



Qualifying Explanatory Statement PAS2060 Carbon Neutrality Declaration

Shell LNG Marketing & Trading business

5th June 2024

This PAS2060 Qualifying Explanatory Statement (QES) demonstrates that Shell LNG Marketing & Trading (SLMT business) has achieved so-called “carbon neutrality” as defined in the PAS2060 (hereinafter referred to as “PAS2060 Carbon Neutrality”) during 2022 and 2023 (Baseline Period 1) and is committed to maintain PAS2060 Carbon Neutrality during 2024 to 2025 (Period 2) and 2026 to 2027 (Period 3) for all Carbon offset LNG cargoes supplied during these three periods in line with PAS2060:2014 requirements.

Shell LNG Marketing & Trading (SLMT), part of Shell Integrated Gas & Upstream (IGU) businesses, is the Shell business that purchases LNG from Shell ventures or third-party suppliers and delivers LNG to downstream customers globally. Further information on SLMT can be found under the following website [Shell LNG Marketing & Trading | Shell Global](#).

PAS2060 Carbon Neutrality declaration

“PAS2060 Carbon Neutrality of several LNG Cargoes achieved by Shell LNG Marketing & Trading (SLMT Business), part of Shell Integrated Gas & Upstream (IGU) businesses, operating under different legal entities limited to:

- Shell Eastern LNG (SELNG), a division of Shell Eastern Trading (Pte) Ltd. (SETL)
- Shell International Trading Middle East Limited FZE (SITME)
- Shell Global LNG Limited (SGL)
- Shell Global LNG Limited - Singapore Branch (SGLS)
- Shell NA LNG LLC (SNALNG)
- Shell Western LNG B.V. (SWLNG)
- BG LNG Trading, LLC - Singapore Branch (BGLTS)
- BG LNG Services, LLC (BGLS)
- BG Gulf Coast LNG, LLC (BGGC)
- SETL-DLNG, a division of Shell Eastern Trading Pte Ltd. (SETL)

in accordance with PAS2060:2014 at 31 December 2023; with a commitment to maintain PAS2060 Carbon Neutrality to 31 December 2027 for the period commencing 31 December 2021, as audited and confirmed by LRQA Group Limited on 5th June 2024.”

Tom Summers

Shell LNG Marketing & Trading Senior Vice President and Shell Eastern Trading (Pte) Ltd. Director

The information provided within this QES has been verified by a third-party Verification Body, LRQA Group Limited. The Assurance Statement for this specific engagement can be found in Annex A.

This QES and the Assurance Statement from LRQA Group Limited are published on the following website
[Shell LNG Marketing & Trading | Shell Global](#).

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Definitions

PAS2060	2014 is latest version of the publicly available specification for the verification of PAS2060 Carbon Neutrality.
QES	The Qualifying Explanatory Statement (QES) represents the publicly available declaration of achievement and commitment of PAS2060 Carbon Neutrality.
LRQA	LRQA Group Limited, 1 Trinity Park, Bickenhill Lane, Birmingham, B37 7ES, United Kingdom
LNG Cargo(es)	LNG product(s) purchased and supplied by SLMT
GHG	Greenhouse Gas (GHG) covers (as a minimum) methane (CH ₄), carbon dioxide (CO ₂) and nitrous oxide (N ₂ O) as these form the vast majority of the emissions along the value chain.
Carbon	Carbon represents the aggregated GHG emissions, reported as carbon dioxide equivalents (CO ₂ e).
PAS2060 Carbon Neutral*	Condition in which during a specified period there has been no net increase in the global emission of greenhouse gases to the atmosphere as a result of the greenhouse gas emissions associated with the Subject during the same period.
PAS2060 Carbon Neutrality*	State of being PAS2060 Carbon Neutral
GIIGNL framework	The International Group of Liquefied Natural Gas Importers (GIIGNL). The GIIGNL Framework can be found in the following website: Framework - (giignl.org)
GIIGNL framework aligned GHG Neutral LNG Cargoes	LNG cargoes which meet the PAS2060 Carbon Neutrality requirement and are aligned with the GIIGNL framework.
100-year Global Warming Potential	The GHGs are given in CO ₂ e (CO ₂ equivalents) based Global Warming Potentials (GWP) as in the fifth assessment report (AR5) by the Intergovernmental Panel on Climate Change (IPCC) over a 100-year period.
Scope 1 emissions*	Greenhouse gas emission from sources that are owned or controlled by the entity (described as direct emissions)
Scope 2 emissions*	Greenhouse gas emissions from the generation of energy utilized in direct connection to the activities of a particular Entity/Subject but occurring at sources owned or controlled by another entity.
Scope 3 emissions*	Greenhouse gas emissions that are a consequence of the activities of an Entity/Subject but occur at sources owned or controlled by another entity (third-party entity) and which are not classified as Scope 2 emissions.

*Definitions in accordance with PAS2060:2014

Introduction

This document lays out the Qualifying Explanatory Statement (QES) which demonstrates that Shell Marketing LNG & Trading business (SLMT business) has achieved PAS2060 Carbon Neutrality for several LNG cargoes (23 LNG cargoes over the Baseline Period 1 dating from 1 January 2022 and 31 December 2023).

SLMT business has quantified the carbon footprint of these LNG cargoes in accordance with ISO14067 and PAS2060:2014.

SLMT business has invested in a carbon footprint management plan to reduce SLMT carbon intensity footprint with the shipping facilities and liquefaction facilities, where SLMT has some control or influence over the individual asset. SLMT business has offset the residual carbon footprint (scope 1, 2 and 3) with carbon credit purchases between 1 January 2022 and 31 December 2023 (Period 1) to meet PAS2060 Carbon Neutrality according to PAS2060:2014.

General Terms and definitions

Entity making PAS2060 Carbon Neutral declaration	Shell LNG Marketing & Trading (SLMT business), part of Shell Integrated Gas & Upstream (IGU businesses), operating under different legal entities with a mandate to purchase and sell carbon credits, limited to:
Individual(s) responsible for the evaluation and provision of data necessary for the substantiation of the declaration (including that of preparing, substantiating, communicating and maintaining the declaration)	<ul style="list-style-type: none"> • Shell Eastern LNG (SELNG) and (SETL-DLNG), divisions of Shell Eastern Trading (Pte) Ltd. (SETL) • Shell International Trading Middle East Limited FZE (SITME) • Shell Global LNG Limited (SGL) • Shell Global LNG Limited - Singapore Branch (SGLS) • Shell NA LNG LLC (SNALNG) • Shell Western LNG B.V. (SWLNG) • BG LNG Trading, LLC - Singapore Branch (BGLTS) • BG LNG Services, LLC (BGLS) • BG Gulf Coast LNG, LLC (BGGC) <p>Tom Summers, Shell LNG Marketing & Trading Senior Vice President and Shell Eastern Trading (Pte) Ltd. Director</p> <p>Fabian Philandrianos, Shell LNG Marketing & Trading Senior Business Opportunity Lead</p>
Subject of PAS2060	Several LNG Cargoes

Function of the Subject	The function of SLMT is to purchase and supply LNG from global suppliers and deliver to global customers for LNG consumption
Type of conformity assessment has been undertaken	Independent third-party PAS2060 verification by LRQA
Baseline date for PAS2060 program	31 December 2021
Baseline Period 1 (Achievement)	1 January 2022 – 31 December 2023
Period 2 (Commitment)	1 January 2024 – 31 December 2025
Period 3 (Commitment)	1 January 2026 – 31 December 2027

Rationale for the selection of the Subject

Shell has set a target to become a net-zero emissions energy business by 2050. With this target, we will contribute to a net-zero world, where society stops adding to the total amount of greenhouse gases (GHGs) in the atmosphere. This supports the more ambitious goal to tackle climate change laid out in the Paris Agreement: to limit the rise in average global temperature to 1.5°Celsius. Becoming a net-zero emissions energy business means that we are reducing emissions from our operations, and from the fuels and other energy products we sell to our customers. It also means capturing and storing any remaining emissions using technology or balancing them with offsets. To help step up the pace of change, in October 2021, we set a target to reduce absolute emissions by 50% by 2030, compared to 2016 levels¹. This covers all emissions in Scope 1, which come directly from our operations, and in Scope 2, from the energy we buy to run our operations.² Further information on Shell's energy transition strategy is available at [[shell-energy-transition-strategy-2021.pdf](#)].

The SLMT business will continue to support customers with their own net-zero ambitions, with offers such as PAS2060 Carbon-Neutral LNG, which uses carbon credits to offset full life-cycle emissions, including methane. LNG cargoes which meet the PAS2060 Carbon Neutrality will be marketed by SLMT business as GIIGNL framework aligned GHG Neutral LNG cargoes.

The Subject reflects those GIIGNL framework aligned GHG Neutral LNG cargoes* which were delivered by SLMT during the Baseline Period 1 between 1 January 2022 and 31 December 2023 and will be delivered over the periods dating from 1 January 2024 to 31 December 2027 to achieve and commit to PAS2060 Carbon Neutrality, through GHG emission reductions and carbon offset. During Baseline Period 1, SLMT delivered 23 GIIGNL framework aligned GHG Neutral LNG cargoes, which represent the Subject. SLMT will continue to support customers with their own net-zero ambitions by offering GIIGNL framework aligned GHG Neutral LNG cargoes) in Period 2 and Period 3. The exact number of GIIGNL framework aligned GHG Neutral LNG cargoes will be subject to market demand in Period 2 and Period 3.

¹Calculated on a net basis, which allows for the use of carbon capture and storage as well as nature-based solutions

²Under our operational control

*According to PAS2060 and GIIGNL framework definition

Boundary of the Subject

The achievement and commitment to PAS2060 Carbon Neutrality covers the full life cycle of the LNG value chain (from upstream gas production to liquefaction to final consumption of the re-gasified LNG), representing scope 1, 2 and 3 GHG emissions. The PAS2060 Carbon Neutrality has been achieved by first reducing GHG emissions and then carbon offset of the residual GHG emissions over the full life cycle of the Subject.

The GHG emission reductions achieved and committed by the Subject in the QES cover only the facilities where SLMT business has some control or influence over, being the shipping from the facilities where LNG is purchased to the sale of LNG to its customers, and the liquefaction plants where Shell has some control or influence over (operated or non-operated ventures) (see figure 1).

Activities subject to the GHG emission reductions of the Subject.	<p>The Subject requires the following activities to fulfil its function:</p> <ul style="list-style-type: none"> • Gas liquefaction into LNG • Shipping of LNG to customers <p>The Subject requires to fulfil its objectives of reducing GHG emissions from the above activities where SLMT has control or influence over:</p> <ul style="list-style-type: none"> • Operated and non-operated liquefaction plants where Shell has equity interest • Shell chartered shipping facilities that SLMT has access to
Exclusion of activities subject to the GHG emission reductions of the Subject (GHG emissions related to these activities are offset by the purchase and retirement of carbon credits)	<p>The liquefaction and shipping activities are the two stages of the LNG value chain where SLMT business has some control or influence over to demonstrate any GHG emission reductions for the purpose of the QES.</p> <p>The other upstream activities required in the production of LNG (upstream production, pipeline transport and third-party liquefaction) are not part of the emission reductions that SLMT verified against PAS2060:</p> <ul style="list-style-type: none"> • These activities are mainly fulfilled by third-party suppliers, which SLMT has no control or limited influence over; or

	<ul style="list-style-type: none"> • They are fulfilled by other Shell businesses (Shell Upstream business), where emission reductions have not been verified against PAS2060, despite the implementation of existing abatement plans. <p>The other downstream activities required in the supply of LNG to the end customers (regasification plants and gas pipeline transport) are also not part of the emission reductions presented in the QES and were not included in the PAS2060 verification of this QES, for the following reasons:</p> <ul style="list-style-type: none"> • These activities are fulfilled by third-party customers, which SLMT has no control or limited influence over; or • They are fulfilled by Shell businesses other than SLMT.
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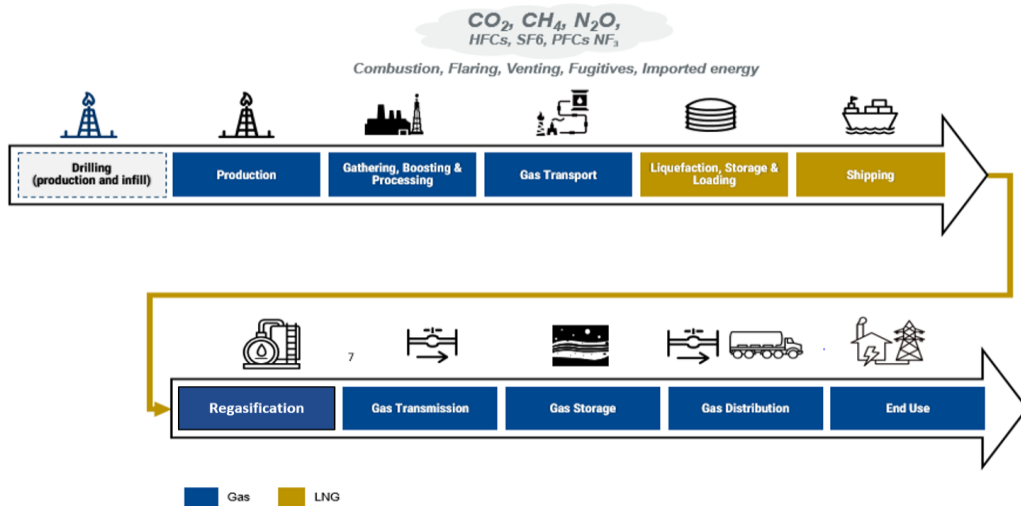


Figure 1. Stages (liquefaction, shipping) of the LNG value chain where SLMT has some control or influence over emission reductions.

PAS2060 Carbon Neutrality

Shell LNG Marketing & Trading is following the declaration periods described in figure 2 to achieve and commit to PAS2060 Carbon Neutrality.

The first period represents the baseline period that starts on the 1st January 2022 and ends on the 31st December 2023. The Subject and its carbon footprint have been defined and quantified for Baseline Period 1.

The second period represents the commitment period of PAS2060 Carbon Neutrality which starts on 1st January 2024 and ends on 31st December 2025. The third period represents the commitment period of PAS2060 Carbon Neutrality which starts on 1st January 2026 and ends on 31st December 2027 (see figure 2).

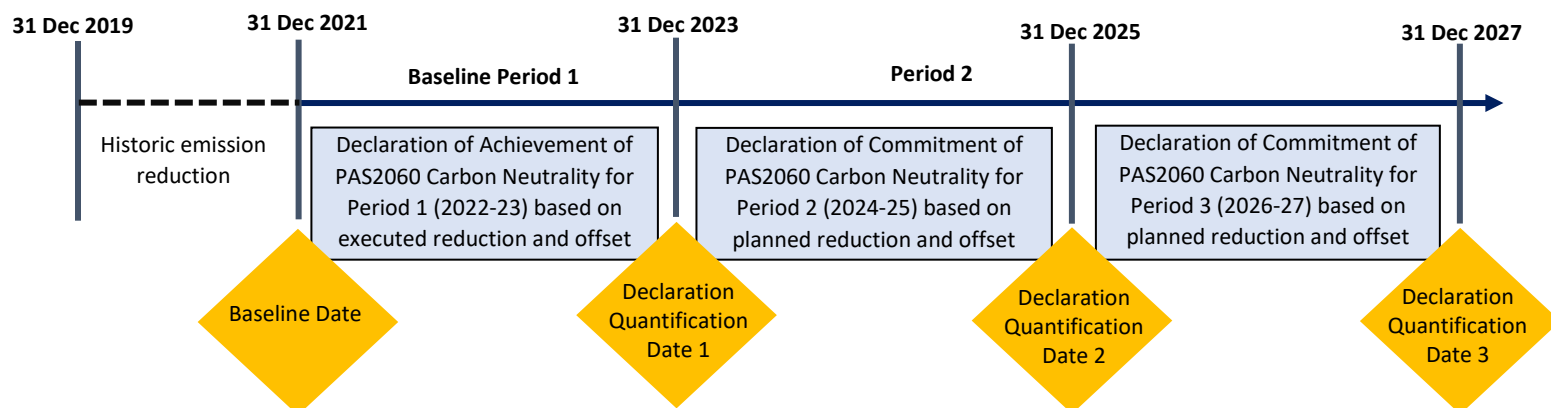


Figure 2. Timeline of PAS2060 Carbon Neutrality achievement and commitment

Quantification of the carbon footprint

GHG emissions reductions of the Subject

The scope 1, 2 & 3 GHG emissions of the Subject cargoes during Baseline Period 1 are included in table 1.

SLMT Subject GHG Emissions*					
GHG emissions (t CO ₂ e)	2019***	Baseline Date (31 Dec 2021)	Baseline Period 1 (Jan'22 to Dec'23)	GHG Reduction from 2021	Reduction %
Scope 1 & 2	903,075	851,473	826,892	24,581	2.9%
Scope 3**	4,053,464	4,053,464	4,053,464	0	0.0%
Total GHG footprint	4,956,539	4,904,937	4,880,356	24,581	0.5%

Table 1. SLMT GHG emissions (scope 1 & 2 and scope 3) during period 1.

*Note that this only represents emissions for the Subject (23 LNG cargoes) and does not represent the emissions of Shell portfolio.

**Note: it is assumed that the third-party LNG have the same carbon intensity as the average SLMT LNG for activities including upstream gas exploration & production, processing and liquefaction.

*** 2019 Emissions provided for context.

The GHG emissions of the Subject at the Baseline Date (31 December 2021) were 4,904,937 t CO₂e.

During the Baseline Period 1, SLMT business reduced the emissions of the Subject to 4,880,356 t CO₂e, representing 0.5% reduction (i.e. 23,796 tCO₂e) from the total GHG footprint in 2021 (i.e. 4,904,937 tCO₂e) and 2.9% reduction of scope 1 & 2 GHG footprint (i.e. 826,892 tCO₂e).

The GHG emission intensities of the Subject during Baseline Period 1 are summarized in table 2.

GHG emission intensity (tCO ₂ e/tLNG)	2019*	Baseline Date (31 Dec 2021)	Baseline Period 1 (1 Jan'22 to 31 Dec'23)	% of total footprint
Scope 1 & 2	0.631	0.595	0.578	17%
Scope 3	2.833	2.833	2.833	83%
Total GHG intensity	3.464	3.428	3.411	

Table 2. SLMT GHG emission intensity (scope 1 & 2 and scope 3) during Period 1.

* 2019 Emissions provided for context.

SLMT business is committed to implement further abatement plans during Period 2 and Period 3 to further reduce SLMT portfolio and the QES Subject scope 1, 2 & 3 GHG emissions as described in the carbon footprint management plan section.

Quantification methodology

The carbon footprint (Scope 1, 2 & 3) of LNG cargoes representing the Subject for the Baseline Date (31 December 2021) is calculated using Shell's LNG GHG footprint model built to calculate emission factors through the LNG value chain.

The LNG GHG footprint model has been independently assured by LRQA Group Limited against the industry standards ISO 14067:2018 – “Carbon footprint of products” and PAS2050 – “Specification for the assessment of the life cycle greenhouse gas emissions of goods and services”. The assurance statement for LNG GHG footprint model is included in Annex B.

This model calculates the well-to-wire GHG intensity of an LNG cargo from a specific country or asset to a specific country or customer. It calculates GHG emissions across the full LNG value chain (Natural gas production, pipeline to the liquefaction plant, liquefaction and loading, shipping both laden and inbound leg separately, regasification, transport of natural gas to the customer and combustion). It calculates GHG intensity utilizing operational data from Shell assets, publicly available data from value chain participants and other external sources.

GHG emissions covered:

The calculation methodology (for baseline Period 1, Period 2 and 3) accounts for GHG including CO₂, CH₄ and N₂O GHG emissions at a minimum. According the GRI framework, SF₆, PFCs, HFCs, NF₃ are considered insignificant, therefore excluded from the analysis. The GHG footprint model applies a 100-year Global Warming Potentials using the Fifth Assessment Report of the IPCC (AR5) for the included GHGs. This is in line with Shell's performance monitoring & reporting guide (PMR guide).

The carbon footprint calculation of the LNG cargoes representing the Subject during Period 2 and Period 3 will be calculated using the same methodology.

Scope 1 and 2 GHG emissions and intensity

SLMT business scope 1 and 2 emissions represent the GHG emissions produced from Shell's operated and non-operated assets. These broadly include emissions from the upstream gas production (for natural gas or associated gas), the gas transport through pipeline, the gas liquefaction into LNG, and the shipping of LNG.

SLMT business calculated the Subject scope 1 & 2 GHG emissions and intensity (i.e. 0.578 tCO₂e/tLNG) during Baseline Period 1 using the LNG GHG footprint model for each LNG cargo representing the Subject.

Scope 3 GHG emission intensity

The Subject' scope 3 emissions represent the GHG emissions from the re-gasification of LNG, the transmission and storage of the re-gasified LNG to the final customers, and the end use of the LNG by the final customers. Emissions owned or controlled by the third-party is also considered as scope 3.

SLMT business estimates the Subject' scope 3 GHG emission intensity at 2.833 tCO₂e/tLNG for Baseline Period 1. This is based on the estimation of third-party regasification, transmission and storage, and combustion emission intensity of 2.84 tCO₂e/tLNG, combined with lower externally verified primary data of third-party regasification, transmission and storage, and combustion emission intensity of 2.82 tCO₂e/tLNG.

Assumptions and estimations

The tracking of Shell and third-party hydrocarbon flows is complex. In order to make the calculation of the carbon intensity along the value chains more manageable, some simplifications and assumptions need to be made:

- Where oil and gas are co-produced at an asset, emissions are allocated by the energy content of the products, so that oil and gas co-products have the same intensity. The gas products are routed to the LNG supply chains.
- LNG supplied by third-party is produced (Well to Loading arm) at the same intensity as portfolio-average Shell LNG (i.e. upstream to liquefaction).
- Shipping intensity data are based on annual fleet average composition, average speed and average distance.
- It is assumed that all natural gas produced has the same density and heating value.
- It is assumed that all LNG pathways have the same emissions intensity for the regasification and transmission and storage. The actual difference in these two sections is considered minor compared to the Scope 3 emissions associated with the end-use of fossil energy.

Exclusions

According to the GIIGNL framework, SF₆, PFCs, HFCs, NF₃ are considered insignificant, therefore excluded from the analysis.

In line with Shell's Net Carbon Footprint methodology, the GHG emissions associated with construction or decommissioning of fuel production, transportation, or end-use facilities are excluded.

Uncertainties

There are uncertainties in the carbon footprint quantification resulted from the assumptions made and the quality of the input data. The GHG emissions from combustion have the largest and constant carbon intensity contribution to the whole LNG value chain, at approximately 80%. The changes of other

parameters in the LNG GHG footprint model by +/-20% changes the final carbon intensity by less than 5%. This is considered acceptable according to PAS2060.

Carbon Footprint Management Plan

SLMT business achieved PAS2060 Carbon Neutrality for the defined Subject during Baseline Period 1 (1 Jan 2022 to 31 Dec 2023) and is committed to continue to achieve PAS2060 Carbon Neutrality for the Subject during Period 2 (1 Jan 2024 to 31 Dec 2025) and Period 3 (1 Jan 2026 to 31 Dec 2027) in accordance with PAS2060:2014.

SLMT business has reduced the GHG footprint of the Subject (23 LNG cargoes) by 0.5% during Baseline Period 1 and is committed to reduce the GHG footprint by another 0.7% by 2027, through further liquefaction and shipping abatement plans.

These reductions were and will continue to be implemented through Shell Operated and Non-Operated liquefaction ventures and SLMT Shipping with a set of abatement measures. The reductions were achieved and will continue to be achieved through 1) Shipping fleet rejuvenation; 2) Shipping fleet operation optimization; and 3) capital and operational improvements on Shell operated and non-operated liquefaction facilities.

Any residual GHG emissions will be offset by purchasing and retiring the equivalent in carbon credits, mainly from nature-based projects.

SLMT business is also committed to identify and implement further opportunities to reduce its carbon footprint with its LNG suppliers, Shell Integrated Gas & Upstream LNG joint ventures (operated or non-operated) and third-party suppliers, beyond the period of commitment. Alternative power supply (e.g. electrification and use of renewable energy), Carbon Capture Storage (CCS), third-party LNG suppliers' influence and alternative LNG products (e.g. BioLNG) are part of SLMT's commitment to implement carbon footprint reductions in the next 10 years.

GHG emission reduction activities

These reductions were implemented at Shell operated and non-operated ventures

1. Shipping fleet rejuvenation

SLMT business started in 2017 to reduce its Shipping GHG footprint intensity, aiming to achieve 20% reduction by 2025 from 2017 level.

SLMT business established in September 2021 a new mid to long-term procurement strategy for its chartered shipping fleet. This new strategy supersedes the 2017 LNG freight contracting strategy which started the rejuvenation strategy of SLMT fleet.

The purpose of this new LNG freight procurement strategy is to increase the replacement of the fleet of about 60 vessels with safer, cleaner and more reliable vessels until 2038 to achieve its GHG footprint reduction target.

Design improvement of the fleet is achieved through joint development R&D programs with the shipyards. It involves hull form optimization for low speeds, air lubrication system, shaft power generation and maximized cargo filling capacity.

Inefficient vessels using steam turbine engine, which represented 30% of the fleet in 2017, continue to be replaced by more efficient vessels with slow speed engine, which will represent 60% of total fleet by 2025 and 90% by 2030.

Steam turbine engine vessel type with low thermal efficiency (~25-30%) and first-generation Dual Fuel Diesel Electric engine vessel type will be replaced by 2025.

With this strategy SLMT improved Shipping net GHG footprint during Baseline Period 1 by 6% annually and is committed to meet its 20% reduction target by 2025.

SLMT Shipping fleet delivered 500 ktCO₂e abatements in the last 2 years (Baseline Period 1).

2. Shipping fleet operation optimization

SLMT shipping is also focusing on operational optimization to reduce emissions.

Shell has joined the Sea Cargo Charter, which is a voluntary reporting initiative, aligned with the International Maritime Organization (IMO)'s 2050 emissions reduction ambition, that prescribes a framework for measuring the Energy Efficiency Operational Index (EEOI) for the vessels we charter and reporting on annual basis the results (first Sea Cargo Charter report received in 2022). More information can be found under the following website [Sea Cargo Charter](#).

With this EEOI metric, the SLMT business is monitoring and expecting to improve the energy efficiency performance of a ship or a fleet over time. SLMT is focusing on various operational initiatives like reducing fuel consumption, improved voyage efficiency to increase LNG cargo delivery, contributing to further GHG footprint reduction.

3. Capital and operational improvements on Shell liquefaction assets

Shell's Integrated Gas & Upstream LNG business and its partners have implemented a program of GHG abatement over the last 2 years (2022-23), delivering in excess of 880 ktCO₂e abatement (100% not Shell share) across the Shell Integrated Gas & Upstream LNG business portfolio (this excludes upstream gas and gas-to-liquid operations). Specific examples of projects undertaken at LNG assets include implementation of carbon capture and storage (CCS), energy efficiency projects (i.e. adjusting firing temperatures in gas turbines, adjusting liquefaction pressures in LNG plants, and optimizing waste heat recovery), delivery of programs to reduce flaring, and implementation of leak detection and repair (LDAR) programs to reduce methane emissions.

SLMT GHG reductions

With the above abatement measures, Shell's Integrated Gas & Upstream (IGU) LNG business achieved GHG emission reductions on a LNG portfolio basis (operated and non-operated liquefaction facilities) of over 880 ktCO₂e during Baseline Period 1 (on a 100% basis, i.e. not Shell share). Similarly, Shipping achieved 6% GHG emission reduction on a yearly average from its total fleet to reach a total of 500 ktCO₂e during Baseline Period 1.

The Subject benefited from the abatement plans, around 24,581 tCO₂e reductions (see table 1) from the liquefaction facilities and shipping during Baseline Period 1.

SLMT committed GHG reduction plans

SLMT business is committed to reduce the Subject's GHG footprint by about 0.3% during Period 2 and by another 0.4% during Period 3 through similar liquefaction and shipping abatement plans, involving fleet rejuvenation, fleet operation optimization and further capital and operational improvements of the liquefaction facilities.

Carbon Offset program

Shell disclaimer:

“Carbon Neutrality” or “CO₂ compensation” or “Carbon Offset” does not imply that there is no environmental impact from the production and use of the product as associated emissions remain in the atmosphere. CO₂ compensation is not a substitute for switching to lower emission energy solutions or reducing the use of fossil fuels. Shell businesses focus first on emissions that can be avoided or reduced and only then, compensate the remaining emissions.

“Carbon Neutral” or “CO₂ compensated” or “Carbon Offset” indicates that Shell will engage in a transaction where an amount of CO₂ equivalent to the value of the remaining CO₂e emissions associated with the [raw material extraction, transport, production, distribution] [and usage /end-of-life (if Lubricants or other non-energy product)] of the LNG are compensated through the purchase and retirement of carbon credits generated from CO₂ compensation projects. Although these carbon credits have been generated in accordance with international carbon standards, the compensation may not be exact.

CO₂e (CO₂ equivalent) refers to CO₂, CH₄, N₂O.

Offset program during Baseline Period 1

SLMT purchased and retired 4,975,180 tCO₂e (see table 3) of carbon credits during Period 1 to offset the Subject’ scope 1, 2 and 3 GHG Emissions (i.e. 4,880,356 tCO₂e).

Year	LNG cargo (mt)	Average Commercial Emission factors (tCO ₂ e/tLNG)	Carbon credits retired (tCO ₂ e)	Subject GHG emissions during Period 1 (tCO ₂ e)
2022	730,568	3.407	2,535,885	2,486,995
2023	700,211	3.436	2,439,295	2,396,361
Total during Period 1	1,430,779	3.421	4,975,180	4,880,356

Table 3. Total carbon credits retired during Baseline Period 1 to offset the Subject’s residual GHG emissions.

The amount of carbon credits purchased and retired during Period 1 were either based on annual UK Government GHG Conversion Factors (DEFRA) which are updated once a year (e.g. DEFRA 2022 factor which can be found on the following website: <https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2022>); or based on the ISO14067 externally verified LNG GHG footprint model from Shell, which also follows the GIIIGNL framework.

The carbon credits purchased and retired to offset the Subject residual emissions during Baseline Period 1 were calculated using different DEFRA UK emission factors (i.e. 2019, 2020 and 2021 DEFRA UK factors) or the latest externally verified LNG GHG footprint model from Shell .

However, the Subject quantification of GHG emissions were based on Shell's LNG GHG footprint model, which calculated less emissions than the DEFRA factors. This resulted in purchasing and retiring more carbon credits than necessary during Period 1.

The processes for carbon credit screening, project performance monitoring, procurement, reconciliation, retirement, and certificate issuance have been independently assured by LRQA. The LRQA Assurance Statements are provided in Annex C.

SLMT purchase and retired 99% of carbon credits from nature-based solutions projects and 1% from a LFG power generation project as described below in table 4. Further information on Shell environmental Products, Nature-based solutions (NBS) and NBS Assurance Statements can be found under the following websites [Shell Environmental Products | Shell Global](#), [Nature-based solutions | Shell Global](#)

Project Name	Registry	Vintage	VER retired (tCO ₂ e)	Registry website
Katingan Peatland Restoration and Conservation Project (1477)	Verra CCB-Gold	2010-2015	2,633,047	Verra Search Page
Katingan Peatland Restoration and Conservation Project (1477)	Verra CCB-Gold	2018	171,970	Verra Search Page
Katingan Peatland Restoration and Conservation Project (1477)	Verra CCB-Gold	2019	385,154	Verra Search Page
Cordillera Azul National Park REDD+ Project (985)	Verra CCB-Gold	2008-2012	252,896	Verra Search Page
Cordillera Azul National Park REDD+ Project (985)	Verra CCB-Gold	2012-2013	234,216	Verra Search Page
Cordillera Azul National Park REDD+ Project (985)	Verra CCB-Gold	2013-2014	20,587	Verra Search Page
Cordillera Azul National Park REDD+ Project (985)	Verra CCB-Gold	2014-2015	276,863	Verra Search Page
Forest Management to reduce Deforestation and degradation in Shipibo conibo and Cacataibo indigenous Communities of Ucayali region (1360)	Verra CCB-Gold	2014-15	2,597	Verra Search Page
Qianxinan Afforestation Project in GuiZhou Province (1847)	Verra CCB-Gold	2020	37,778	Verra Search Page
Reduction of Deforestation and degradation in Tambopata National Reserve and Bahuaja-Sonene National part within the area of Madre de Dios region Peru (1067)	Verra CCB-Gold	2014	18,014	Verra Search Page
Reduction of Deforestation and degradation in Tambopata National Reserve and Bahuaja-Sonene National part within the area of Madre de Dios region Peru (1067)	Verra CCB-Gold	2015	47,676	Verra Search Page
Afforestation Project in Xining city (1825)	Verra CCB- Silver	2014-19	38,133	Verra Search Page
Qinghai Afforestation Project (1826)	Verra CCB- Silver	2014-19	7,500	Verra Search Page

Hechu Afforestation Project in Anhui Province (1855)	Verra CCB	2014-2018	46,158	Verra Search Page
Guinan Afforestation Project (2070)	Verra CCB	2017	130,368	Verra Search Page
Guinan Afforestation Project (2070)	Verra CCB	2018	4,489	Verra Search Page
Guinan Afforestation Project (2070)	Verra CCB	2019	24,000	Verra Search Page
Guinan Afforestation Project (2070)	Verra CCB	2020	29,057	Verra Search Page
Guinan Afforestation Project (2070)	Verra CCB	2021	29,008	Verra Search Page
Guangzhou huadu shilling LFG power generation project (2499)	Verra Corsia	2020	60,081	Verra Search Page
Adjusted Water Management in Rice Cultivation in chizhou City (2397)	Verra	2019	48,000	Verra Search Page
Adjusted Water Management in Rice Cultivation in Nanling County (2396)	Verra	2018	55,000	Verra Search Page
Adjusted Water Management in Rice Cultivation in Nanling County (2396)	Verra	2019	60,000	Verra Search Page
Adjusted Water Management in Rice Cultivation in Northern Lujiang County (2506)	Verra	2018	52,616	Verra Search Page
Adjusted Water Management in Rice Cultivation in Northern Lujiang County (2506)	Verra	2019	4,255	Verra Search Page
Adjusted Water Management in Rice Cultivation in Tongcheng City (2362)	Verra	2020	20,862	Verra Search Page
Adjusted Water Management in Rice Cultivation in Xuanzhou District (2504)	Verra	2018	29,504	Verra Search Page
Adjusted Water Management in Rice Cultivation in Xuanzhou District (2504)	Verra	2019	42,000	Verra Search Page
Adjusted Water Management in Rice Cultivation in Xuanzhou District (2504)	Verra	2020	60,000	Verra Search Page
Adjusted Water Management in Rice Cultivation in Xuanzhou District (2504)	Verra	2021	34,982	Verra Search Page
Huaining Adjusted Water Management in Rice Cultivation (2476)	Verra	2019	4,853	Verra Search Page
Huaining Adjusted Water Management in Rice Cultivation (2476)	Verra	2020	51,613	Verra Search Page
Curraweenaa Regeneration Project - ERF103258	ANREU KACCU	2021-22	19,108	ANREU
Kenilworth Regrowth project – ERF101721	ANREU KACCU	2019-23	42,795	ANREU
TOTAL VER Retired (tCO2e)			4,975,180	

Table 4. Type of credits and projects involved in the carbon offset program of the 23 LNG cargoes during Period 1

Carbon credits purchased and retired on behalf of SLMT represent genuine and additional GHG emissions reductions elsewhere. The projects generating these credits meet the criteria of additionality, permanence, leakage and double counting as defined in the World Resources Institute/World Business Council for Sustainable Development (WRI/WBCSD) Greenhouse Gas Protocol - A Corporate Accounting and Reporting Standard (GHG Protocol). Credits from Carbon offset projects are only issued after the emission reduction has taken place. Credits from Carbon offset projects are retired within 12 months from the date of Declaration of Achievement. Credits from Carbon offset projects are supported by publicly available project documentation on registries that provide information about the offset project,

the quantification methodology and the validation and verification procedures. Credits from Carbon offset projects are stored and retired in independent and credible registries (i.e. Verra, ANREU, see table 4).

Annex A

LRQA PAS2060 “Limited” Assurance Statement



LRQA Independent Assurance Statement

Relating to the Shell plc Liquefied Natural Gas (LNG) Marketing and Trading PAS2060 Carbon Neutrality of several LNG cargoes

Terms of Engagement

This Assurance Statement has been prepared for Shell Global Solutions International B.V., Lange Kleiweg 40, Rijswijk, 2288 GK, Netherlands (“Shell”). LRQA Group Limited (“LRQA”) was commissioned by Shell to assure the,

PAS2060 Carbon Neutrality of several LNG Cargoes achieved by Shell LNG Marketing & Trading (SLMT business), part of Shell Integrated Gas & Upstream (IGU) businesses, operating under different legal entities limited to:

- *Shell Eastern LNG (SELNG) and (SETL-DLNG), divisions of Shell Eastern Trading (Pte) Ltd. (SETL)*
- *Shell International Trading Middle East Limited FZE (SITME)*
- *Shell Global LNG Limited (SGL)*
- *Shell Global LNG Limited - Singapore Branch (SGLS)*
- *Shell NA LNG LLC (SNALNG)*
- *Shell Western LNG B.V. (SWLNG)*
- *BG LNG Trading, LLC - Singapore Branch (BGLTS)*
- *BG LNG Services, LLC (BGLS)*
- *BG Gulf Coast LNG, LLC (BGGC)*

in accordance with PAS 2060:2014 on 31 December 2023 with commitment to maintain PAS2060 Carbon Neutrality to 31 December 2027 for the period commencing 31 December 2021, LRQA Ltd.

LRQA has not been involved in the preparation of any material related to this scope of verification nor in devising the internal management and reporting systems that yielded associated data.

Management Responsibility

Shell’s management was responsible for preparing the Qualifying Explanatory Statement (QES), and for maintaining effective internal controls over the data and information disclosed. LRQA’s responsibility was to carry out an assurance engagement on the QES and the associated controls, in accordance with our contract with Shell. Ultimately, the QES has been approved by and remains the responsibility of Shell.

LRQA’s approach

Our verification has been conducted in accordance with ISO14064–3:2019 – *Specification with guidance for validation and verification of greenhouse gas statements* to provide limited assurance that the Shell greenhouse gas (GHG) data and information as presented in the QES has been prepared in conformance with PAS 2060:2014 Specification for the demonstration of carbon neutrality.

To form our conclusions, the assurance engagement was undertaken as a sampling exercise and included the remote review of the Shell LNG Marketing and Trading data and internal processes related to the scope of this verification via an evidence pack provided by the organisation.

LRQA is accredited to ISO 14065:2013 – *Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition*.

Level of Assurance & Materiality

The opinion expressed in this Assurance Statement has been formed based on a limited level of assurance and at the materiality of the professional judgement of the Verifier.

LRQA’s Opinion

Based on LRQA’s approach, nothing has come to our attention that would cause us to believe that:

- i. the GHG emissions data and information as presented in the QES are not materially correct; and
- ii. Shell LNG Marketing and Trading is not in conformance with PAS2060.



Points of Information

- LRQA has not verified compliance with the International Group of Liquefied Natural Gas Importers (GIIGNL) Framework as this was not within the Terms of Engagement.
- The QES is published on the Shell webpage <https://www.shell.com/business-customers/trading-and-supply/trading/shell-lng-marketing-trading.html>
- The PAS2060 application period implemented by Shell LNG Marketing & Trading is two years and the Baseline Period 1 ended on the December 31, 2023. Period 2 ends on the December 31, 2025, so the QES requires revalidation and reverification during 2026.
- PAS2060 also requires the annual assurance of the commitment to carbon neutrality which will include the validation and verification of the Carbon Footprint Management Plan.
- The calculation method for the subject quantification:
 - accounts for GHGs including CO₂, CH₄ and N₂O emissions. These are the minimum under the GIIGNL Framework. Due to the nature of processes associated with the LNG life cycle, it is deemed that the GHGs, SF₆, PFCs, HFCs, NF₃ are insignificant.
 - uses the *Global Warming Potential factors from the Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report*.
 - uses emissions factors from the Shell LNG GHG footprint model. These have not been verified as part of this engagement.
- In line with Shell's Net Carbon Footprint methodology, the entity LNG carbon footprint excludes the energy or GHG emissions associated with construction or decommissioning of fuel production, transportation, or end-use facilities.
- LRQA has verified during a separate engagement, the Shell LNG GHG footprint model to a limited level of assurance and the materiality of the professional judgement of the verifier against ISO 14067:2018 Greenhouse gases - Carbon footprint of products - Requirements and guidelines for quantification, using ISO14064-3: Specification with guidance for the verification and validation of greenhouse gas statements.
- The following processes are verified separately by LRQA, and the current associated Assurance Statement is located at www.shell.com/energy-and-innovation/new-energies/nature-based-solutions with the scope of: *Verification of the integrity of the processes for carbon credit screening, project performance monitoring, procurement, reconciliation, retirement and certificate issuance, in support of Shell's carbon offsetting Customer Value Propositions (CVPs) and Net Carbon Footprint target.*

LRQA's competence and independence

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training, and experience. The outcome of all assurance engagements is internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

Paul Jackson (Lead Verifier)
For and on behalf of LRQA Group Limited
1 Trinity Park, Bickenhill Lane,
Birmingham, B37 7ES, United Kingdom.

Issued: June 5, 2024

Expiry: June 5, 2026

LRQA reference: LRQ00004546

This Assurance Statement is subject to the provisions of this legal section:

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Due to inherent limitations in any internal control, it is possible that fraud, error, or non-compliance with laws and regulations may occur and not be detected. Further, the verification was not designed to detect all weaknesses or errors in internal controls so far as they relate to the requirements set out above as the verification has not been performed continuously throughout the period and the verification carried out on the relevant internal controls were on a test basis. Any projection of the evaluation of control to future periods is subject to the risk that the processes may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

The English version of this Assurance Statement is the only valid version. LRQA assumes no responsibility for versions translated into other languages.

Annex B

ISO14067 Assurance Statement



LRQA Independent Assurance Statement

Relating to the Verification of the Methodology used in Shell LNG Cargo GHG footprint model and Digital tool.

This Assurance Statement has been prepared for Shell Global Solutions International B.V. in accordance with our contract.

Terms of engagement

LRQA was commissioned by Shell Global Solutions International B.V. (Shell) to provide independent assurance on the Methodology used in Shell LNG GHG footprint model and Digital tool against the assurance criteria below to a limited level of assurance and materiality of the professional judgement of the verifier using LRQA's verification procedure and ISO 14064 - Part 3 for greenhouse gas data. LRQA's verification procedure is based on current best practise and is in accordance with ISAE 3000 and ISAE 3410

Our assurance engagement covered the Shell LNG GHG footprint model and Digital tool (current as of June 16, 2023, v1.0) and included specifically the following requirements:

- Verifying conformance with:
 - GIIGNL MRV and GHG Neutral LNG Framework
 - ISO 14067:2018 Greenhouse gases - Carbon footprint of products - Requirements and guidelines for quantification; and
 - LNG Model Report 2023 which includes written procedures for critical review and version control.

Our assurance engagement excluded the following data and information of the processes associated with:

- Calculation of carbon intensity & volume tracking;
- NBS project screening;
- Carbon credit sourcing and retirement (covered by three separate verification events focussing on processes);
- Individual Cargo GHG footprint (covered by separate verification event focussing on the activity data); and
- The energy or GHG emissions associated with construction or decommissioning of fuel production, transportation, or end-use facilities.

LRQA's responsibility is only to Shell. LRQA disclaims any liability or responsibility to others as explained in the end footnote. Shell's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the report and for maintaining effective internal controls over the systems from which the report is derived. Ultimately, the report has been approved by, and remains the responsibility of Shell.

LRQA's Opinion

Based on LRQA's approach, except for the effect of the matters described in the Basis for Qualified Opinion, nothing has come to our attention that would cause us to believe that Shell has not, in all material respects:

- Met the requirements above; and
- Disclosed accurate and reliable performance data and information required for the methodology verification.

The opinion expressed is formed on the basis of a limited level of assurance and at the materiality of the professional judgement of the verifier.

**Basis for Qualified Opinion**

Shell have included the methane intensity but not the absolute methane emissions in the Shell LNG Cargo GHG Customer report as required by GIIGNL MRV and GHG Neutral LNG Framework.

LRQA's standards, competence and independence

LRQA implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 *Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition* and ISO/IEC 17021 *Conformity assessment – Requirements for bodies providing audit and certification of management systems* that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants.

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

Signed

Dated: June 19, 2023

A handwritten signature in blue ink, appearing to read 'R. Sujatha'.

Sujatha Ramasamy

LRQA Lead Verifier

On behalf of Lloyd's Register Quality Assurance Limited

1 Trinity Park, Bickenhill Lane, Birmingham, B37 7ES, United Kingdom.

LRQA reference: LRQ00004381

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Annex C

LRQA Assurance Statements



LRQA Independent Assurance Statement

Relating to the Shell plc processes for carbon credit screening, project performance monitoring, procurement, reconciliation, retirement and certificate issuance.

Terms of Engagement

This Assurance Statement has been prepared for Shell Global Solutions International B.V., Lange Kleiweg 40, Rijswijk, 2288 GK, Netherlands ("Shell"). LRQA Group Limited ("LRQA") was commissioned by Shell to assure specific processes, with the following scope:

Verification of the integrity of the processes for carbon credit screening, project performance monitoring, procurement, reconciliation, retirement and certificate issuance, in support of Shell's carbon offsetting Customer Value Propositions (CVPs) and Net Carbon Footprint target.

LRQA has not been involved in the preparation of any material related to this scope of verification nor in devising the internal management and reporting systems that yielded associated data.

Management Responsibility

Shell's management was responsible for maintaining effective internal controls over these processes. LRQA's responsibility was to carry out an assurance engagement on these processes in accordance with our contract with Shell. Ultimately, these processes have been approved by, and remain the responsibility of Shell.

LRQA's Approach

Our verification has been conducted in accordance with the LRQA Verification Approach. To form our conclusions, the assurance engagement was undertaken as a sampling exercise and included the remote review of the internal processes related to the scope of this verification via an evidence pack provided by the organisation.

Level of Assurance and Materiality

The opinion expressed in this Assurance Statement has been formed on the basis of a limited level of assurance and at the materiality of the professional judgement of the Verifier.

LRQA's Opinion

Based on LRQA's approach, nothing has come to our attention that would cause us to believe that:

- The Environmental Product Trading Business and Nature-Based Solutions internal processes that manage carbon credit screening, project performance monitoring, procurement, reconciliation, retirement and certificate issuance are not in conformance with the fundamental principles of relevance; completeness; consistency; accuracy; transparency; and conservativeness.

Points of Information

- LRQA has not verified any data, only the processes that manage the data.
- LRQA has not verified the integrity of individual projects or programs related to the generation of carbon credits.

LRQA's competence and independence

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all assurance engagements is internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

Paul Jackson
LRQA Lead Verifier
For and on behalf of LRQA
1 Trinity Park, Bickenhill Lane, Birmingham, UK.
Birmingham, B37 7ES, United Kingdom.

Issue date: 20 October 2023
Expiry date: 20 October 2024

LRQA reference: LRQ00003002

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Due to inherent limitations in any internal control, it is possible that fraud, error, or non-compliance with laws and regulations may occur and not be detected. Further, the validation was not designed to detect all weaknesses or errors in internal controls so far as they relate to the requirements set out above as the validation has not been performed continuously throughout the period and the validation carried out on the relevant internal controls were on a test basis. Any projection of the evaluation of control to future periods is subject to the risk that the processes may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

The English version of this Assurance Statement is the only valid version. LRQA assumes no responsibility for versions translated into other languages.



LRQA Independent Assurance Statement

Relating to the Shell plc Liquefied Natural Gas (LNG) Marketing and Trading Customer Value Proposition

Terms of Engagement

This Assurance Statement has been prepared for Shell Global Solutions International B.V., Lange Kleiweg 40, Rijswijk, 2288 GK, Netherlands ("Shell"). LRQA Group Limited ("LRQA") was commissioned by Shell to assure its LNG Marketing and Trading Customer Value Proposition processes, with the following scope:

The verification of the processes to quantify the Liquefied Natural Gas (LNG) sold by Shell LNG Marketing and Trading Customer Value Propositions for cargoes delivered during calendar year 2022, and to calculate the associated products life cycle carbon dioxide equivalents.

LRQA has not been involved in the preparation of any material related to this scope of verification nor in devising the internal management and reporting systems that yielded associated data.

Management Responsibility

Shell's management was responsible for maintaining effective internal controls over the LNG Marketing and Trading Customer Value Proposition processes. LRQA's responsibility was to carry out an assurance engagement on these processes in accordance with our contract with Shell. Ultimately, the LNG Marketing and Trading Customer Value Proposition processes have been approved by and remain the responsibility of Shell.

LRQA's approach

Our verification has been conducted in accordance with the LRQA Verification Approach. To form our conclusions, the assurance engagement was undertaken as a sampling exercise and included the remote review of the LNG Marketing and Trading Customer Value Proposition internal processes related to the scope of this verification via an evidence pack provided by the organisation.

Level of Assurance & Materiality

The opinion expressed in this Assurance Statement has been formed based on a reasonable level of assurance and at the materiality of the professional judgement of the Verifier.

LRQA's Opinion

Based on LRQA's approach, the LNG Marketing and Trading Customer Value Proposition internal processes are in conformance with the fundamental principles of relevance; completeness; consistency; accuracy; transparency; and conservativeness.

Points of Information

- LRQA was independently commissioned by Shell to perform a verification of the Shell LNG GHG footprint model to a limited level of assurance and the materiality of the professional judgement of the verifier against ISO 14067:2018 Greenhouse gases - Carbon footprint of products - Requirements and guidelines for quantification, PAS 2050:2011 Specification for the assessment of the life cycle greenhouse gas emissions of goods and services, using ISO14064-3: Specification with guidance for the verification and validation of greenhouse gas statements. This was performed wholly independent to this assurance engagement and as such do not compromise our independence or impartiality.
- The following processes are verified separately by LRQA, and the current associated Assurance Statement is located at www.shell.com/energy-and-innovation/new-energies/nature-based-solutions with the scope of: Verification of the integrity of



the processes for carbon credit screening, project performance monitoring, procurement, reconciliation, retirement and certificate issuance, in support of Shell's carbon offsetting Customer Value Propositions (CVPs) and Net Carbon Footprint target.

- In line with Shell's Net Carbon Footprint methodology, the entity LNG carbon footprint excludes the energy or GHG emissions associated with construction or decommissioning of fuel production, transportation, or end-use facilities.

LRQA's competence and independence

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training, and experience. The outcome of all assurance engagements is internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

Paul Jackson (Lead Verifier)
For and on behalf of LRQA Group Limited
1 Trinity Park, Bickenhill Lane,
Birmingham, B37 7ES, United Kingdom.
Issued: June 6, 2023
Expiry: June 6, 2024

LRQA reference: LRQ00004546

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Due to inherent limitations in any internal control, it is possible that fraud, error, or non-compliance with laws and regulations may occur and not be detected. Further, the verification was not designed to detect all weakness or errors in internal controls so far as they relate to the requirements set out above as the verification has not been performed continuously throughout the period and the verification carried out on the relevant internal controls were on a test basis. Any projection of the evaluation of control to future periods is subject to the risk that the processes may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

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LRQA Independent Assurance Statement

Relating to the Shell plc Liquefied Natural Gas (LNG) Marketing and Trading Customer Value Proposition

Terms of Engagement

This Assurance Statement has been prepared for Shell Global Solutions International B.V., Lange Kleiweg 40, Rijswijk, 2288 GK, Netherlands ("Shell"). LRQA Group Limited ("LRQA") was commissioned by Shell to assure its LNG Marketing and Trading Customer Value Proposition processes, with the following scope:

The verification of the processes to quantify the Liquefied Natural Gas (LNG) sold by Shell LNG Marketing and Trading Customer Value Propositions for cargoes delivered during calendar year 2023, and to calculate the associated products life cycle carbon dioxide equivalents.

LRQA has not been involved in the preparation of any material related to this scope of verification nor in devising the internal management and reporting systems that yielded associated data.

Management Responsibility

Shell's management was responsible for maintaining effective internal controls over the LNG Marketing and Trading Customer Value Proposition processes. LRQA's responsibility was to carry out an assurance engagement on these processes in accordance with our contract with Shell. Ultimately, the LNG Marketing and Trading Customer Value Proposition processes have been approved by and remain the responsibility of Shell.

LRQA's approach

Our verification has been conducted in accordance with the LRQA Verification Approach. To form our conclusions, the assurance engagement was undertaken as a sampling exercise and included the remote review of the LNG Marketing and Trading Customer Value Proposition internal processes related to the scope of this verification via an evidence pack provided by the organisation.

Level of Assurance & Materiality

The opinion expressed in this Assurance Statement has been formed based on a reasonable level of assurance and at the materiality of the professional judgement of the Verifier.

LRQA's Opinion

Based on LRQA's approach, the LNG Marketing and Trading Customer Value Proposition internal processes are in conformance with the fundamental principles of relevance; completeness; consistency; accuracy; transparency; and conservativeness.

Points of Information

- LRQA was independently commissioned by Shell to perform a verification of the Shell LNG GHG footprint model to a limited level of assurance and the materiality of the professional judgement of the verifier against ISO 14067:2018 Greenhouse gases - Carbon footprint of products - Requirements and guidelines for quantification, using ISO14064-3: Specification with guidance for the verification and validation of greenhouse gas statements. This was performed wholly independent to this assurance engagement and as such do not compromise our independence or impartiality.



- The following processes are verified separately by LRQA, and the current associated Assurance Statement is located at www.shell.com/energy-and-innovation/new-energies/nature-based-solutions with the scope of: Verification of the integrity of the processes for carbon credit screening, project performance monitoring, procurement, reconciliation, retirement and certificate issuance, in support of Shell's carbon offsetting Customer Value Propositions (CVPs) and Net Carbon Footprint target.
- In line with Shell's Net Carbon Footprint methodology, the entity LNG carbon footprint excludes the energy or GHG emissions associated with construction or decommissioning of fuel production, transportation, or end-use facilities.

LRQA's competence and independence

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training, and experience. The outcome of all assurance engagements is internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

Paul Jackson (Lead Verifier)
For and on behalf of LRQA Group Limited
1 Trinity Park, Bickenhill Lane,
Birmingham, B37 7ES, United Kingdom.
Issued: June 5, 2024
Expiry: June 5, 2025

LRQA reference: LRQ00004546

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Shell disclaimer

Cautionary Note

The companies in which Shell plc directly and indirectly owns investments are separate legal entities. In this Qualifying Explanatory Statement (QES) “Shell”, “Shell Group” and “Group” are sometimes used for convenience where references are made to Shell plc and its subsidiaries in general. Likewise, the words “we”, “us” and “our” are also used to refer to Shell plc and its subsidiaries in general or to those who work for them. These terms are also used where no useful purpose is served by identifying the particular entity or entities. “Subsidiaries”, “Shell subsidiaries” and “Shell companies” as used in this QES refer to entities over which Shell plc either directly or indirectly has control. The term “joint venture”, “joint operations”, “joint arrangements”, and “associates” may also be used to refer to a commercial arrangement in which Shell has a direct or indirect ownership interest with one or more parties. The term “Shell interest” is used for convenience to indicate the direct and/or indirect ownership interest held by Shell in an entity or unincorporated joint arrangement, after exclusion of all third-party interest.

Forward-Looking Statements

This QES contains forward-looking statements (within the meaning of the U.S. Private Securities Litigation Reform Act of 1995) concerning the financial condition, results of operations and businesses of Shell. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are statements of future expectations that are based on management’s current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. Forward-looking statements include, among other things, statements concerning the potential exposure of Shell to market risks and statements expressing management’s expectations, beliefs, estimates, forecasts, projections and assumptions. These forward-looking statements are identified by their use of terms and phrases such as “aim”; “ambition”; “anticipate”; “believe”; “commit”; “commitment”; “could”; “estimate”; “expect”; “goals”; “intend”; “may”; “milestones”; “objectives”; “outlook”; “plan”; “probably”; “project”; “risks”; “schedule”; “seek”; “should”; “target”; “will”; “would” and similar terms and phrases. There are a number of factors that could affect the future operations of Shell and could cause those results to differ materially from those expressed in the forward-looking statements included in this QES, including (without limitation): (a) price fluctuations in crude oil and natural gas; (b) changes in demand for Shell’s products; (c) currency fluctuations; (d) drilling and production results; (e) reserves estimates; (f) loss of market share and industry competition; (g) environmental and physical risks; (h) risks associated with the identification of suitable potential acquisition properties and targets, and successful negotiation and completion of such transactions; (i) the risk of doing business in developing countries and countries subject to international sanctions; (j) legislative, judicial, fiscal and regulatory developments including regulatory measures addressing climate change; (k) economic and financial market conditions in various countries and regions; (l) political risks, including the risks of expropriation and renegotiation of the terms of contracts with governmental entities, delays or advancements in the approval of projects and delays in the reimbursement for shared costs; (m) risks associated with the impact of pandemics, such as the COVID-19 (coronavirus) outbreak, regional conflicts, such as the Russia-Ukraine war, and a significant cybersecurity breach; and (n) changes in trading conditions. No assurance is provided that future dividend payments will match or exceed previous dividend payments. All forward-looking statements contained in this QES are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Readers should not place undue reliance on forward-looking statements. Additional risk factors that may affect future results are contained in Shell plc’s Form 20-F for the year ended December 31, 2023 (available at www.shell.com/investors/news-and-filings/sec-filings.html and www.sec.gov). These risk factors also expressly qualify all forward-looking statements contained in this QES and should be considered by the reader. Each forward-looking statement speaks only as of the date of this QES, 5th June 2024. Neither Shell plc nor any of its subsidiaries undertake any obligation to publicly update or revise any forward-looking statement as a result of new information, future events or other information. In light of these risks, results could differ materially from those stated, implied or inferred from the forward-looking statements contained in this QES.

Shell's net carbon footprint

Also, in this QES we may refer to Shell's "Net Carbon Intensity" (NCI), which includes Shell's carbon emissions from the production of our energy products, our suppliers' carbon emissions in supplying energy for that production and our customers' carbon emissions associated with their use of the energy products we sell. Shell's NCI also includes the emissions associated with the production and use of energy products produced by others which Shell purchases for resale. Shell only controls its own emissions. The use of the terms Shell's "Net Carbon Intensity" or NCI are for convenience only and not intended to suggest these emissions are those of Shell plc or its subsidiaries.

Shell's net-Zero Emissions Target

Shell's operating plan, outlook and budgets are forecasted for a ten-year period and are updated every year. They reflect the current economic environment and what we can reasonably expect to see over the next ten years. Accordingly, they reflect our Scope 1, Scope 2 and NCI targets over the next ten years. However, Shell's operating plans cannot reflect our 2050 net-zero emissions target, as this target is currently outside our planning period. In the future, as society moves towards net-zero emissions, we expect Shell's operating plans to reflect this movement. However, if society is not net zero in 2050, as of today, there would be significant risk that Shell may not meet this target.

Forward Looking Non-GAAP measures

This QES may contain certain forward-looking non-GAAP measures such as cash capital expenditure and divestments. We are unable to provide a reconciliation of these forward-looking non-GAAP measures to the most comparable GAAP financial measures because certain information needed to reconcile those non-GAAP measures to the most comparable GAAP financial measures is dependent on future events some of which are outside the control of Shell, such as oil and gas prices, interest rates and exchange rates. Moreover, estimating such GAAP measures with the required precision necessary to provide a meaningful reconciliation is extremely difficult and could not be accomplished without unreasonable effort. Non-GAAP measures in respect of future periods which cannot be reconciled to the most comparable GAAP financial measure are calculated in a manner which is consistent with the accounting policies applied in Shell plc's consolidated financial statements.

The contents of websites referred to in this QES do not form part of this QES.

We may have used certain terms, such as resources, in this QES that the United States Securities and Exchange Commission (SEC) strictly prohibits us from including in our filings with the SEC. Investors are urged to consider closely the disclosure in our Form 20-F, File No 1-32575, available on the SEC website www.sec.gov.