

Shell's Climate-related Policy Positions



The following positions expand on those outlined in our Industry Associations Climate Review, published in April 2019.

These are global principles which guide the positions Shell takes on regional and country-specific policies.

They are also the basis for reviewing our memberships of industry associations. The alignment of industry associations with these principles is assessed on a case-by-case basis, recognising that associations vary in terms of the profile of their members and the scope of their activities.

Support for the goal of the Paris Agreement is the core principle underpinning Shell's climate-related advocacy and assessment of our alignment with industry associations.

- 1. The Paris Agreement** – *Shell strongly supports the goal of the Paris Agreement to limit the average rise in global temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit it to 1.5°C.*
 - The scientific link between human activity and climate change is clear and we recognise the reports of the Intergovernmental Panel on Climate Change as an authoritative source on climate science.
 - We advocate governments create and implement policies aimed at reducing greenhouse gas emissions in line with the Paris goal.
- 2. Net-zero emissions** – *We support the development of robust and sustainable policies to help the world get to net-zero emissions by 2050, an unprecedented challenge.*
 - We recognise that the nature and pace of change will vary between countries and regions, reflecting different types of economies and development priorities.
- 3. Carbon pricing** – *Shell views government-led carbon pricing mechanisms as a key policy for meeting the Paris goal.*
 - Governments can implement carbon pricing directly, through taxes and cap-and-trade and hybrid systems, and indirectly, for example through technology or performance standards and energy efficiency measures.
 - Shell advocates mechanisms that help markets to be linked internationally, promote increased ambition in reducing emissions and create incentives to invest in low-carbon technology and infrastructure.
 - We support measures to prevent industries from shifting to states or countries that do not put a price on carbon – so-called carbon leakage.
- 4. Additional policies** – *Shell believes that government-led carbon pricing mechanisms alone will not deliver the necessary reductions in emissions to achieve the Paris goal.*
 - We support policy frameworks that improve energy efficiency.
 - We promote collaboration between industrial sectors, energy suppliers and governments to reduce emissions across the lifecycle of energy products and encourage consumers to make low-carbon energy choices.
 - We support low-carbon electrification of the energy system, including reform of electricity markets and policies that incentivise electrification of demand and make low-carbon generation an attractive investment.
 - We advocate targeted government support for low-carbon technologies and fuels, before they are commercially viable, including investment in supporting infrastructure.
- 5. The energy transition** – *Shell believes the energy transition will require growth in renewables accompanied by a vital contribution from other lower-carbon energies, including natural gas.*
 - We advocate policies that support a role for natural gas in decarbonising the transport, industrial and building sectors and as a replacement for coal in power generation.
 - We advocate the direct regulation of methane emissions as a risk to the climate system and support reductions in methane emissions throughout the natural gas supply chain.
 - We advocate policy frameworks that support the development of lower-carbon gases, including hydrogen and biomethane.
- 6. Carbon sinks** – *Shell believes that carbon sinks have a crucial role to play in achieving net-zero emissions.*
 - We advocate regulatory frameworks and other government support that enable the deployment of carbon capture, utilisation and storage at scale.
 - We support policies that recognise a role for nature-based solutions – projects which protect or redevelop natural ecosystems, absorbing carbon dioxide from the atmosphere – in helping balance emissions from sectors that are harder to abate, such as aviation, shipping and heavy industry.
 - We advocate that credits from investment in natural carbon sinks such as forests and wetlands are integrated into regulation in a manner that does not undermine incentives to invest in direct reductions of emissions.

CAUTIONARY NOTE

The companies in which Royal Dutch Shell plc directly and indirectly owns investments are separate legal entities. In these policy positions “Shell”, “Shell Group” and “Group” are sometimes used for convenience where references are made to Royal Dutch Shell plc and its subsidiaries in general. Likewise, the words “we”, “us” and “our” are also used to refer to Royal Dutch 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 these policy positions refer to entities over which Royal Dutch Shell plc either directly or indirectly has control. Entities and unincorporated arrangements over which Shell has joint control are generally referred to as “joint ventures” and “joint operations”, respectively. Entities over which Shell has significant influence but neither control nor joint control are referred to as “associates”. 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.

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