global projects organization

Sustainable Operational Excellence in a Shifting Landscape

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Sustaining OPEX in a shifting landscape is a journey

1. Preparing your enterprise to effectively navigate the energy transition while minimizing operational impact

2. How to build organizational resilience to prepare for the move towards low-carbon energy

3. Embedding sustainability at the core of your operational transformation

4. How are changing market pressures affecting decarbonization efforts with the backdrop of the current geopolitical climate?

1. Aligning the vision to a "road to net zero"

Resilient hydrocarbons

Oil and gas
Refining

Convenience and mobility

Retail fuels
Castrol, aviation,
B2B/midstream

Low carbon energy

Transition growth engines

Bioenergy[a]

Convenience
EV charging

Hydrogen
Renewables & power

Sustainability

Integration

1. New sources of value while changing

- **Integrating energy systems** – harnessing our collective capabilities as the energy system transitions, helping more customers get the energy they want.
- **Partnering with countries, cities and industries** – by leveraging relationships and building new partnerships we aim to provide integrated energy and mobility solutions to help cities and industries reduce carbon emissions while creating exciting business opportunities.
- **Driving digital innovation** – a strong focus on digital to drive operational efficiencies, empower our workforce and engage better with our customers.

2. "Transforming while performing"

- Significantly scale up our low carbon electricity and energy business;
- Realign our organization to capture new sources of value;
- Acknowledge limitations in resources, knowledge, and technical know-how;
- Transform our provision of convenience and mobility solutions;
- And focus our oil, gas and refining portfolio and make it more resilient.

3. Path to sustainability inclusion

Work in partnership to accelerate change

- Tackling climate change cannot be achieved in isolation; it needs everyone to pull together.
- Collaborate with exceptional partners on the journey towards net zero.

Turn plans into action

- Work, every day, to deliver targets and sustainability aims.
- Keep energy flowing where and when it’s needed and, at the same time, developing lower carbon technologies.

3. Realistic sustainability aims – Can we do it all?

Our sustainability aims

Get to net zero*

1. Net zero operations
2. Net zero production
3. Net zero sales
4. Reducing methane
5. More investment into transition
6. Advocating
7. Incentivizing employees
8. Aligning associations
9. Transparency leader
10. Clean cities and corporates

Improve people's lives

11. More clean energy
12. Just transition
13. Sustainable livelihoods
14. Greater equity
15. Enhance wellbeing

Care for our planet

16. Enhancing biodiversity
17. Water positive
18. Championing nature-based solutions
19. Unlock circularity
20. Sustainable purchasing

Transformation Risks – 1 of 3

We must set clear direction for, and management of, change

Risks:
1. Lack of clarity how exactly will the organization change (from… to)
2. Unrealistic expectations for deployment
3. Chaotic transition: too much, too quickly

Actions:
Define and communicate clear success criteria & MoC: not just for Day 1 but the path through transition
Engage in road-testing the new design and ensure past lessons inform re-org implementation plans

We must motivate our people

Risks:
1. Insecurity over future of & their role in it
2. Loss of knowledge & overburden of those who 'fill the gap'
3. Concern over how performance will be managed
4. Lack of clarity of career dev and future capabilities

Actions:
Agree how best to 'tap in to' concerns/suggestions in region
Implement a robust 'People' MoC process
Timely identification of reporting lines & accountabilities

Transformation Risks – 2 of 3

We must perform while we transform

Risks:
1. Reinvent 'distraction' impacts safety and/or production
2. Activity set not reduced to reflect fewer resources (people/$)
3. Cost reduction/POB optimisation scopes stall in transition

Actions:
Relentless focus on safety above all else
Ruthless prioritisation and shut down low value activity now
Clear communication of what will 'stop' and what will change

We must build our capability

Key risks:
1. Lack of consistent understanding of roles & responsibilities
2. Superficial adoption of reorganization
3. Inconsistent application of the toolkit
4. Inability of leadership to let go & empower

Actions:
Implement an integrated training & communications strategy to upskill in advance and during adoption
Embrace agile concepts & role model agile behaviours

Transformation Risks – 3 of 3

We must proactively manage our dependencies

1. Centralisation

Risk: Inability to 'give up control' leads to duplication, divergence and/or conflict

Action: Agree clear 'rules of engagement' with central interfaces into region

2. Digital Enablement

Risk: Lack of streamlined systems & process drives complexity

Action: Ensure workplace, systems & process support behavioural change

3. Partnerships

Risk: Lack of buy-in from our JV partners and/or key contractors to our agile ambition

Action: Implement a stakeholder engagement plan for key regional suppliers and JV partners

Great lists & action plans, but did we capture ALL the risks?

4. Can we sustain OPEX in a shifting landscape?

Probably not, because:

- Many of our known transformation risks materialize together, and we rarely looks at risks from a systems point of view.

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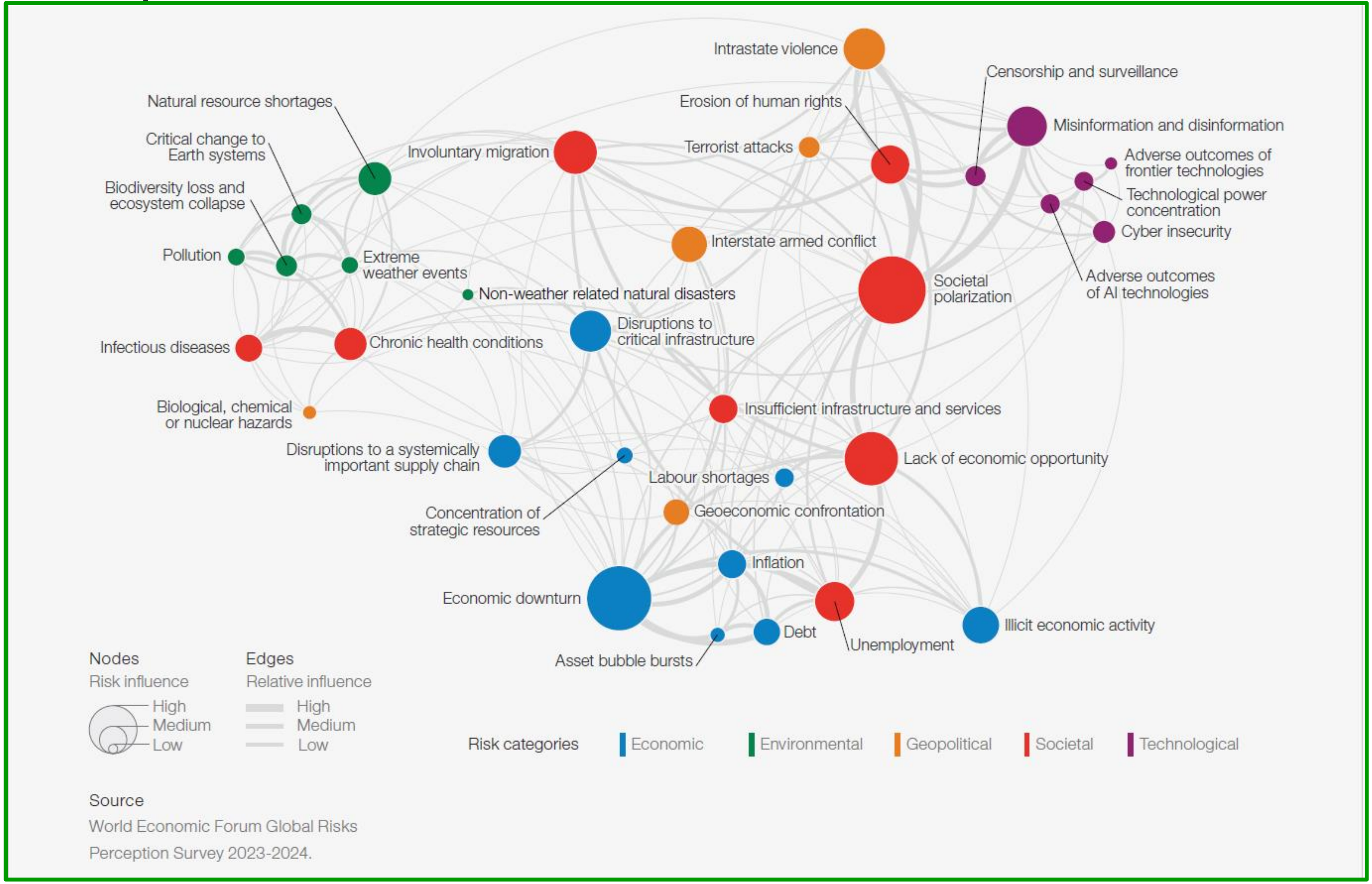
- Unknown/unexpected external risks materialize at the worst possible time.



Lessons learned – An incomplete list

- Changing too much, too quickly burdens organizations with unmanageable stress – choose speed or breadth
- Not all transformation will optimize organization immediately – expect workload to increase in early stages
- Be aware of loss of knowledge and apathy towards change
- As leaders, learn to let go & empower others
- Don't let perfect be the enemy of "good enough"
- Assume, acknowledge, and manage skepticism from the markets – manage your own expectations wisely
- …

Closing & Q&A

Please share your lessons!

Thank you for your time

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