



Climate change: the difference business can make

The Times CEO Summit
London, UK

Ben van Beurden

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June 11, 2019



Ben van Beurden became Chief Executive Officer (CEO) with effect from January 1, 2014.

He joined Shell in 1983, after graduating with a Master's Degree in Chemical Engineering from Delft University of Technology in the Netherlands.

Ben's career in Shell spans both Upstream and Downstream activities. He has held a number of operational and commercial roles, including some 10 years in the LNG business, and a variety of positions in Downstream. He has been based in The Hague, Sudan, Malaysia, London and Houston.

In January 2005, he became Vice President, Manufacturing Excellence, based in Houston, USA. In this role he was responsible for standards in operational excellence and high-performance initiatives in refining and chemicals manufacturing.

In December 2006, he was appointed Executive Vice President, Chemicals, based in London, UK.

During his tenure in the role, Ben was appointed to the boards of a number of leading industry associations including the International Council of Chemicals Associations and the European Chemical Industry Council.

He is a visiting Professor of the International Studies Institute, the Party School of the Central Committee of the Chinese Communist Party, and a member of the Advisory Board of the School of Economics and Management Tsinghua University in Beijing (both since 2015).

From January to September 2013, he was Downstream Director and had regional responsibility for Europe and Turkey. He has been a member of the Executive Committee since January 2013.

Ben, a Dutch citizen, is married and has three daughters and a son.

Climate change is, in large part, about the way energy is used: the use of energy products causes the majority of the world's greenhouse gas emissions. So changing the mix of energy products in the energy system is essential to address climate change. In this speech, Ben van Beurden appeals for help achieving this, because making that shift is not just a question of supply but of demand too.

Ladies and gentlemen,

It is said only two things can stop a person from asking for help. An excess of pride. Or an excess of humility.

I am here to ask for your help. And I wish I could say that it was an excess of humility that has delayed this request.

In some ways I am not going to ask for anything new. Some of your companies already help us, as we help them. By working together. Finding ways forward that work for both sides. Creating something greater than the sum of our parts.

Ambition

But what I am going to ask for is a deepening of that approach. An expansion. An entirely different level of ambition.

Because I do not believe the world is moving fast enough to tackle climate change. But I do believe that action taken by business, working together, has the potential to change that.

And I truly believe acting now is in our interests, as business people.

The energy transition to a lower-carbon future is under way. Shell probably feels that dynamic more than most.

Maybe that is why it is me asking for help, even though I can see the way ahead has diversions and roadblocks that need to be navigated.

But my business, and your business, must find ways to thrive in this energy transition. And making sure our businesses are in harmony with the Paris Agreement is the best way of doing that. It is an essential investment.

So I am asking for your help to establish a form of action. Action that businesses can take. A difference we can make.

As I say, this would be a significant expansion of work already being done.

The Oil and Gas Climate Initiative, a group of oil and gas companies dedicated to Paris, does great work enabling practical action on climate change. The Energy Transitions Commission as well.

And some of you will know about the UN Secretary General's climate initiative, due to report in September. It is striking in the way it is focused on getting business to step up their decarbonisation ambitions.

But all this will not be enough without some serious commitments to action.

Net zero emissions

The whole world must stop adding to the stock of greenhouse gases in the atmosphere. It must reach net zero emissions. Some say by 2070, others 2050. Some countries can go faster than others, and Shell has supported a letter calling for the UK to reach net zero emissions by 2050.

But whichever timeframe you pick I believe getting to net zero requires unprecedented, coordinated action across each sector.

Of course, climate change is, in large part, about the way energy is used. The use of energy products, like oil and gas and coal – for power, heating, cooling, industry, transport – causes the majority of the world's greenhouse gas emissions.

So changing the mix of energy products in the energy system is essential to address climate change. But making that shift is not just a question of supply, but of demand too.

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A large part of demand comes down to individual consumer choices. And it is here that governments have a huge role. Regulation.

Consumer signals, like well-designed, well-balanced taxes. Incentives, like electric car grants. Government-led carbon-pricing mechanisms to encourage low-carbon choices.

But governments need help. Paris needs help.

Together

That is why I believe companies that supply energy, like Shell, must work with the sectors that use energy. We must work together, supply and demand, to progressively decarbonise the energy use sectors.

And, because time is so short. I believe we will also need to learn by doing. Act and refine.

The process would have to start with the major businesses within specific energy-use sectors coming together with the energy industry. Coming together to work out how each sector needs to change to be fully in line with Paris.

Each sector is different, and some are highly fragmented, so the action needed will vary.

An office-based industry like accounting can largely decarbonise by switching to a renewable electricity supply, but that is not an answer for steel or cement. Textiles can move more quickly than chemicals. Electronics is one case, heavy freight another.

But all energy-use sectors need to be clear. They must get to net zero emissions. Every part must act to progressively lower its carbon intensity, until it hits zero. And this single carbon intensity measure can be used to track progress of companies and energy-use sectors across the entire global economy.

Realistically, this will have to start with a handful of big players in any given sector joining with energy companies with the determination to act towards net zero in that

sector, and establishing a pathway to reaching it.

Whatever the pathway, there are three ways to make progress along it.

First, improve energy efficiency. Second, turn to lower-carbon energy products. Third, offset or store away emissions that cannot be avoided.

How these would be balanced and combined would be different for each sector and all sectors would need all three.

Choice

But that is not the end of the story. There is a fourth way forward, and I have touched on it already when I mentioned consumer choice.

The world must address consumption patterns. From consumers who choose to eat strawberries through the winter. To industries where the default could be recycling products, not making from scratch. And governments which embed decades of high-carbon consumption through decisions made on housing, transport and power.

An energy company cannot set consumption patterns on a national or global scale. It simply cannot. It can only try to help make the carbon intensity of that consumption as low as possible.

A company like Shell, on the supply side, can help by selling a mix of energy products with a lower carbon intensity, such as renewable power or hydrogen.

Shell has an ambition to cut the carbon intensity of the energy products we sell by around 50% by 2050. This is a rate of reduction consistent with Paris. And it means Shell will, over time, radically change our portfolio.

On the demand side there are other questions. What fuels can be used. How efficiently they are used. In powering transport for example. A hydrogen fuel dispenser, obviously, needs hydrogen-powered vehicles. And how light is the vehicle? How efficient the motor?

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Opportunity

And this is where I see an opportunity. Because I am certain that, by working together, these are areas where business can make a big difference.

Does that mean it will be easy? No. State-owned enterprises, embedded practices, the need to allow countries to develop as others already have. There will be many challenges.

Coalition

I am not standing here offering the answers but with the desire to work with others – with you – to try to find those answers. I know this can only succeed if Shell is one small part of a global climate coalition.

But I also know that the world must achieve the goal of the Paris Agreement. And if energy providers and energy users, supply and demand, do not take co-ordinated

action time will run out. Climate change will overtake us.

So I hope you feel able to help build this climate coalition. I hope you will contribute to working out how this might succeed in your sector. I hope we can, together, help establish real progress. Rapid progress.

I stand here today asking for your help. Not with pride. Not with humility. But in the knowledge that it is needed.

Because we have no alternative but action. No time but now. No plan but Paris.

Let's find a way, together, starting today.

Thank you.

"If energy providers and energy users, supply and demand, do not take co-ordinated action, time will run out. Climate change will overtake us"

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