

Ladies and gentlemen,

Before I turn to gas, I want to talk to you briefly about football. More particularly, I want to talk about a moment in time when the future of FC Barcelona was looking particularly bleak. It was 1973 and it had been 13 years since Barcelona had won the national title. The new season had just begun. The team was at the bottom of the league. So Barcelona bought Johan Cruyff for the world record-breaking transfer sum of 1 million euros. Suddenly, the future of Barcelona looked much brighter. But the transfer fee was so big, that the Spanish state did not approve. They denied Cruyff access to Spain. Barcelona finally got Cruyff into Spain by registering him as a piece of agricultural machinery.

The point is: even when the future looks bright, you still have to make it happen. This brings me to natural gas. The future of gas looks bright. This is good news, because the world needs natural gas to achieve the goals of the Paris Climate Agreement. But we still have to make this future happen.

When I came to Gastech in April last year, I said the gas industry needed to do four things: One, encourage governments to introduce policies and regulatory frameworks which support cutting carbon emissions and cleaning the air we breathe. Two, continue to cut costs across the supply chain. Three, get to grips with our environmental footprint, including methane emissions. And four, relentlessly open up new markets for gas.

The industry is making progress, but there is no reason to be complacent. Let me focus on methane. The success of gas in the future, in large part, depends on its environmental advantage over coal. Comparing is complex and there are different models. If we take the most stringent model, according to IEA data, greenhouse gas emissions from natural gas are lower than coal in electricity generation up to a methane leakage rate of 3.5% when measured over 20 years. Today, the IEA estimates that natural gas operations have an average methane leakage rate of 1.7%. According to the IEA, natural gas emits between 45% and 55% lower greenhouse gas

emissions than coal. Leakage rates can be lower, so there is an opportunity for gas to expand this major environmental benefit.

This means the industry needs to continue addressing methane emissions, which can diminish the relative greenhouse gas emissions benefits of natural gas. The long-term role of gas in the energy mix depends on good measurement, transparency on and management of methane emissions. Methane emissions must be reduced throughout the entire gas supply system. That is why Shell formed a coalition of industry, and with organisations like the Environmental Defense Fund, UN Environment, leading universities and the World Bank to develop a set of methane guiding principles.

In November last year, eight companies, including Shell, signed up to these principles. Since then, the coalition has encouraged a further eight companies to join the guiding principles. The principles focus on ways to reduce emissions throughout the gas industry – from production to the final consumer. Moreover, the coalition is working on a set of policy principles. This is a critical action. Robust policies and regulations are an effective means of ensuring cost-effective actions are taken across the industry to tackle emissions.

Beyond encouraging others and asking governments to help, Shell needs to continually reduce emissions itself. One way to do this is to set a target. That's why, earlier today, we announced a target to keep Shell's methane emissions intensity, for both oil and gas, below 0.2 % by 2025. To achieve this, Shell is going to do two things:

First, we will continue to improve data on emissions. Because uncertainty with measuring methane emissions is an industry wide issue and we need to fix this fast. The industry needs to get a much more accurate understanding of how much it is emitting.

Secondly, the emissions reduction itself. Shell has a range of initiatives in place to reduce our methane emissions. These include efforts to detect and

repair methane leaks in our operations, but also programmes to replace equipment with newer gear that reduces leaks.

Ladies and gentlemen,

During his debut for Barcelona, a piece of agricultural machinery scored two goals. That season Johan Cruyff led Barcelona to win their first title in 13 years. I think we have a chance to do similar things for gas. Gas has all the right credentials to be an energy champion in the years to come. But we need to reduce methane emissions to make sure we make good on that promise. Thank you.