

IPLOCA

(International Pipeline and Offshore Contractors Association)

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The IPLOCA Environmental Award sponsored by Shell

Towards a responsible energy future

Ladies and Gentlemen,

It is an honour and pleasure for me to have the opportunity to share some thoughts concerning a responsible energy future with you and to grant the IPLOCA Environmental Award sponsored by Shell.

Before focussing on the Environmental Award please allow me a short review of our global energy challenges ahead.

We in Shell call it the 'three hard truths' about the energy.

- The first hard truth is that the world's demand for energy is growing fast. By the middle of the century there could be over nine billion people on this planet using twice as much energy as we are today – or even more.

It's obvious not just the number of people that's driving energy demand, it's their expectations. Billions in China and India want – and deserve – to adopt a first world standard of living ... complete with cars, computers, washing machines, air conditioners and high tech factories. Billions more around the world want – and deserve – simply to lift themselves out of poverty with access to clean, cheap energy to cook their food and light their homes.

- The second hard truth is that conventional oil and gas – the essence of our energy mix today – are becoming harder to find and to produce. Supplies of conventional oil and natural gas will struggle to keep up with surging demand – as will all forms of energy, from nuclear power to renewable biofuels. There are still large amounts of hydrocarbons in the ground ... but the stuff that's left tends to be concentrated under very deep oceans, very thick ice, or very difficult governments. It takes huge amounts of technology, energy, money and patience to produce it.

- The third hard truth is that based on today's technologies, more energy use means more CO₂ emissions – at a time when the climate can't afford it.

To stabilize greenhouse gases in the atmosphere at anything like the concentration that scientists believe is the upper limit of what the world can plausibly tolerate, we need to cut the world's CO₂ emissions in half.

So if the world needs twice as much energy and half as much CO₂, then we need to find a way to cut the CO₂ content of every barrel by three quarters. The math is easy, the implementation a lot harder.

Indeed these challenges are enormous.

To summarise the three hard truths, the world wants energy that is clean, cheap and always available – and none of the expectations are negotiable.

There is no easy solution, we will have to consider all elements of the value chain ... from remote production facilities onshore and offshore, to the physical links between oil and gas fields and the customer base as well as energy appliances.

Towards a responsible energy future sustainability of all activities related to construction and operation of energy projects is vital.

And here IPLOCA can play an important role in encouraging various improvement initiatives of their member companies.

We are very proud in Shell that we have the opportunity to sponsor the IPLOCA Environmental Award and thus contribute to raise the essential environmental awareness within the IPLOCA community.

When the IPLOCA Environmental Panel met some weeks ago, twelve member companies had submitted a proposal – double the number from two years ago - a remarkable success in it self.

We discussed in detail the impact and significance of the proposed environmental achievements and selected the winner as well as the three companies classified as ‘runners up’.

The ‘runners up’ - in alphabetic order - are:

- Caterpillar - for their work in water management in their Xuzhou plant in China and for their substantial emission reduction in Solar Turbine driven combined heat and power units.**
- Ray McDermott - for their spill prevention control and waste reduction resulting in considerable spillage improvement and excellent employee awareness.**
- Techint - for their development of an efficient environmental management system including motivation and rewarding schemes for employees and local populations.**

And finally - the winner of the IPLOCA Environmental Award 2009 is - SPIECAPAG. They applied very high environmental standards in line with the Company’s global policy and demonstrated environmental

performance, which exceeds considerably the legal requirements and practices in Yemen.

It is a pleasure for me to hand over the IPLOCA 2009 Environmental Award sponsored by Shell to Mr. Jean-Claude Van de Wiele- Managing Director of SPIECAPAG.

Thank you very much for your attention.