Message

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Sent: 1/31/2020 2:43:56 PM

To: Johnson, Krista SHLOIL-GRA []; Whitman, Kristin P SHLOIL-GRA

; Salmon, Scott R SHLOIL-GRA

CC: Colbert, Niki G SHLOIL-GRP

Subject: CCT Slides... Patricia's thoughts

Attachments: Let's talk energy transitions_the essentials .pptx; Energy Transitions and Shell_CCT Slides.pptx

For discussion on Monday...

I went through a variety of slidedecks from the New Energies and Energy Transition sharepoint sites and compiled what I believe to be a good way to frame the bulk of our discussions next week. First, I think we should utilize the Let's talk energy transitions deck as the basis for a pre-read since they are approved messages and align with our goals for Feb. 11th.

The second attachment is a deck that has hill worthy slides. I know we're not generally pro-slides in our group, but here are some reasons I think they'd be worthwhile, assuming someone doesn't go slide by slide on a 30 minute monologue. First, they are helpful to organize thoughts, especially for people who are new to advocacy. Secondly, many of the offices we will meet with are just learning our narrative, so a more comprehensive deck would be a good starting point.

Have a good weekend,

PT

Patricia Tamez Government Relations Shell Oil Company 1050 K Street, NW, Suite 700 Washington, DC 20001

ph:



Let's talk energy transitions: The essentials

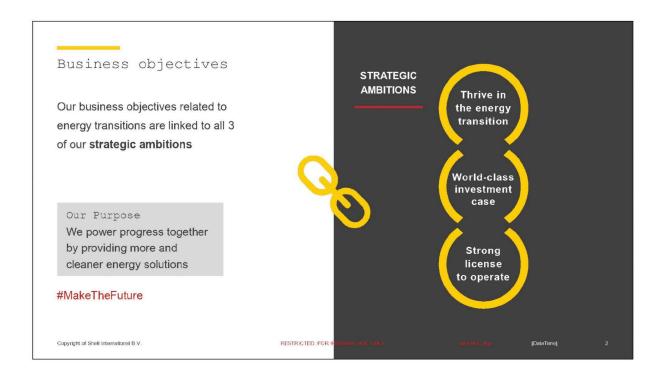
As you should be aware, we are seeing a rising number of legal cases including active litigation specifically against Shell and other oil companies related to climate change and its impacts.

Discipline, consistency and heightened awareness of the sensitivities in our communications regarding energy transitions is therefore paramount, as what we are saying has the potential to either expose or insulate Shell to/from the legitimacy of further claims—from greenwashing to misleading investors.

This brief overview is intended to run through the 'keys' to our key messaging around energy transition, as well as a checklist of the absolute essentials when repurposing approved messaging on key topics.

So PLEASE NOTE it's not the key messages themselves, but rather, an overview of our objectives for communicating on energy transitions, and some of the most critical nuances to our messaging.

When in doubt, please don't hesitate to ask for further clarification!



Our business objectives related to energy transitions directly link to all 3 of our strategic ambitions. They are interdependent.

Our strategy is founded on our outlook for the energy sector as well as the chance to grasp the opportunities arising from the substantial changes in the world.

A growing global population and a rise in living standards are likely to continue to drive energy demand, including oil and gas, for years to come.

At the same time, new energies, increasingly cost-competitive emerging technologies, economic diversification objectives, and the need to tackle environmental concerns—including climate change and air quality—means there is a transition under way to a lower-carbon, multi-source energy system with increasing customer choice. We recognise that the pace and specific path forward is uncertain, and so requires agile decision making.

Against this backdrop, we have three strategic ambitions guiding us in the pursuit of our purpose:

- 1. World class investment case. Ultimately this means being the world's most valuable energy company, both today and in the future, and developing a resilient portfolio in line with our purpose of providing more and cleaner energy to society.
- 2. To thrive in, and through, society's transition towards a low-carbon energy system.

Even as Shell continues to provide the oil and gas the world needs, and works to reduce our own emissions in the process, we aim to reduce emissions of greenhouse gases per unit of energy our customers use. We will seek to do so by transforming our product mix over time—our Net Carbon Footprint ambition.

We will seek opportunities through transition in ways that make commercial sense for Shell, in response to changing consumer demand, and in step with society's progress towards the aims of the Paris Agreement.

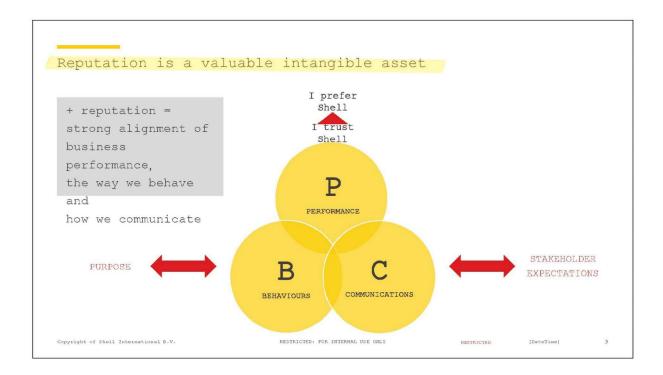
We cannot fall behind, and no business can survive if it moves ahead of what its customers want and are willing to pay.

3. And by providing the lower-carbon energy the world needs and wants, Shell can also make progress towards our third strategic ambition of maintaining a strong societal licence to operate.

In part, this means selling products people feel are relevant to them. This requires Shell to keep a firm focus on the customer and their needs.

It also means that alongside our new energies aspirations, we must also continue to make the case for our oil, gas and chemical products, helping to reveal how essential they are to modern life.

Not a defence of oil and gas, per se – but rather, an explanation of the many uses for (and benefits of) oil, gas and related products in a changing energy system... alongside, and in coordination with ever more new energies, new technologies and complimentary approaches such as carbon capture, utilization and storage (CCUS), as well as nature-based solutions (NBS) like reforestation.



To achieve our business objectives, reputation is a valuable intangible asset

The company cannot achieve its strategic goals without first having the right reputation. Positive reputation can be achieved when we align three things: our business performance, the way we behave as an organisation and how we communicate.

The greatest impact to reputation can be achieved when all three intersect and align with our company purpose, and with stakeholder expectations. If we get this right, we can build trust with the right stakeholders so they will choose Shell more often and support our goals. With a better reputation comes better opportunities and better business outcomes.

So, what do we want to be known for? We want to be recognised as the energy company that lives by its purpose (e.g. "we power progress together by providing more and cleaner energy solutions") and as a company that is:

a well-led, strong and resilient world class investment; thriving through the energy transition and beating competitors; a responsible company with a strong societal licence to operate.

Each of these reputation objectives support elements of our 3 strategic ambitions. Achieving them will help Shell win by enabling the company to sustain current businesses and grow new ones.

In aligning these crucial elements, we will build trust, encourage brand preference and secure greater support from our stakeholders.

Communications objectives How? In a nutshell... ■ Optimistic tone, realistic content Our communications ■ Consistent, constructive, collaborative on energy transition ■ Thought leader, trusted partner should seek to help ■ Reinforce Shell global policy & advocacy positions enable the delivery of our purpose and + Fair, accurate, balanced and strategy complete "If I speak as though the way I'm thinking is the only reality, it doesn't leave much room for collaboration." -Adam Kahane Copyright of Shell International B.V. RESTRICTED: FOR INTERNAL USE ONLY RESTRICTED [DateTime]

Our communications carry the most weight when they align with, support, and showcase our business performance and behaviours. Therefore our overarching communication objective when speaking to energy transitions is quite straightforward...

Simply put, our communications on energy transition should seek to help enable the delivery of Shell's purpose and strategy... from core upstream to emerging opportunities.

It will require success in explaining our views on how transitions could evolve (including the role of oil and gas and the long term need for oil and gas investments) and how we can thrive as a company and business through transition.

It will require a careful and continuous balancing act, that conveys credible optimism while setting realistic expectations of how fast both Shell and the energy system can change.

It will involve working constructively with others to demonstrate we are not only advocating a sustainable future, but actively participating and working to 'build' it as well.

We must also recognize true thought leadership means successful thought partnership. Rather than debate (I'm right, you're wrong), we should encourage constructive dialogue towards shared aims.

Therefore, central to our approach is the need to listen and learn as much as to talk and educate. This involves putting the societal challenge of transition itself, rather than Shell, at the heart of dialogue and engagement.

And whenever possible, our communications should help to reinforce Shell global policy & advocacy positions:

We support the goals of the Paris Agreement on climate change

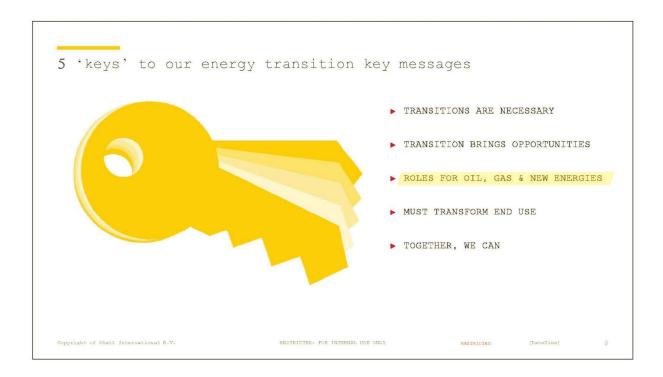
We support government-led carbon pricing mechanisms to drive low carbon investment and consumption

We support policy frameworks to enable innovation in low-carbon technologies

We support the role of natural gas in in helping society make the transition to lower-carbon energy PLEASE NOTE: The degree of emphasis and approach to advocacy on each of the above varies by country.

Finally, we must ensure Shell provides fair, balanced, complete and accurate content/messages to avoid litigation risks.

Guiding principles: Communications and engagement should focus on solutions that will be required during the energy transition and ensure our constructive intent is clear. We must be clear in our support for the Paris Agreement and climate goals. We must demonstrate what we're already doing: where and how our products, services, technologies and advocacy can contribute to a lower carbon future (gas, oil products, CCUS, carbon pricing policies), and our ambition to find compelling business models in new energies as well. We must constructively give our 'realistic' view of the changes required across the energy system and the policies, technologies and timelines that we think will be required.



No matter where you sit within Shell, there are some important things to know about Shell's key messages on energy transition

We believe that energy transitions are both desirable, and necessary, in order for society to meet its decarbonisation and development [or environmental and economic] objectives.

We believe that energy transitions bring opportunities—to individuals, to countries, and to companies like Shell.

We see continuing, changing roles for oil and gas through transition, alongside and in coordination with new energies, new technologies, and complimentary approaches such as carbon capture and use or storage (CCUS), and nature-based solutions (NBS).

For oil, we still expect demand for oil products to grow through at least 2030 because of key sectors like road freight, aviation and petrochemicals. A faster transition is certainly possible for sectors like passenger cars—though bearing in mind different paces, different places. And headline sales will run significantly ahead of the global fleet average.

As for gas, in the near-term coal to gas switching is paramount, through the medium term it should serve as a partner for an ever-increasing share of renewables, and over the longer term is likely to continue to help address parts of the energy system that are not easily electrified.

Changes are required across both the supply AND demand side of the energy system. They go hand in hand. Successful and sustainable transitions will require an economy-wide approach that addresses emissions in energy type, supply and usage—enabling the creation of low carbon economies that can thrive on low carbon energy systems.

Our purpose says 'we power progress TOGETHER...' for a reason. Together, we can help unlock and enable the breadth of solutions needed to enable a world of opportunities alongside effective climate change mitigation.



The following insights are central to Shell's understanding of the energy system and transition, which we aim to reinforce both directly AND indirectly—by seeking to mobilise powerful influencers to champion shared views and perspectives

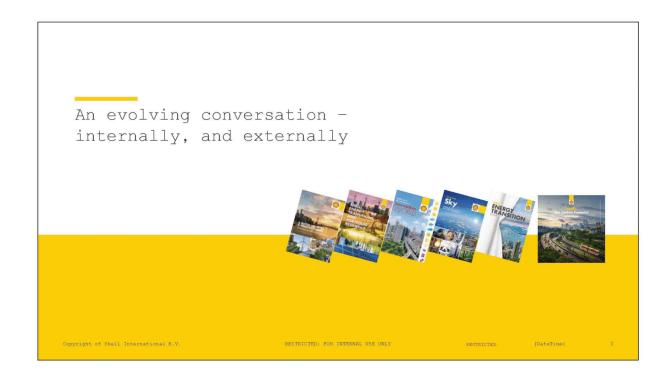
Energy use today is far more than electricity. So while increasing use of renewable sources of energy like wind and solar is essential to reducing emissions, they chiefly produce electricity, which today meets less than 20% of energy needs for end use. For renewables to have a bigger impact, the use of electricity will need to be extended to a larger range of activities. We expect the power sector to grow significantly over the course of the century as more and more things become powered by increasingly lower carbon electricity.

It is impossible to predict with precision how future energy systems will evolve, because there are too many unknowns. Unknowns about how technologies will develop, about the types of energy consumers will choose, and about the energy policies governments will implement. Shell is actively engaged in all of these areas and we want to work together to #MakeTheFuture – better! – but collaboration is required to advance the solutions the world both needs and wants.

It's an and-and equation... not an either-or. So, it's not a question of gas or renewables... biofuels, battery powered or hydrogen vehicles... renewables or CCS... etc... It's all of the above. Energy transitions will feature co-evolution of established and new components of the system. If you like math, think not A to B, but A + B + C(CS) + N(BS)... and more. With overall balance shifting considerably over time.

While there are a range of factors driving energy transitions, it's important to bear in mind both development and decarbonization objectives. Optimising the equation of energy, environment, and economic growth will be essential, as all are interdependent.

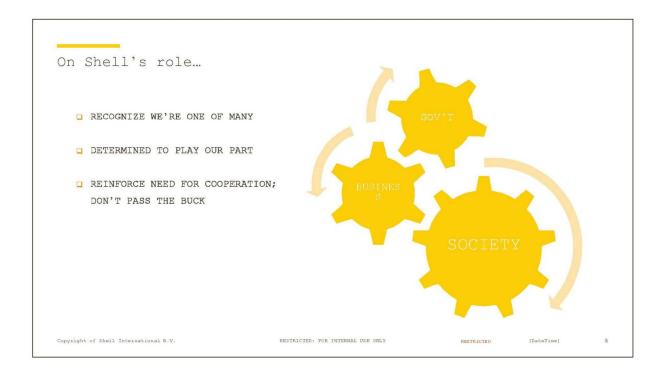
Energy transitions will unfold at different paces in both different places, and across different sectors of the economy [e.g. power, buildings, industry, transport]. But ultimately, a fundamental transformation of the global economy is needed... alongside recognition that the world needs every solution we can get, because no single solution meets all needs, in all places, at all times.



See ER Portal > Themes: Energy Transitions > Reference Materials for links to all of the above Shell publications, recent speeches, and more.

But even if you've read them all... please bear in mind, there's a lot of thoughtful word choice behind those familiar lines.

So let's take a moment now to cover a checklist of the absolute essentials when repurposing approved messaging.



When repurposing messaging on Shell's role...

#1 Have you recognised that everyone has a role to play?

When speaking to the Paris Agreement, Sustainable Development Goals, net-zero emissions or the climate challenge in general, please bear in mind these are collective goals and challenges for society. No one individual or organization can succeed alone. Please avoid inadvertently assuming ownership for parts of the challenge beyond Shell's control. Thus please be exceedingly mindful and explicit in the use of 'we' and 'our' when these do not = Shell. (i.e. 'We all...' 'As a society, we...' vs 'Our biggest challenge...')

#2 Please do not give the impression that Shell is willing to take actions that do not make business sense

Success requires mutually reinforcing actions from governments, business, consumers and society at large. We are determined to play our part when it makes business sense. In order to champion sustainable business, you have to have a sustainable business model.

#3 Don't simply pass the buck!

Our purpose says 'we power progress TOGETHER...' for a reason. We will have to work together—collaboration is key. But please take care to reinforce the need for cooperation without seemingly passing the buck!

On Shell's Net Carbon Footprint* ambition...

- □ INTENSITY-BASED METRIC
- D FOCUS ON PRODUCTS
- □ WILL MOVE IN STEP WITH SOCIETY



'Our "Net Carbon Footprint" refers to a specific legal definition and must always be capitaliz

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When repurposing messaging on our Net Carbon Footprint (NCF) ambition...

#1 Is it clear that Shell's Net Carbon Footprint (NCF) is not an absolute emissions metric?

Our Net Carbon Footprint (NCF) is an intensity-based metric designed to track the change in the energy products that we supply, in comparison to the global energy-mix. This is because the world will need more energy, so the total amount of energy Shell contributes is likely to increase. An intensity-based metric allows Shell to focus on providing the energy that our customers want, while contributing to decarbonisation of the global energy system by also supplying lower-carbon energy products. This means fewer products that come with higher levels of greenhouse gas emissions, and more and more products with lower-or-no emissions. And we describe it as a Net Carbon Footprint because it includes scope for complimentary approaches to enabling emissions reductions where the use of oil and gas will still be needed for some time to come. For example, we will subtract emissions that are stored using carbon capture and storage in our own operations. We will also subtract any carbon dioxide emissions that are removed from the atmosphere and stored via nature-based solutions, such as reforestation.

#2 Is it clear that the focus of our NCF ambition is on the carbon intensity of the energy products we sell?

While reducing our NCF starts with ensuring our operations use energy as efficiently as possible, most of the reductions will come from changing our portfolio to supply customers more products that produce lower emissions, as that's where around 85% of the emissions associated with our energy products occur. Shell only controls its own emissions, but by changing the mix of energy products we supply, we aim to help and influence others to lower their emissions.

#3 Please do not give the impression that Shell is willing to reduce carbon dioxide emissions to levels that do not make 🤍 business sense

Our ambition is pegged to society's progress. We will seek opportunities through transition in ways that make commercial sense for Shell, in response to changing consumer demand, and in step with society's progress as it moves towards the Paris goal of limiting global warming.



When repurposing messaging on government-led carbon pricing mechanisms/frameworks...

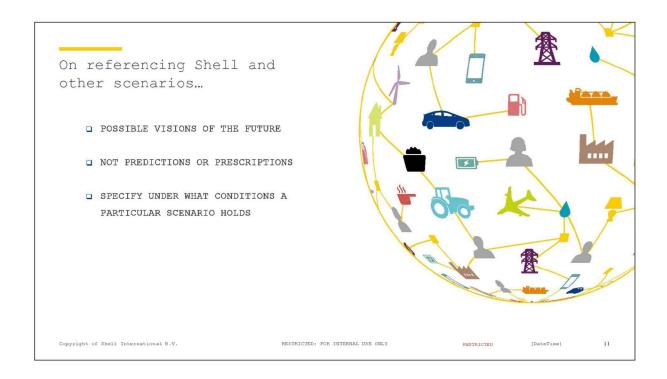
#1 Have you used carbon pricing as an adjective?

Carbon pricing should generally be used as an adjective, rather than a noun, for purposes of our advocacy.

Key elements to avoid antitrust sensitivities are 'government-led' (e.g. a policy tool, not driven by industry coordination) and 'mechanism' or 'framework' (such that it's clear we're not signaling a specific level or value).

#2 You're talking about the policy tool, right?

The external solutions for which Shell advocates must be distinguished from the internal project screening values (PSVs) that Shell typically applies to help assess portfolio decisions. And in recognition of the shifting policy landscape and the differing pace of energy transitions underway in different regions, please note that we have moved away from a uniform internal PSV.



When repurposing messaging about scenarios...

#1 Have you recognised that the future is uncertain?

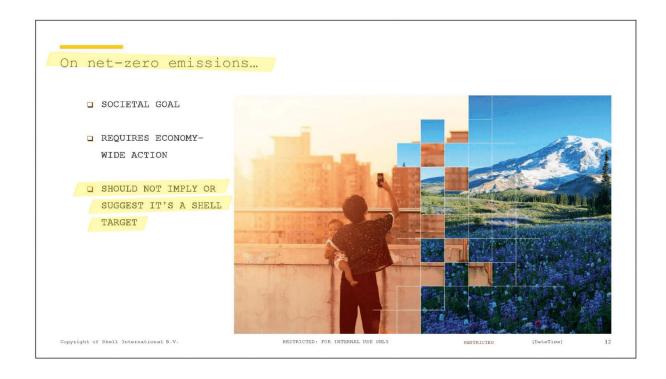
Scenarios ask "what if?" and "how?" questions, encouraging leaders to consider events that may be highly likely or just remote possibilities. Shell uses scenarios to navigate medium- and long-term uncertainty and to inform and test our business decisions. Alongside our own work, we also study third party scenarios, such as those from the IEA and others.

#2 Have you ensured it's clear scenarios are not predictions, prescriptions (or Shell's business plan)

Scenarios do not describe what will happen (a forecast) or what should happen (a policy proposal), but what could happen, under certain circumstances. Like Shell, the IEA's outlooks should not be considered forecasts or predictions. Therefore, please refrain from the use of "will" unless explicitly linked to "In this scenario or under these conditions, X will..."... Instead of 'will'... consider 'could'...'may'...or...'will likely' [if a consensus view]... Instead of 'must'... consider 'should.'

#3 Have you specified under what conditions a particular scenario holds?

In particular when integrating a variety of outlooks within a presentation or other content (whether internal OR external), please be explicit under what conditions each scenario holds, such that it's clear what's [not] happening that would drive such an outcome (e.g. BAU or well-below 2C-compatible trajectory, etc.) It's also worthwhile to consider acknowledging a range of possible outcomes, given significant uncertainties in how future energy use will evolve.



When repurposing messaging on net-zero emissions (NZE)...

#1 Be explicit in defining NZE as a goal for society

NZE represents a collective ambition for the world. The Paris Agreement became the first international climate agreement to refer to the need for net-zero emissions by stating: "(...) to achieve a balance between anthropogenic emissions by sources and removals by sinks of greenhouse gases in the second half of this century" (Article 4.1). Please avoid the ambiguous use of 'we'.

#2 Focus on the need to decarbonise the economy, rather than solely the energy system

NZE requires changes that are economy-wide, rather than energy-narrow. It necessitates changes in both energy supply and energy end use sectors. It also requires changes in agriculture and land use, and tackling process emissions from manufacturing materials like cement.

#3 Please do not imply, suggest, or leave it open for possible misinterpretation that NZE is a Shell goal or target

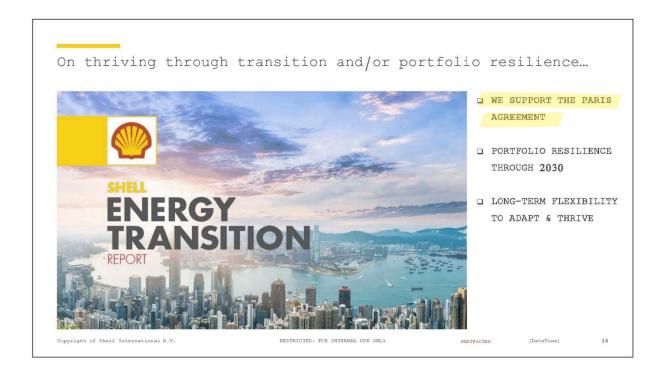
While we seek to enhance our operations' average energy intensity through both the development of new projects and divestments, Shell has no immediate plans to move to a net-zero emissions portfolio over our investment horizon of 10-20 years.



When repurposing messaging on Shell's Sky Scenario...

Any first mention of Sky must recognise and be consistent with all three of these critical elements

Sky illustrates #1) a technically possible but #2) challenging #3) pathway for society to achieve the goals of the Paris Agreement.



When speaking to thriving through transition and/or portfolio resilience, as outlined in the 2018 Shell Energy Transition (SET) Report...

#1 Have you made it clear that we are embracing the transformation of the energy system?

Shell recognizes climate change and supports the goals of the Paris Agreement. We are confident in our long-term ability to evolve with the energy system and provide the energy and related products that people want in their lives.

#2 Express credible optimism

The SET Report presents why we are confident that Shell is resilient to the changes that may take place in the short- to medium-term to 2030.

#3 Recognise over the longer term there is greater uncertainty, but our strategy gives us flexibility to adapt

The SET Report also outlines how our strategy should allow Shell the flexibility to thrive over the longer term by supplying the types of energy our customers will need through the transition.

Words of caution...

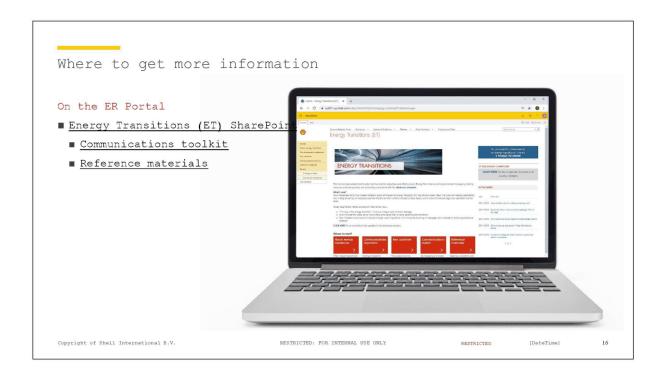
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On our cautionary note...

Read it. Know it. Use it (the non-highlighted version) whenever our Scenarios and/or Shell's Net Carbon Footprint ambition will be mentioned. [Now available via the Shell Wizkit slide library!]

Please also remember this disclaimer applies to our communications beyond just presentations. When using elsewhere, please be sure to insert the correct type of document being disclosed in places where [presentation] appears in red—e.g., report, press release, web page, video etc.

And of course, don't forget to insert the date the document is first released or published, also highlighted in red!



Where to get more information

The ER Portal has a growing repository of information on a dedicated Energy Transitions SharePoint, available from the 'themes' drop-down.

PLEASE DO...

Start from, and work with, the growing library of latest messaging and materials in the ET communications toolkit Repurpose and repackage, rather than reinvent!

Self-check against the basics of the this pack before sending any ET-related content on for further review Clear all new or adapted content through your designated ET Disclosure Champion(s)

Respect the minimum two weeks' lead time required for clearance of new materials or messaging Seek additional guidance or support from ER Corporate (ERC) and/or ET Legal focal points when needed

