



Oil and Gas majors call for carbon pricing

June 1st, Paris – Major oil and gas companies, BG Group plc, BP plc, Eni S.p.A., Royal Dutch Shell plc, Statoil ASA and Total SA, today announced their call to governments around the world and to the United Nations Framework Convention on Climate Change (UNFCCC) to introduce carbon pricing systems and create clear, stable, ambitious policy frameworks that could eventually connect national systems. These would reduce uncertainty and encourage the most cost effective ways of reducing carbon emissions widely.

The six companies set out their position in a joint letter from their chief executives to the UNFCCC Executive Secretary and the President of the COP21. This comes ahead of the UNFCCC's COP21 climate meetings in Paris this December.

With this unprecedented joint initiative, the companies recognize both the importance of the climate challenge and the importance of energy to human life and well-being. They acknowledge the current trend of greenhouse gas emissions is in excess of what the Intergovernmental Panel on Climate Change says is needed to limit global temperature rise to no more than 2 degrees Centigrade, and say they are ready to contribute solutions.

As the chief executives write:

“Our industry faces a challenge: we need to meet greater energy demand with less CO₂. We are ready to meet that challenge and we are prepared to play our part. We firmly believe that carbon pricing will discourage high carbon options and reduce uncertainty that will help stimulate investments in the right low carbon technologies and the right resources at the right pace. We now need governments around the world to provide us with this framework and we believe our presence at the table will be helpful in designing an approach that will be both practical and deliverable.” (Helge Lund, BG Group Plc; Bob Dudley, BP plc; Claudio Descalzi, Eni S.p.A.; Ben van Beurden, Royal Dutch Shell plc; Eldar Sætre, Statoil ASA; Patrick Pouyanné, Total S.A.).

The chief executives have also today sent an additional letter to the media, setting out this position on carbon pricing and also the role that natural gas can play in reducing carbon emissions.

The letters to the UNFCCC Executive Secretary and the President of the COP21 and to the media are both attached in full below.

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Her Excellency
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His Excellency
Mr. Laurent Fabius
President of COP21
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Friday, May 29th 2015

Dear Excellencies,

Climate change is a critical challenge for our world. As major companies from the oil & gas sector, we recognize both the importance of the climate challenge and the importance of energy to human life and well-being. We acknowledge that the current trend of greenhouse gas emissions is in excess of what the Intergovernmental Panel on Climate Change (IPCC) says is needed to limit the temperature rise to no more than 2 degrees above pre-industrial levels. The challenge is how to meet greater energy demand with less CO₂. We stand ready to play our part.

Our companies are already taking a number of actions to help limit emissions, such as growing the share of gas in our production, making energy efficiency improvements in our operations and products, providing renewable energy, investing in carbon capture and storage, and exploring new low-carbon technologies and business models. These actions are a key part of our mission to provide the greatest number of people with access to sustainable and secure energy.

For us to do more, we need governments across the world to provide us with clear, stable, long-term, ambitious policy frameworks. This would reduce uncertainty and help stimulate investments in the right low carbon technologies and the right resources at the right pace.

We believe that a price on carbon should be a key element of these frameworks. If governments act to price carbon, this discourages high carbon options and encourages the most efficient ways of reducing emissions widely, including reduced demand for the most carbon intensive fossil fuels, greater energy efficiency, the use of natural gas in place of coal, increased investment in carbon capture and storage, renewable energy, smart buildings and grids, off-grid access to energy, cleaner cars and new mobility business models and behaviors.

Our companies are already exposed to a price on carbon emissions by participating in existing carbon markets and applying 'shadow' carbon prices in our own businesses to test whether investments will be viable in a world where carbon has a higher price.

Yet, whatever we do to implement carbon pricing ourselves will not be sufficient or commercially sustainable unless national governments introduce carbon pricing even-handedly and eventually enable global linkage between national systems. Some economies have not yet taken this step, and this could create uncertainty about investment and disparities in the impact of policy on businesses.

Therefore, we call on governments, including at the UNFCCC negotiations in Paris and beyond – to:

- introduce carbon pricing systems where they do not yet exist at the national or regional levels
- create an international framework that could eventually connect national systems.

To support progress towards these outcomes, our companies would like to open direct dialogue with the UN and willing governments. We have important areas of interest in and contributions to make to creating and implementing a workable approach to carbon pricing, including:

1. **Experience.** For more than a century we have provided energy to the world. We are global in reach, closely familiar with managing major projects and risks of many kinds, and well-versed in trading and logistics. As we are already users of carbon pricing systems across the world, exchange of information at international scale could help to identify the best solutions.
2. **Motivation.** We want to be a part of the solution and deliver energy to society sustainably for many decades to come. Like our counterparts in other industry sectors we will play a key role in implementing the measures and deploying the technologies that will lead to a lower carbon future. Low carbon business models and solutions are fragile until they reach critical size, but with linked carbon pricing systems worldwide, uncertainty would be reduced and such solutions will start to create value for business more rapidly.
3. **Pragmatism.** We believe our presence at the table could be helpful in designing an approach to carbon pricing that would be both practical and deliverable, as well as ambitious, efficient and effective.
4. **A forum for discussion.** Our companies and others have come together under the auspices of the World Economic Forum to form the Oil & Gas Climate Initiative, or are members of the International Emissions Trading Association, the World Bank or the UN Global Compact Carbon Pricing initiatives. We believe these forums may offer an appropriate ground for public-private dialogue on how to price carbon into energy.

Practically, we and our senior staff will seek to engage and share our companies' perspectives on the role of carbon pricing in several important settings:

- in our meetings with Ministers and Government representatives.
- as we attend and address conferences
- as we hold engagements with our investors
- as we conduct meetings with other stakeholders including partners, suppliers, academics and researchers
- as we hold meetings for management and staff within our businesses.

Pricing carbon obviously adds a cost to our production and our products – but carbon pricing policy frameworks will contribute to provide our businesses and their many stakeholders with a clear roadmap for future investment, a level playing field for all energy sources across geographies and a clear role in securing a more sustainable future.

We acknowledge the long-term challenge and appreciate that this will be transformative across the energy sector. Over many decades, our industry has been innovative and has been at the forefront of change. We are confident that we can build on our trajectory of innovation to meet the challenges of the future.

Each of us will copy this letter personally to key contacts among investors, governments, civil society and our staff.

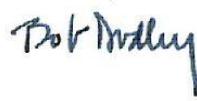
Yours sincerely

Signatories:

BG Group plc
Mr. Helge Lund



BP plc
Mr. Bob Dudley



Eni S.p.A.
Mr. Claudio Descalzi



Royal Dutch Shell plc
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Statoil ASA
Mr. Eldar Saetre



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Mr. Patrick Pouyanné





Letter on the role of gas and carbon pricing to media

As we gather in Paris for the World Gas Conference, just months ahead of crucial UN talks on climate change in this same city, we write to highlight the major role natural gas can play in addressing climate change. We believe the pragmatic step of implementing a widespread and effective pricing of carbon emissions is critical to realising the full and positive impact natural gas can have.

As a group of business people, we are united in our concern about the challenge – and the threat – posed by climate change. We urge governments to take decisive action at the UN climate change summit in December. We are also united in believing such action should recognize the vital roles of natural gas and carbon pricing in helping to meet the world's demand for energy more sustainably.

Renewable energy has an increasing role to play – and our companies have significant investments in renewable energy too. However, the need to cut emissions is so essential that we have to pursue all options to lower carbon while providing the energy the world needs to meet demand from a growing population seeking better living standards. Natural gas can help deliver this.

For natural gas, the case is simple: when burned to make electricity, it typically generates around half the carbon emissions of coal. In addition, gas can provide the electricity base load that is required and can be a flexible partner to renewable as efforts continue to improve the storage of electricity produced by intermittent solar or wind. This benefit is enhanced when natural gas emissions all along the value chain are controlled and reduced, a matter we are actively addressing with peers.

However, our request to policy-makers as they prepare for the UN talks is not to ask for special treatment for any resource, including natural gas, or any single route to a lower- carbon future. It is rather to ensure that the outcome of these talks leads to widespread carbon pricing in all countries.

Carbon pricing policies in every country will stimulate all forms of low-carbon technologies. It will drive energy efficiency as rapid urbanisation increases demand from our cities. It will benefit all sectors including power, mobility, heating and energy-intensive industries along with renewable energy and natural gas, the cleanest-burning fossil fuel. Market forces will operate to favour the least expensive and most efficient ways of reducing carbon in each country or region. Pricing carbon obviously adds a cost to our production and our products – but a stable, long-term, global carbon pricing framework would provide our businesses and their many stakeholders with a clear roadmap for future investments, and a clear role in securing a more sustainable future.

We have detailed our view on carbon pricing in a letter sent to the UNFCCC Executive Secretary and the COP21 President.

We owe it to future generations to seek realistic, workable solutions to the challenge of providing more energy while tackling climate change. We urge governments to create the incentives that will encourage all potential contributors to a more sustainable future.

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Signed by: Helge Lund, BG Group plc; Bob Dudley, BP plc; Claudio Descalzi, Eni S.p.A.; Ben van Beurden, Royal Dutch Shell plc; Eldar Sætre, Statoil ASA; Patrick Pouyanné, Total S.A.