

**Business Commitment**  
**to the**  
**Environment Awards**

**8 June 2010**

Thank you Tim. Good afternoon Ladies and Gentlemen.

I am honoured to be able to address you today. Given current circumstances in the Gulf of Mexico, it may appear to some ironic that I am here to speak to you as we celebrate achievements in the area of Business Commitment to the Environment.

However, I firmly believe that BP has, for all of my nearly 25 years in it, and most notably since 1997 been one of the companies at the forefront of environmental management and stewardship, whether operationally or in progressing profoundly difficult topics such as climate change and energy policy. It is for this very reason that the tragedy in the Gulf of Mexico is so bitterly disappointing.

Today I want to focus my remarks on BP's commitment to the environment, what we have learned, and the challenges going forward.

I cannot do so, however, without first expressing my sorrow at what has occurred in the Gulf of Mexico, especially the 11 people who lost their lives and those injured in connection with the fire that engulfed the Deepwater Horizon oil rig. On behalf of everyone at BP, my profound sympathies go out to their families, friends and colleagues.

In terms of the oil spill and the environmental impact, we are deploying the full resources available to us to manage and mitigate the situation.

Public outrage is, however, understandable.

How did this happen? I am afraid we will need to wait for the final investigations to be completed. However, as we have indicated from our preliminary findings, there are 7 different barriers that seem to have failed - from equipment to procedures. We thought the systems used in deepwater drilling were very safe – the industry has drilled nearly 5000 wells in over 1000' of water in the last 20 years without an incident of this nature.

Thus we don't as yet fully understand how this occurred, but to all those affected by this tragedy and on behalf of BP, I wish to apologise.

As you know, we are focused on dealing with the aftermath of the Deepwater Horizon tragedy on three fronts - sub sea, on the surface and along the shore.

We have 4 commitments:

- Stop the leak
- Clean up the spill
- Compensate all valid claims
- Determine what happened and make sure it can't happen again.

I do want at this point to place on record my admiration even awe, at the commitment and dedication of the BP team, US authorities and others that have been working nonstop since the disaster to cap the flow and limit the damage. They have shown professionalism beyond precedent.

The implications of this incident will affect BP, the industry and energy policy. We know that the work ahead will be measured not in days and weeks but rather in months and years. We recognise the magnitude of what is at stake and our responsibility to address it.

It is vital to the worldwide industry and to future energy supplies that we develop a whole new level of safety drawing on the very best skills and science around the globe.

BP will play a leading role in this. It is – I repeat – our responsibility.

I assure you, BP is committed to doing what is right. Safety and Environmental responsibility is central to who we are and what we stand for, which makes it even more painful therefore to be in the position we currently find ourselves.

This is an important backdrop to this event. It underscores that despite some of the best efforts in businesses key to economic prosperity, significant environmental catastrophes can occur.

Provided however companies have a deep commitment to environmental responsibility and stewardship to the lessons learned from situations such as this will contribute to improving the environmental impact from industrial activity going forward.

The companies we are honouring tonight in the Business Commitment to the Environment Awards have all shown such deep commitment.

Tim referred to BP winning the first BCE Award 35 years ago in 1975 for our Dalmeny Tank Farm project in the Lothians, Scotland.

- The project involved the redevelopment of contaminated land to build a crude oil storage facility
- The tank farm consisting of 7 tanks was concealed within an old Bing (a mound or heap of mining spoil/waste left over from coal extraction, which is usually heavily contaminated with heavy metal residues) making it 'invisible' except from the air
- The site was reseeded with grass and 55,000 trees and shrubs were planted to help the site blend into the surrounding environment
- The Tank farm still in operation today as part of the Forties Pipeline System

Many of the things we did then were seen as leading edge and beyond normal practice, even though today most of them would be expected outcomes.

Once again, this is a demonstration of the progress which comes from learning and best practice development through the marriage of business commitment and the expectations set for business by Government and civil society.

As we wrestle with ever more global and complex environmental challenges such as Climate Change in the context of energy policy development, energy security and economic competitiveness, this partnership between business, Government and civil society will become even more important. The policies of Governments can no longer be set in isolation, and the expectations of society evolve rapidly in this globally connected World. Business is at the heart of the challenge - to deliver economic prosperity and growth, while helping to shape the boundaries and practices within which business must operate.

At BP, our commitment to the environment is reflected in all our four values - Progressive, Responsible, Innovative and Performance Driven - and we publish transparent information on our progress in our Sustainability Review, which has been published for 18 years.

In the current circumstances it is easy to forget some of the things that BP has achieved over the years. This includes:

- In 1997 BP was the first energy company to be widely recognized to have embraced the issue of Climate Change.
- In 1998 we set a target to cut GHG emission from our operations to 10% below 1990 levels by 2010. We achieved this 9 years early, in 2001. Further reduction of 7.9 million tonnes has been achieved since 2002.
- A strong move towards double-hulled tankers for persistent oil transportation, and in 2006 accelerated phase out of single hulled ships well ahead of international requirements
- Moving all of our main businesses onto robust environmental management systems and achievement of ISO 14001 certification for our main operations.
- Our environmental expenditure is running at about \$3bn p.a. over the last 5 years.
- Our commitment to investing \$8bn into Alternative Energy with investments of \$4bn to date including a commitment of \$500m into energy bioscience research.

Business must have a commitment and a thirst for continuous improvement in its environmental performance. Beyond ensuring it meets its obligations of the day, such commitment enables new products and technologies, frequently reduces costs of operation through innovation, and can deliver competitive differentiation.

Beyond direct operational improvements, it is also important that business plays a part in setting the policy framework for the future.

The development of energy policy is a major challenge for most countries today. BP has been a leading participant in the development of pragmatic policy in the UK, Europe, and even in the US prior to our current incident.

It is key that business plays an active role in pragmatic policy development for the environment.

I would commend to you the CBI publication "Climate Change, Everyone's Business" if you haven't already seen or read it, as an example of what Businesses can do in the policy arena both individually and collectively.

The topic of climate change and energy policy is a big one, but very briefly I believe that Copenhagen was the end of the beginning, the end of debate amongst 192 jurisdictions and the end of “polishing the 2050 diamond”. It also represents the beginning of the need for real, practical and material action.

As we consider alternatives for meeting the world’s energy needs but under new constraints, material things must be done now and at BP we think there is an increasingly clear order of things.

We have developed our thinking on the need for pragmatic energy pathways to a lower carbon future:

- In power:
  - We believe in energy efficiency, coupled with the widespread use of natural gas (which is 4 times more efficient than coal), the continued use of nuclear and in parallel the growth in adoption of material renewable sources.
- In transport:
  - We believe fuel economy is key. This can be significantly improved with technology that is available today.
  - Coupled with hybridisation, and the right biofuels, and eventually electrification when the electricity grid is decarbonised, is the right way forward.

Finally, a word on the UK in the context of the new Government and the challenges of today:

All governments need to wrestle with the appropriate balance between energy security, energy affordability and environmental impact. The UK is no different. We believe that the UK has great options – a natural gas infrastructure and multiple supply options, the North Sea resource base, a growing renewables business and longer wavelength options such as CCS or new nuclear.

We believe firmly in an appropriate energy pathway to get us to a lower carbon and secure UK energy future using all of the above.

Policy makers will need to make the right judgements as to the best use of taxpayer’s money as they pursue this.

All of us in Business in the UK need to ensure our voice is heard – but not in a partisan voice, but one in partnership with the Government and heeding the expectations of UK society as a whole.

So, in summary, I have talked about 4 things which I believe are key for any business in its commitment to the environment and these are significantly reflected in the attitude and achievement of the finalists in front of us today:

- i. Internalise the fact that expectations are high....of Governments, partners, customers, public – business must listen and engage in the partnership with Government and Civil Society.
- ii. Environmental management must be core to the business case and the value-set...not something “nice to do”. It must be part of setting “true North” for the organisation.

- iii. Understand the impact of your operations, measure, report and put in place systems to ensure Continuous Improvement and transparent progress.
- iv. Participate in shaping environmental policy relevant to you, which is part of the future operating envelope for any sustainable business.

Now on to the awards.

This is a special moment tonight – to celebrate real success, real achievement. The 15 finalists range from large plcs to SMEs and demonstrate how environmental leadership can produce substantial benefits irrespective of business size. The finalists reach across all sectors: from construction to water treatment, from the food supply industry to manufacturing industry. It is an impressive list of companies with innovative and progressive solutions in areas of climate change, air quality, waste management and resource efficiency.

The projects that have been nominated include advancements in emissions reduction, increased energy efficiency, innovation in recycling techniques and development of green products and processes just to name a few.

We will hear more on the nominees shortly.

This is a particularly difficult time for BP and I am grateful for the opportunity to address you this evening.

Good luck to all the finalists!

Thank you.