

Joint CEO Declaration

Today marks a turning point in climate action. Less than a year after it was agreed by almost every nation on earth the Paris Agreement has come into effect. We welcome the agreement and its swift entry into force because it sets a clear direction of travel that will help all actors, governments, industries and individuals, to take appropriate actions and make investments towards a lower emissions future. As CEOs or Chairmen of OGCI member companies we are committed to showing leadership in our industry's response. We believe there is significant need and many opportunities for innovation and investment in solutions that can reduce GHG emissions on a large scale – and we are in action to take them.

We are very proud to announce the formation of OGCI Climate Investments. OGCI Climate Investments has been set up to invest one billion dollars over the next decade to accelerate the development of innovative technologies that, once commercialized, have the potential to reduce greenhouse gas emissions on a significant scale. We believe that collaborative investment – on top of all the work our companies are doing individually – will make a demonstrable difference. We intend to fund development and demonstration projects as well as new businesses.

OGCI Climate Investments will focus on climate-related technologies and businesses that can benefit from collaboration across our industry and with related industries that use our products. We have met with many of our stakeholders and undertaken a strategic assessment of activities that are central to emissions reduction and of particular relevance to the oil and gas industry. As a result, we have identified four priority areas in which we believe OGCI Climate Investments can make a real difference in both the near and long term.

The greatest share of our intended investments will focus on maximizing the climate benefits of natural gas by minimizing methane emissions along the gas value chain, and on enabling oil and gas to meet energy demand sustainably in a tightly carbon-constrained world by ensuring that carbon capture, use and storage can be deployed on a much wider scale. Two further areas where we believe collective investment could deliver a step change are improving industrial energy efficiency and reducing the carbon and energy intensity of transportation.

This year we have focused on defining and taking actions that are needed now and out to around 2040. Next year we will look at the technologies and options that could be compatible in the longer term with the very ambitious goal of net zero emissions in the second half of the century.

Our \$1 billion commitment is significant in itself but it is just our starting point. It can be amplified in many ways. We will leverage additional funds by working in partnership with likeminded initiatives across all stakeholder groups. We will increase investment ourselves by deploying successful low emissions technologies in our own businesses and operations. We will use the considerable convening and catalytic power of our expertise, facilities and networks to galvanize action both within our industry and beyond. OGCI members produce over one fifth of the world's oil and gas. We can and will make a difference.

Key Facts from the 2016 OGCI Report

OGCI Climate Investments

- OGCI Climate Investments will invest \$1 billion in developing innovative technologies and solutions that we can then deploy in our companies.
- Around **a third is provisionally allocated to gas and methane** management.
- We plan for a substantial part of the resources to develop and demonstrate the economic potential of **carbon capture, use and storage** technologies

Energy and production

- The oil and gas sector is the **primary source of over half of the energy** that powers global economies.
- OGCI members **produce more than a fifth of oil and gas** globally.

Greenhouse gas emissions

- Oil and gas sector **operations emit around 5% of manmade greenhouse gases**,
- The use of oil and gas – in power generation, transportation, buildings and industrial operations – contributes around 32% of manmade greenhouse gas emissions.
- As a group, OGCI member greenhouse gas emissions have decreased almost 25% over the past decade.
- The IEA's scenario targeting 2°C indicates that economies will need to have **cut greenhouse gas emissions by 60% by 2050** – just over 30 years away.

Investing in low carbon activities

- Combined, seven of the 10 OGCI member companies have **invested almost \$15 billion in renewables** over the past four years, plus almost \$3 billion in research and development on low greenhouse gas technologies.
- 51% of OGCI members' production is now **natural gas** (seven companies reporting)

Flaring and methane emissions

- **Flaring by OGCI members has fallen by 33% over the past decade** as companies have built the infrastructure to capture, liquefy or re-inject associated gas.
- Gas flaring grew 5% in 2015, largely due to acquisitions where flaring is not yet under control.
- OGCI member **methane emissions by have fallen by more than 8% since 2011.**

Carbon capture, use and storage

- The IEA says **carbon capture, use and storage could account for 13%** of the emissions reduction needed by 2050 to keep to 2°C. Without it, the cost of reaching that goal could rise by 40%.
- OGCI has **screened around 200 CCUS technologies** and is now evaluating the most promising ones with the aim of progressing one or more to a commercial scale pilot.

OGCI Main Messages

Regarding OGCI:

- The CEOs of the member companies have personally resolved to strengthen actions to address climate change and deliver reliable energy supply with reduced GHG emissions. They committed to report regularly and consistently on their progress.
- In 2015 OGCI CEOs called for an effective climate change agreement at COP21. We welcomed the agreement at Paris.
- Our second report is issued today – it highlights the contribution we are making together to help reach the Paris ambitions, particularly around methane reduction, CCUS and a low emissions roadmap.

Regarding OGCI Climate Investments

- OGCI members will collectively invest \$1bn to pioneer innovative technologies that will transform the oil and gas industry and contribute to stabilising global temperature increase as agreed at COP21.
- The fund will establish the foundations for the O&G industry to provide energy for the world long into the future.
- \$1 billion is a significant amount of money, with a considerable multiplier effect coming from investment by partners as well as our own investments in deploying these commercialized technologies.
- The overall OGCI CI impact on reducing emissions will be on the scale of a gigatonne or more over the decade.
- The fund is targeted at high impact areas: CCUS, enhancing the role of gas by reducing GHG emissions through methane monitoring and management.
- Looking ahead we'll work on industrial and transportation efficiency.