



# Embracing evolution

Oil and Money  
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## Ben van Beurden

CEO, Royal Dutch Shell plc  
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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.

The energy industry is at the heart of a vast global change taking place in response to climate change. In this speech, Ben van Beurden argues that evolution is about change for the better, is inevitable and should be embraced. Society is changing and the energy industry must keep up or be left behind. That means finding sustainable ways to invest in a sustainable future, and it means collaborating with other industries on an unprecedented scale.

Ladies and gentlemen,

Thank you. To stand here today as Energy Executive of the Year is a true pleasure for me. I am grateful and I know I would not be standing here without the work of so many others. I stand, as the saying goes, on the shoulders of giants.

### Evolution

Last night, as I accepted the award, I spoke about evolution. My own evolution as a person, the evolution of my career and, critically, the evolution of our industry. I believe evolution is to be embraced. It is about change for the better, and it is inevitable.

We have just been hearing about how our industry has evolved in the 40 years that Oil and Money has been with us, and how it might move on in the next 40 years.

The very name of the award I have been honoured with has evolved – from petroleum, to energy executive of the year.

And, as of next year, the Oil and Money conference itself will have evolved to become the Energy Intelligence Forum.

I like the new name.

It feels in tune with the changing times. And it feels like it should stand the test of the next 40 years.

Perhaps the evolution is over-due. There is so much more to our industry than oil and money. It could have changed to “Oil and Gas and Money” some time ago.

But today? Well. There is so much that we do, although I have to admit that rebranding the conference to “Oil and Gas and Solar and Wind and Biofuels and Batteries and

Hydrogen and Money”, would have been a bit much. “Energy” is the right word.

### Intelligence

“Intelligence” is the right word too. The world desperately needs intelligence to make a successful energy transition to a lower-carbon future. We, as an industry, need intelligence too. And I mean that in more than one sense of the word.

The need for brain power is obvious enough. The world needs brain power to produce the many different innovations needed to meet the challenge of the energy transition. It needs brain power to take the opportunities those innovations will present.

But we, both our industry and our world, also need intelligence in another sense: knowledge.

And that is why “Forum” is also the right word for the rebrand of this conference. The energy industry needs a forum. A place we can stretch our brains, challenge preconceptions and seek and share knowledge.

So I offer my thanks for all Oil and Money has done over the last 40 years, and I look forward to the Energy Intelligence Forum next year.

### Transition

But as much as the world needs energy, intelligence and the better understanding that can come from a discussion forum, it also needs three other things if it is to succeed in its energy transition.

First of all, the world needs oil (and gas for that matter). The world needs oil and gas because it is what the world relies on for so much including, often, its most basic needs of heat and food and shelter.

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And that will not change overnight. This is why Shell will continue to invest in oil and gas, even as we work to help speed progress to a lower-carbon future.

Secondly, the world needs money. Yes, that's right. Evolution is both good and inevitable, but the world does still need both oil and money.

### Sustainable

The world needs money because the planet's energy system has to transform to tackle climate change. That means investment on a vast scale. And, I must emphasise, that the world will only achieve a sustainable future if the investments made are sustainable themselves. That requires financially sustainable business models – models that lead to attractive returns.

This is why Shell's approach is to seek out business value in the energy transition.

The company's strategic ambitions are clear. Become a world-class investment case. Thrive in the energy transition. Maintain a strong societal licence to operate.

Being a world-class investment is about financial resilience. Thriving in the energy transition is about being a world-class investment for the decades to come. Strong societal licence to operate is about having the support of society for what we do.

And on that last point. I cannot think of a single company represented here in this room which does not need to take action on its licence to operate. Society is evolving. We, all of us, must keep up. Because those who do not, will be left behind.

So when you read that Shell has bought a utility company, when you hear what we are doing in electric vehicle charging, in renewables or hydrogen – that is where we are coming from. Shell is seeking to make sustainable investment in a sustainable future.

But I promised you three things that the world needs to succeed in its energy transition and I have only given you two so

far. That third thing is collaboration. And I am talking about a level of collaboration that goes far beyond what we are used to – and far beyond the energy industry too – because tackling climate change is far bigger than the energy industry.

Put it like this. We do not pump oil and gas from the ground and then leave it sitting in storage facilities. People consume it. They drive. They cook. They run their businesses.

So tackling the greenhouse gases that come with energy is a question of addressing the consumption of energy as much as it is about the supply of energy.

Or to put it another way.

Climate change is the biggest challenge facing the energy industry, but the energy industry is not the biggest challenge for a world trying to tackle climate change. That task is far bigger than any one industry, any single country, or even continent.

### Big impact

That does not, however, mean energy companies like ours cannot have a big impact.

We can, for a start, change the mix of the energy products we sell. We can offer different, lower-carbon, energy products. And selling a mix of energy products with a progressively lower carbon intensity is exactly what Shell aims to do.

That will mean more low-carbon biofuels in the mix of things we sell, more renewable electricity and products like hydrogen too. It also means addressing our operational emissions, including methane leaks.

We are already working towards our ambition – and the fact Shell has won another award this year, the Energy Intelligence award for Leadership in New Energy, is a sign to me that this work is beginning to be noticed. But there is a long way to go. In fact, achieving our ambitions in this area would mean Shell becoming a radically different company to the one you know today.

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But to achieve those ambitions in the way I described earlier – by making sustainable investments that make sound business sense – means demand must transform too. We can choose to sell lower-carbon products, but we cannot make people buy them.

## Choices

Transforming demand means everybody making better choices: from individuals, to companies, to governments.

As just one example, a study by the European Environmental Bureau recently found that extending the lifespan of smartphones and other common electronics by just one year would cut the EU's carbon emissions by the same amount as taking 2 million cars off the roads.

This need for better choices is why I believe greater international efforts are needed. These better choices must be made easier for people to make.

Some of the answer comes down to governments. Governments can provide regulation and consumer signals – like well-designed, well-balanced taxes – as well as incentives, like grants to help buy electric cars.

The world also needs government-led carbon-pricing mechanisms to encourage low-carbon choices. I cannot overstate the need for immediate action on this. A global emissions trading system, as described by Article 6 of the Paris Agreement, is essential.

But government-led carbon-pricing will not be enough on its own to shift large parts of the energy system. What we need is co-ordinated action to drive an international industrial transformation on an unprecedented scale. This is not just down to governments.

Alongside governments, businesses have a significant role to play. Businesses which supply energy – like every company represented in this room – alongside businesses in sectors that use energy: from shipping to finance, aviation to chemicals, steel to cement. The urgency is such that we must all come together, sector by sector, to

work out how to decarbonise each sector's energy use.

Each sector that uses energy is different, and some are highly fragmented, so the actual action needed in a sector will vary. All sectors, however, share the same three ways to make progress.

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

## Action

The Getting to Zero coalition announced at the UN Climate Summit in New York last month is a good example of the type of action needed. It brings together Maersk, Citigroup, Shell and the Danish government in a joint push. The coalition is seeking to find a way to put a commercial ship to sea which does not add greenhouse gas emissions to the stock in the atmosphere by 2030. In other words, a net-zero emissions ship. The coalition will also need to work with other governments, ship builders, port operators and more.

It is a good start. And we will need another coalition to do the same for the next sector, and the next.

That is not to say any of this will be easy. But I believe that if this type of sector-by-sector action does not happen, the world will fail to meet the goal of the Paris Agreement.

And I also believe that energy companies which do not play a full role in such collaborations – and that do not evolve – will fall behind society. They will fall by the wayside.

## Energy

Because even though the world still needs oil and money and will always need energy.

And even though we, in our industry, have both the brains and the knowledge to successfully navigate the energy transition.

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Despite all of this. If we do not have intelligence enough to share our knowledge, to embrace collaboration and move with the change happening all around us, we risk forfeiting our place in society.

And if a company has no place in society, it has no place being a company at all.

We can, and must, evolve.

And I am very glad that we will have this forum next year – and for all the years to come – to help us as we do.

Thank you.

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