break down what net zero means and why it matters to bp

AI: Net zero ambition and what net zero means (~15 mins)

- Slide 4: **AI** provides understanding of what net zero means (and what it doesn't mean)
 - The business opportunity bp sees in this transition, and how we're already working toward realizing this opportunity right here in the US
 - The impact advocacy and policy have on how we get to net zero and why proactive engagement with governments, customers, suppliers and technology partners is essential to develop solutions that are both technically and commercially viable

- Slide 5:
 - [Net zero ≠ no emissions]: Achieving net zero **is not the same** as eliminating all emissions. While slashing emissions is key to reaching net zero, it's not the entire equation
- Click to animate slide 5
 - [Net zero = reducing + removing emissions]: Net zero **is synonymous with carbon neutral**, and both terms mean that when emissions cannot be eliminated, they are removed from the atmosphere some other way
- Slide 6: AI highlights that net zero is all about **achieving balance** within the atmosphere
- Slide 7
 - [Net zero ≠ world without oil and gas]: Net zero doesn't mean a world without oil and gas – the world will still need hydrocarbons for decades to come
 - According to our Rapid Transition scenario, which has emissions from energy use falling by 70%, oil and gas would still account for 35% of primary energy consumption in 2050
 - For bp, hydrocarbons are a core part of our strategy **and in fact enable** our strategy
 - And we expect our hydrocarbons business to be industry-leading in terms of quality and highly prized
 - Our strategy is to create a resilient and focused oil, gas and refining portfolio that **is smaller but of the highest quality**, giving bp the cashflow we need to help fund our transition
- Click to animate slide 7:
 - [Net zero = cleaner and more efficient hydrocarbon fuels]: Leadership is providing innovation and products that greatly **reduce** emissions in the carbon content of these traditional energy sources when they're combusted
 - Because this is the real issue, about 85% of energy emissions come from when carbon is combusted
 - One-way carbon is combusted when consumers use our products – like burning gas to drive their cars – and in 10 years we aim to reduce the carbon intensity of the products we sell by more than 15%
 - However, **what really matters** is the carbon content of our upstream oil and gas production – in other words, when the carbon we dig out of the ground gets combusted
 - By 2030, our goal is to cut these emissions associated with our oil and gas production by 35-40% and bring it to net zero by 2050 – **if every barrel of oil and gas in the world was treated this way, the energy part of the climate**

problem would be solved

- **Click** to animate slide 7:
 - [Net zero = alternative fuels and renewables]: Net zero also means high value investments **across** the energy spectrum
 - By 2030, we're aiming to increase low carbon investment to around \$5 billion a year – **10 times what we invest today**
 - We also want to develop a **20x increase** in renewable energy generating capacity, provide more than **70,000 electric vehicle charging ports** and grow **hydrogen production and our bioenergy business**
- **Click** to animate slide 7:
 - [Net zero = portfolio of solutions that together balance carbon emissions]: Our energy portfolio of oil and gas, renewables and low carbon will become more balanced over the next decade – and we will be focused on bringing solutions to customers
 - We won't favor any one type of energy over another – we will favor cleaner energy overall
- Slide 8: Reinforce how innovations drive business opportunities
- **AI** hands off to **Dawn** on slide 8 to help explain why the time for change is now

Dawn: How the energy transition supports bp growth (~10 mins)

- **Dawn**, picks up from **AI** on slide 9, tee's up the question of why now; why is bp, and the world, concerned with net zero?
- Slide 9: Discusses how:
 - Some people have questioned our net zero ambition. The world is not on a sustainable path and we believe that society wants change. People want energy that is cleaner, more reliable and affordable.
- Slide 10: Set up the need for change using quote from Giulia Chierchia, EVP, strategy & sustainability.
- Slide 11: Provides context for the current imbalance:
 - Humans emit CO₂ into the atmosphere – we call these sources
 - Nature absorbs this CO₂ through photosynthesis and in the oceans – we call these sinks
 - Over the course of the industrial revolution, our sources have exceeded our sinks and the concentration of CO₂ in the atmosphere has increased



- Net zero is about transitioning the world back into balance
- Slide 12 Reinforce that **bp is changing because the world is changing**.
 - The world is:
 - Electrifying at pace
 - Redefining mobility and retail convenience
 - Shifting from reliance on fossil fuels
 - Localizing, integrating and relying on multiple energy sources
 - Shifting from being resources-led to customer-driven, with countries, cities and industries demanding custom, or bespoke, solutions for energy, mobility and decarbonization
 - All while becoming more digital – the glue that integrates every aspect
- Slides 13:
 - Underpin transition and how we are reinventing bp to be successful
 - And why we're pivoting from an international oil company focused on producing oil and natural gas resources....
- Click to animate 13:
 -to an integrated energy company, focused on delivering solutions for customers
 - Customers like retailers, manufacturers or universities that want to put more renewables into their grids, drivers who need faster and more convenient charging stations, and cities that want to run on decarbonized natural gas
- Slide 14: **Dawn** hands off to **Downey** who sets up how our US team is already achieving success toward our new ambition and that bp America is crucial to realizing this opportunity

Downey: How net zero drives success (~7 mins)

- Slide 15: Project Spotlight Na Kika in Gulf of Mexico to showcase a US project that illustrates what bp means when we say “resilient and focus hydrocarbons”
 - Yes, we announced major changes to our oil and gas business – but exploration can still deliver high quality focused and resilient projects and **our US operations are already leading the way for the company**.
 - Hydrocarbon exploration is going to become more focused – and this approach is already seeing dividends; over the last 3 years we have carried out a very successful program of near-hub exploration on the Na Kika asset in the Gulf of Mexico.
 - Our technology-led exploration efforts have generated six commercial discoveries with over 85% success rate, and a finding cost of less than \$2 per barrel.
- Slide 16: Powering a steel mill w/solar in CO to showcase a US project that illustrates how bp can leverage its expertise to identify innovative, integrated and low-carbon energy solutions for governments and businesses worldwide



- EVRAZ Rocky Mountain Steel was in danger of closing as the coal plant that provided their energy was set to retire. – at risk was 1,000 jobs and the local production of steel for rail, pipes and wire rod.
- Complicating matters, the investor owned utility in the area had their own clean energy plan that limited the types of energy resources that could be installed to meet EVRAZ energy demands.
- Enter **Lightsource bp**, a 50/50 joint venture in the bp portfolio, which develops and finances long-term utility-scale solar PV projects.
- We've financed, are building, and will own, operate and maintain a 300MW solar system at a fixed cost for 20 years to power the mill with solar energy.
- The project creates about 300 jobs in construction, operations, maintenance and asset management and will contribute over \$22 million in property tax revenue over the project life.
- It also means the 1,000 jobs that were set to leave an economically depressed part of the state will now be there for some time to come.

Redacted - First Amendment

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Downey Q&A Discussion (~20 minutes)

- Slide 20: **Downey** introduces Q&A discussion and **Austin** pulls questions from the chat for **Downey** to pose (giving 1 or 2 questions to **Mary, Al, Dawn**)
 - **Downey** off screen; panelist on screen when speaking
 - **Mary, Al, Dawn** engage as appropriate in answering
- **Downey** thanks speakers and audience, closes webcast

All webcast concludes

