Industry Associations Climate Review
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Shell’s memberships of industry associations are an important part of how we collaborate with others. Industry associations allow us to exchange knowledge and expertise with different companies. They set industry standards and best practices. They help make our voice heard in discussions with policymakers and regulators around the world on crucial topics such as climate change.

It is important that our participation in industry associations is consistent with our views. That means ensuring that the industry associations we belong to do not undermine our support for the Paris Agreement goal to limit the rise in global average temperatures this century to well below two degrees Celsius (2°C) above pre-industrial levels.

The need for urgent action in response to climate change has become ever more obvious since the signing of the Paris Agreement in 2015. As a result, society’s expectations in this area have changed, and Shell’s views have also evolved.

We must be prepared to openly voice our concerns where we find misalignment with an industry association on climate-related policy. In cases of material misalignment, we should also be prepared to walk away.

Greater transparency
Shell must remain at the forefront of the drive for greater corporate transparency. We will continue to be more open about what we do and why we do it.

This new report demonstrates that drive for more transparency. It responds to requests from institutional investors and non-governmental organisations (NGOs) for information about our memberships of industry associations and their advocacy on policies related to climate change.

It builds on our discussions with the Financial Stability Board’s Task Force on Climate-related Financial Disclosures (TCFD), which calls on companies to be more open about climate-related risks and opportunities. In 2018, we published the Shell Energy Transition Report, which sets out our business strategy as the world moves towards a lower-carbon future.

We are clear about our support for the Paris Agreement, and we intend to meet society’s need for more and cleaner energy. Shell’s strategic ambitions — to provide a world-class investment case, to thrive in the transition to lower-carbon energy and to sustain our societal licence to operate — will help us meet that need.

Message from the CEO
In 2017, Shell was the first international oil and gas company to set an ambition to reduce the Net Carbon Footprint of its energy products, expressed as a measure of carbon intensity. We aim to reduce our Net Carbon Footprint by around half by the middle of the century, in step with society as it moves towards the goal of the Paris Agreement.

More recently, following talks with institutional investors, we set a three-year target beginning in 2019 to reduce our Net Carbon Footprint by between 2% and 3% compared to our 2016 level. This target is now linked to our executives’ pay.

**Reviewing relationships**

Shell’s future success depends on our ability to navigate the risks and opportunities presented by climate change. This includes how we manage our relationships with industry associations.

We have reviewed Shell’s relationships with 19 industry associations. We chose these associations because their positions on climate-related policies have brought them to the attention of investors and NGOs; and because they operate in regions or countries where we have significant business activities.

This report shows how we assessed alignment with those 19 associations on climate-related policy, and it outlines the actions we intend to take when we find differences. These actions include working to shape views within an industry association, and eventually ending our membership if we believe that an association’s positions are not compatible with our own policy positions and our support for the Paris Agreement.

These are not simple decisions. Sometimes we have supported the same general climate-related policy as an industry association, like government-led carbon pricing, but have come out on different sides of a debate around a specific legislative proposal. We must also weigh up the wider benefits of our work with an industry association on other important topics such as safety, human rights, taxes and trade.

We will continue to be transparent about where we have differences in climate-related policy positions with industry associations, including by publishing this information on our website Shell.com. We will implement new governance principles to improve how we manage our memberships of industry associations on climate-related topics, which we also publish here for the first time.

This report will serve as the basis for further conversations with industry associations, investors and civil society so that we can continue to work constructively together. This is one of the many ways Shell intends to contribute to society’s progress towards meeting the goal of the Paris Agreement.

**Ben Van Beurden,**

**Chief Executive Officer**
Executive summary
In line with our desire to provide greater transparency around our activities related to climate change, and in response to requests from institutional investors, we have reviewed our memberships of 19 industry associations in Australia, Europe and North America.

We looked at the stated positions of these associations in relation to four of Shell’s key climate-related policy positions: supporting the goal of the Paris Agreement on climate change; government-led carbon pricing mechanisms; policy frameworks for low-carbon technologies; and the role of natural gas in the energy system.

This review aimed to identify differences in climate-related policy positions between Shell and the industry associations over the past five years.

We found that we were aligned with nine of the 19 industry associations; that there was some misalignment with nine; and that there was material misalignment with one industry association, American Fuel & Petrochemical Manufacturers (AFPM). We have decided not to renew our membership of AFPM in 2020 as a result.

This review is a first step towards greater transparency around our activities with industry associations on the topic of climate change. We have developed a set of governance principles to improve how we manage our memberships of industry associations on climate-related topics in the future, which we will start to implement in 2019.

These principles include increased transparency about our own climate-related policy positions and about differences with our industry associations, through the publication of this information on our website Shell.com.
Our approach to industry associations
Shell participates in industry associations for many reasons. They allow us to share knowledge and best practices with other companies and provide a valuable platform to engage with governments, regulators and communities.

Often, a collective approach can achieve more than acting alone. For example, industry associations provide regulators and policymakers with aggregated data, which individual companies may not be able to provide on their own for legal or commercial reasons.2

Industry associations play a key role in developing and implementing industry standards and best practices in areas such as health, safety, security and the protection of the environment. They work for their members on other important issues such as trade, taxes and the allocation of exploration permits.

**Informing the debate**

In the context of climate change, industry associations can help inform the policy debate and accelerate the technological and social changes that we believe will be necessary to reduce carbon emissions and achieve the goal of the Paris Agreement.

We have different levels of participation and influence in industry associations. As well as holding general memberships, we are members of boards and subcommittees, and sometimes we second Shell employees to work at an industry association for a temporary period. In other cases, we have an observer or associate status only.

We aim to contribute to the setting of effective policies within associations. In recent years, we believe we have had a positive impact working within associations to support climate-related policy positions, including government-led carbon pricing mechanisms and the regulation of methane emissions.

**Membership fees**

Shell mainly contributes to the work of industry associations by paying annual membership fees. These are normally calculated as either fixed fees for all members, or as a proportion of the annual turnover or production volumes of members. Occasionally, we support events and conferences organised by industry associations outside of the membership fees.

Shell has clear guidelines on political activities. In line with our General Business Principles and Code of Conduct, Shell companies do not make payments to political parties, political organisations or their representatives.3

We require industry associations to confirm that Shell funds or resources are not used for payments to political parties, political organisations or their representatives either directly or indirectly.

In the USA and the European Union (EU), we currently report on costs related to lobbying activities in line with the requirements set out by the EU Transparency Register and the US Lobbying Disclosure Act. These submissions are publicly available.* The accounting methodology and boundary definitions of the figures reported under each are specific to the requirements of each regulation.

* Shell’s reported expenses related to lobbying practices in the USA in 2017 were $7,870,000.00 (sum of quarterly filings: Q1, Q2, Q3 and Q4). Disclosure filings can be accessed on http://disclosures.house.gov/ld/ldsearch.aspx using the search criteria: Search field: “Registrant Name” and Criteria: “Shell Oil Company”.

In Europe, Shell’s reported “Estimated annual costs related to activities covered by the register” in 2017 were €4,500,000 to €4,749,000. Shell’s submissions can be found by searching the Transparency Register for ID-number: 8616 or via this link: http://ec.europa.eu/transparencyregister/public/consultation/displaylobbyist.do?id=05032108616-26.
Dealing with differences
The wide range of views within industry associations means that their climate-related policy positions do not always fully reflect our own. In the past, we publicly communicated these differences only occasionally.

In 2015, for example, we decided not to renew our membership of the American Legislative Exchange Council (ALEC) in the USA because its stance on climate change was inconsistent with our own. Although it is not an industry association, ALEC is an influential membership organisation of state legislators.

Today, Shell’s views on what climate change means for our business strategy, and what actions governments and regulators can take, have progressed. Our thinking about how we govern our memberships of industry associations on climate-related topics has also evolved.

With the publication of this report, we are announcing a set of principles that create a more transparent, structured and consistent approach to our climate-related activities with industry associations. These principles also set out the actions we will take when we have differences on climate-related policy positions with an industry association (see the section on principles on p. 20).

The implementation of these principles will ensure that our participation in industry associations contributes to our support for the Paris Agreement.

Shell intends to meet society’s need for more and cleaner energy. Our strategic ambitions contribute to this goal. They are to provide a world-class investment case, to thrive in the transition to lower-carbon energy and to sustain our societal licence to operate.
Review of Shell’s memberships of industry associations
Shell companies are members of hundreds of industry associations around the world. In 2018, we made an initial selection of 19 industry associations for an internal review. We selected these associations because their positions on climate-related policy have brought them to the attention of investors and non-governmental organisations (NGOs); and because they operate in regions or countries where we have significant business activities.

This review aimed to identify differences in climate-related policy positions between Shell and the industry associations over the past five years. It did not consider broader activities of the associations in areas such as the environment, health and safety, and industry standards.

Assessing alignment
We assessed alignment based on the 19 industry associations’ public positions on four climate-related policies that we consider important to reduce carbon emissions: supporting the goal of the Paris Agreement; government-led carbon pricing mechanisms; policy frameworks for low-carbon technologies; and the role of natural gas in the energy system.

Where an association did not take a public position on a climate-related policy that we support, we did not automatically consider this a misalignment, unless we believed that its actions undermined our support for the goal of the Paris Agreement.

We assessed each association on a case-by-case basis and aimed to take a reasonable view of whether differences existed and whether those differences would have an impact on the policy debate.
The four climate-related policy positions we used as the basis of the review are:

1. **The goal of the Paris Agreement on climate change**

Shell supports the goal of the Paris Agreement to limit the rise in global average temperatures this century to well below 2°C above pre-industrial levels. We support the aim to achieve net-zero emissions in the second half of the century.

Shell advocates governments create and implement policy frameworks aimed at reducing greenhouse gas emissions in line with the goal of the Paris Agreement.

2. **Government-led carbon pricing mechanisms**

Shell has long supported government-led carbon pricing mechanisms as an effective tool that gives choices to energy consumers and producers, stimulates the development of low-carbon technologies and helps to drive energy efficiency.

Governments can implement carbon pricing through various mechanisms, including cap-and-trade systems, which set a cap on the total amount of emissions and allow companies to trade emissions allowances with each other, and carbon taxes.

To be effective, we believe that government-led carbon pricing mechanisms must include measures to prevent certain industries from shifting to states or countries that do not put a price on carbon, so-called carbon leakage. We believe that revenues from carbon pricing should be used to promote development and deployment of low-carbon technologies, to reduce other taxes, or be returned to people in other ways.

3. **Policy frameworks for low-carbon technologies**

Shell believes innovation is key to achieving the transition to a low-carbon economy. Industry and governments both have a role to play in enabling innovation in low-carbon technologies.

We advocate different levels of government support, depending on the technical and commercial maturity of low-carbon technologies. For example, Shell calls for technology-neutral carbon pricing and targets to reduce emissions intensity for commercially viable sources of energy such as oil, natural gas, wind and solar.

We also advocate targeted government support of low-carbon technologies before they are commercially viable, such as advanced biofuels, electric and hydrogen-powered vehicles, carbon capture and storage (CCS) and carbon capture and utilisation (CCU). (See chart on page 12.)

4. **The role of natural gas in the energy system**

Shell supports the use of natural gas — the cleanest-burning hydrocarbon — in helping society make the transition to lower-carbon energy. Gas is an important source of lower-carbon energy in the transport, industrial and building sectors. It can replace coal in power generation, and can work efficiently alongside renewable energy such as wind and solar.

Realising the benefits of natural gas requires careful management of life-cycle emissions, especially methane emissions. In 2018, Shell set a target to maintain the intensity of methane emissions below 0.20% by 2025 for all production sites operated by our Upstream and Integrated Gas businesses.

We support government regulations to address methane emissions, including technology standards and accurate quantification and verification systems.
LOW-CARBON TECHNOLOGIES THAT ARE NOT YET COMMERCIAL VIABLE SUCH AS CARBON CAPTURE AND STORAGE (CCS) NEED TARGETED SUPPORT

Review of Shell’s memberships of industry associations

Shell’s climate-related policy positions

Shell’s Quest CCS project in Canada
The results of our review
Of the 19 industry associations we reviewed, we found that we were aligned with nine; that there has been, or continues to be, some misalignment with nine; and that there was material misalignment with one industry association.

We aimed to make a reasonable judgement on alignment and considered several factors. These factors included whether we believe that the positions of an association undermine our positions on climate-related policy and our support for the Paris Agreement; whether the misalignment relates to policy principles or a different public stance in response to specific legislative proposals; and whether there is evidence of change in the positions of an industry association during the period of the review. We based our views on publicly available positions and statements.

We believe that debate around the details of how specific legislative proposals can deliver climate-related goals is an important part of policymaking. We also encourage consideration of evidence-based information about costs, technological progress and the effects of policy choices.

Shell will not always agree with the way governments and regulators propose implementing certain climate-related policies, even though we support the overall principle (see the Washington state case study on p. 17).
The table below summarises the results of the review.
For details of the full review, please see the appendix on p. 24.

<table>
<thead>
<tr>
<th>Industry association</th>
<th>Findings</th>
<th>Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>American Fuel &amp; Petrochemical Manufacturers (AFPM)</td>
<td>We have identified material misalignment on climate-related policy positions with this association.</td>
<td>We have decided not to renew our membership of AFPM in 2020.</td>
</tr>
<tr>
<td>American Chemistry Council (ACC)</td>
<td>We have identified some misalignment on climate-related policy positions with these industry associations.</td>
<td>We will continue to engage further with these industry associations to promote climate-related policies that support the goal of the Paris Agreement.</td>
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<tr>
<td>American Petroleum Institute (API)</td>
<td>We will closely monitor alignment of our positions on climate-related policy and where we find misalignment we will take one or more of the following actions:</td>
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<tr>
<td>BusinessEurope</td>
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<tr>
<td>Canadian Association of Petroleum Producers (CAPP)</td>
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<td>European Chemical Industry Council (Cefic),</td>
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<td>FuelsEurope</td>
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<td>National Association of Manufacturers (NAM)</td>
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<td>U.S. Chamber of Commerce (USC)</td>
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<tr>
<td>Western States Petroleum Association (WSPA)</td>
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<tr>
<td>Australian Industry Greenhouse Network (AIGN)</td>
<td>We are aligned on climate-related policy positions with these industry associations.</td>
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<tr>
<td>Australian Petroleum Production &amp; Exploration Association (APPEA)</td>
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<td></td>
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<tr>
<td>Business Council of Australia (BCA)</td>
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<tr>
<td>European Round Table of Industrialists (ERT)</td>
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<tr>
<td>International Air Transport Association (IATA)</td>
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<tr>
<td>International Association of Oil &amp; Gas Producers (IOGP)</td>
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<tr>
<td>International Emissions Trading Association (IETA)</td>
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<td>IPIECA</td>
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<tr>
<td>World Business Council for Sustainable Development (WBCSD)</td>
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The results of our review

Case studies

Taking an independent position in Washington state

The Western States Petroleum Association (WSPA) represents companies in the states of Arizona, California, Nevada, Oregon and Washington in the USA and has been a valuable partner to Shell for many decades. In 2013, for example, WSPA played a key role in the implementation of California’s cap-and-trade programme, one of the state’s major policies to lower greenhouse gas emissions.

WSPA has supported the extension of that programme and has been a leader in advocating carbon capture and storage (CCS). The association has advocated other important issues for our industry, including taxes, incentives, worker safety and permitting.

WSPA and Shell support similar policies on carbon pricing. However, WSPA took a different approach to Shell in relation to the 2018 ballot initiative proposing a carbon tax in Washington state. WSPA launched a campaign opposing the initiative, calling it costly, unfair and ineffective.

Shell did not endorse the ballot initiative, which we believed limited the benefits that a price on carbon is intended to deliver. While the ballot initiative addressed carbon emissions from oil and gas companies, it did not include other emitters, including a coal-fired power plant. Also, the initiative did not cover energy products produced outside Washington state, which was needed to provide a level playing field for businesses in the state.

Shell decided against dedicating funds to the campaign opposing the initiative because of our general support for government-led carbon pricing, and because we did not consider it the right way to advance the debate. We made our position public in an opinion piece in The Seattle Times newspaper signed by Shell’s Chief Executive Officer.

We continue to look for opportunities to work with partners in support of meaningful carbon pricing policy in Washington state. We have supported other initiatives that endorse government-led carbon pricing. In 2017, Shell joined the Climate Leadership Council, an advocacy group promoting a transparent carbon price in the USA. In 2018, as stated in our lobbying disclosure, we relayed to the US Congress Shell’s support for an economy-wide, market-based approach to pricing carbon.
Working with API on methane regulations in the USA

The American Petroleum Institute (API) in Washington is the only national trade association that represents members across all parts of the oil and natural gas industry in the USA. It is also the major standard-setting organisation for the industry. We welcome API’s advocacy on a wide range of state and federal issues, from trade and transport to taxes and the environment.

Shell and API have not always been aligned on support of specific climate-related policies. For example, at times, we have taken different public positions on proposals to regulate methane emissions.

In 2016, API opposed the need for new regulation when the Environmental Protection Agency (EPA) in the USA announced the New Source Performance Standards (NSPS OOOOa) to reduce methane emissions. Shell supported the standards, which included requirements to reduce venting and leaking from oil and natural gas operations and to accelerate the detection of leaks.

In 2017 when a new EPA considered repealing the 2016 rule, API and Shell shared the view that the EPA should reform and not repeal the 2016 standards governing methane emissions. We welcome the current position of the association on this important issue.

Since then, Shell has worked with API and others to propose improvements to the regulation, such as accelerating the use of new technologies to detect methane emissions.

Today, API is leading the oil and natural gas industry’s effort to promote voluntary methane emissions reduction in the USA through its Environmental Partnership launched at the end of 2017. This programme focuses on reducing methane and volatile organic compound emissions. It includes more than 50 natural gas and oil producers in the USA.

In March 2019, Shell urged the EPA to continue to directly regulate methane from new and modified onshore oil and gas sources and, time permitting, to propose a rule for existing sources. We continue to work with API and other members to contribute to the development of API’s positions.
Supporting emissions reductions in the EU

Shell considers that the European Union’s Emissions Trading System (EU ETS) is critical to delivering a meaningful carbon price signal and to driving the transition to lower-carbon technologies.

For this reason, we supported reforms aimed at strengthening the EU ETS, mainly by addressing the excess of allowances in the system which prevented the emergence of a meaningful carbon price signal.9

We supported the EU ETS through our memberships of industry associations, and through coalitions of like-minded companies such as our participation in the Friends of ETS campaigns in 2014 and 2015.10

It is important to ensure alignment between the ETS and other EU climate and energy policies, notably power market regulation, in order for the ETS to reduce emissions and encourage investment in low-carbon technologies.

The industry associations we reference in this report do not typically work on power market regulation. Therefore, in 2016, we joined the Make Power Clean campaign, which brings together companies and associations focused on aligning regulation of EU power markets with the goal of the Paris Agreement on climate change.

This campaign called for the introduction of an emissions performance standard (EPS) of 550 grams of CO₂ per kilowatt-hour (CO₂/kWh) to limit the use of state subsidies for more polluting forms of power generation. These subsidies would have cancelled out the incentive delivered by the ETS’s carbon price.

At the end of 2018, the EU agreed to implement an EPS of 550g CO₂/kWh for capacity mechanisms, or state subsidies to power generators, from 2025.
Taking action
We have developed a new set of principles to govern the way we manage our relationships with industry associations on climate-related policy issues. These build on our Shell General Business Principles and our Code of Conduct. We plan to start implementing these principles to our participation in industry associations in 2019.

General
1. Participation:
   We participate in industry associations when we believe that a collective approach can achieve more than acting alone, whether our goal is to shape and support government policies and regulation, help set industry standards, or exchange non-competitively sensitive information. The level of our participation in industry associations varies. As well as holding general memberships, we are members of boards and subcommittees and participate through secondments.

2. Governance:
   Industry associations of which Shell is a member should have clear governance procedures to ensure board oversight of their activities, including the development of their policy positions.

3. Transparency:
   The main policy positions that an industry association supports should be transparent and publicly available.

4. Payments:
   Shell requires confirmation from its industry associations that Shell funds or resources are not used for payments to political parties, political organisations or their representatives either directly or indirectly.11

Alignment on climate-related policy positions
5. Review of alignment:
   Shell will track alignment between the climate-related policy positions that we support and those of the industry associations we belong to.

6. Actions to address misalignment:
   Where we identify misalignment in climate-related policy positions, Shell will take one or several of the following steps depending on our assessment of the importance of the topic, the extent of the misalignment, and the broader value of our membership:
   - increase transparency about our own climate-related policy positions, and about differences with our industry associations, by publishing this information on our company website Shell.com;
   - remain in the association and increase our engagement with it in areas where we have different views;
   - pursue our advocacy independently or through other coalitions when we are not aligned; and/or
   - reassess our membership where we identify the risk of material misalignment in climate-related policy positions, including ending activities such as board and committee participation, or ending overall membership.
7. **Stronger governance procedures:**

- A committee of senior executives chaired by a member of Shell’s Executive Committee will review important decisions on our activities with industry associations that have climate-related policy positions;

- Shell’s business leaders responsible for memberships will provide annual internal assurance updates of alignment with our industry associations in this area;

- Shell representatives working with industry associations will have clear guidance on Shell’s climate-related policy positions and how we govern our memberships; and

- These principles will be incorporated into Shell’s Control Framework, which sets the requirements for how all Shell entities operate.
Closing comment
Shell’s investors, and more broadly civil society, must be confident that we engage constructively with others on climate change, and that our participation in industry associations does not undermine Shell’s support for the goal of the Paris Agreement.

The publication of this report is a first step to greater transparency around our activities in this area. It represents Shell’s own views, and follows talks with investors, NGOs and consultants about our activities with industry associations.

We will implement new principles governing our memberships of industry associations on climate-related topics, and we will publish further details of our policy positions and alignment with industry associations on our website Shell.com. In this way, we aim to be more open about how our own policy positions, and those of our industry associations, support the goal of the Paris Agreement.
Appendix
American Fuel & Petrochemical Manufacturers (AFPM)

AFPM represents the refining and petrochemical industry in the USA at state and federal level. It is mainly involved in downstream issues, such as facility standards, security, fuel specifications and transport.

Membership of board/executive committee:
Shell is a member of the board of directors.

Review findings:
Material misalignment with Shell’s climate-related policy positions.

Paris Agreement:
AFPM has not stated support for the goal of the Paris Agreement. Shell supports the goal of the Paris Agreement.

Government-led carbon pricing:
AFPM has stated that it does not support carbon pricing. Shell has supported carbon pricing initiatives at the state and federal level, such as the California cap-and-trade programme.

Policy frameworks for low-carbon technologies:
In principle, AFPM opposes government action which increases the cost of energy. This includes, in AFPM’s view, a carbon tax and the mandated use of certain fuels. In another example, AFPM supports the EPA’s proposed rollback of fuel economy standards in the USA, which Shell opposes.

In 2015, AFPM and others mounted a legal challenge to the EPA’s Clean Power Plan (CPP) over whether it was compliant with the Clean Air Act. Shell recognised these concerns but decided not to join the legal challenge. We focused our own advocacy on other elements of the CPP, such as the use of natural gas and emission-reduction targets.

The role of natural gas:
AFPM does not take positions on the role of gas and the reduction of methane emissions. Shell supports the use of natural gas in helping society transition to low-carbon energy as well as government regulations to address methane emissions.

Summary view
Shell benefits from its membership of AFPM through shared insights in important areas, in particular process safety. Our participation also creates opportunities to engage with independent refiners and petrochemical companies. Shell has identified material misalignment on climate-related policy positions with AFPM. On balance, having considered this misalignment and the benefits of membership, we have decided not to renew our membership of AFPM in 2020.
American Chemistry Council (ACC)

The ACC represents chemical manufacturers in the USA. Its mission is to deliver value to members through advocacy, member engagement, communications and scientific research.

Membership of board/executive committee:
Shell is a member of the board of directors and the executive committee.

Review findings:
Some misalignment with Shell’s climate-related policy positions.

Paris Agreement:
ACC supports the policy statements of the International Council of Chemical Associations (ICCA) on the Paris Agreement, which recognise the role of the chemical industry in achieving the goal of the Paris Agreement. Shell supports the goal of the Paris Agreement.

Government-led carbon pricing:
ACC has not taken positions on carbon pricing in the USA. Shell has supported carbon pricing initiatives at state and federal level, such as the California cap-and-trade programme.

Policy frameworks for low-carbon technologies:
ACC has opposed specific proposals for greenhouse gas emissions targets, for example, the EPA’s Clean Power Plan (CPP). In 2015, ACC and others mounted a legal challenge to the CPP over whether it was compliant with the Clean Air Act. Shell recognised these concerns but decided not to join the legal challenge. We focused our own advocacy on other elements of the CPP, such as the use of natural gas and emission-reduction targets. Shell and ACC support similar policies on fuels and biofuels, including the Corporate Average Fuel Economy (CAFE) standards, with ACC highlighting in particular the role of plastics and polymer composites in helping automakers meet the standards.

The role of natural gas:
We have aligned policy positions on the role of natural gas in the energy system and the importance of addressing methane emissions. When the New Source Performance Standards (NSPS OOOOa) for methane emissions were announced in the USA in 2016, ACC originally opposed the need for further regulation. Now, ACC has joined others in supporting the same position as Shell of reforming, not repealing, NSPS.

In March 2019, Shell urged the EPA to continue to directly regulate methane from new and modified onshore oil and gas sources and, time permitting, to propose a rule for existing sources.

Summary view
Shell derives benefit from our membership of ACC, in particular for its Responsible Care programme in the areas of the environment, health, safety and security. We welcome ACC’s federal- and state-level advocacy related to chemical management, risk assessment and shale gas. Shell has found some differences in climate-related policy positions with ACC. Taking into account the broader value of our membership, we remain a committed member of ACC. We will continue to engage with the association and closely monitor our alignment on climate-related topics.
American Petroleum Institute (API)

API is the only national trade association that represents members from across all parts of the oil and natural gas industry in the USA. It is the major standard-setting organisation for the industry. API’s mission is to promote safety across the industry globally and to influence public policy in support of a strong, viable oil and natural gas industry in the USA.

Membership of board/executive committee:
Shell is a member of the board of directors and the executive committee.

Review findings:
Some misalignment with Shell’s climate-related policy positions.

Paris Agreement:
In 2015, API highlighted that climate change was a serious issue that needed to be addressed. API expressed concerns regarding the US approach to the Paris Agreement negotiations, highlighting the need for an approach that reduced emissions while protecting economic growth. Shell supports the goal of the Paris Agreement and publicly highlighted the risks of the USA withdrawing from the agreement.

Government-led carbon pricing:
API has stated it will evaluate and respond to specific legislative carbon-pricing proposals. Shell has supported state and federal carbon-pricing initiatives, for example the California cap-and-trade programme.

Policy frameworks for low-carbon technologies:
Shell and API share the same key policy positions, but have taken different approaches to certain legislative proposals. For example, we have similar policy concerns in relation to the Renewable Fuel Standard. Shell advocates maintaining the framework, while API has previously argued in favour of repealing the standard. API now advocates reforming the framework. In 2015, API opposed the EPA’s Clean Power Plan (CPP), arguing the rule overstepped the authority given to the EPA under the Clean Air Act. Shell focused its own advocacy on other elements of the CPP, such as the use of natural gas and emission-reduction targets.

The role of natural gas:
Shell and API have aligned policy positions on the role of natural gas in the energy system and the importance of addressing methane emissions. When the New Source Performance Standards (NSPS OOOOa) for methane emissions were announced in 2016, API originally opposed the need for new regulation. Since then, API’s positions have evolved. Today, API and Shell both support reforming, not repealing, NSPS. In March 2019, Shell urged the EPA to continue to directly regulate methane from new and modified onshore oil and gas sources and, time permitting, to propose a rule for existing sources.

Summary view
Shell derives benefit from our membership of API, including API’s representation of the industry with regulatory agencies and in legal proceedings. We welcome API’s advocacy on a wide range of state and federal issues, including trade, transport, taxes and the environment. We also recognise API’s leading role in creating the Environmental Partnership, which aims to reduce the industry’s methane emissions. Shell has found some differences in climate-related policy positions with API. We also recognise a convergence in positions in recent years, in particular on the management of methane emissions (see the case study on page 18). Taking into account the broader value of our membership, we remain a committed member of API. We will continue to engage with the association and closely monitor our alignment on climate-related topics.
**BusinessEurope (BE)**

BE represents companies across the European continent. It campaigns on growth and competitiveness issues that influence the performance of these companies. Its direct members are national business federations. Shell has associate status. That means we can participate in working groups but do not have voting rights.

**Membership of board/executive committee:**
None.

**Review findings:**
Some misalignment with Shell’s climate-related policy positions.

**Paris Agreement:**
BE, like Shell, supports the goal of the Paris Agreement.36

**Government-led carbon pricing:**
BE supports carbon pricing mechanisms to achieve cost-effective reductions in emissions. BE’s position on the EU Emissions Trading System (EU ETS) has evolved towards greater support for reform, having previously opposed reform on the grounds that it would undermine regulatory predictability.37

In 2017, BE recognised the ambition of the ETS to deliver a meaningful carbon price, while advocating improving safeguards for companies exposed to international competition.38

From 2011 to 2017, Shell supported reforms of the EU ETS that were intended to rebalance the market and deliver a meaningful carbon price signal, such as the introduction and strengthening of the Market Stability Reserve. Shell considered the EU ETS reforms that were adopted to be a fair balance between measures aimed at a recovery of the carbon price and safeguards to protect industries exposed to international competition.

**Policy frameworks for low-carbon technologies:**
BE and Shell have aligned policy positions. BE supports an energy transition implemented in a cost-effective way with competition between different low-carbon technologies.39

**The role of natural gas:**
Gas is not a priority issue for BE although it stresses the need for security of natural gas supply in Europe. In that context, the association notes the key role of natural gas in Europe, including the complementary role between gas and renewables in a balanced energy mix in helping the EU meet its climate targets.40 BE does not take positions on methane emissions. Shell supports the use of natural gas in helping society transition to low-carbon energy as well as government regulations to address methane emissions.

**Summary view**
Shell derives benefit from our associate membership of BE, in particular through BE’s role as an influential voice in the EU policy debate on the global competitiveness of European industry. Our participation provides us with a platform to interact with representatives of national business associations. Shell has found some past differences in climate-related policy positions with BE on the approach to EU ETS reform. We also recognise a convergence in positions in recent years, especially on carbon pricing. We will maintain our associate membership. We will continue to engage with BE and closely monitor our alignment on climate-related topics.
Canadian Association of Petroleum Producers (CAPP)

CAPP represents large and small companies that explore, develop and produce natural gas and crude oil in Canada, as well as companies that provide services to the sector. Its member companies produce 80% of Canada’s oil and natural gas. CAPP’s mission is to advocate and enable economic competitiveness and safe, environmentally and socially responsible performance.

Membership of board/executive committee:
Shell is a member of the executive committee and the board of governors.

Review findings:
Some misalignment with Shell’s climate-related policy positions.

Paris Agreement:
CAPP does not comment on the Paris Agreement. However, CAPP states that climate change is an important global issue requiring action across industries and around the globe. Shell supports the goal of the Paris Agreement.

Government-led carbon pricing:
CAPP focuses on policies that are collaborative, efficient and predictable, that encourage technology and innovation, and that are globally competitive. CAPP has not publicly supported federal and provincial carbon pricing frameworks in Canada. Shell supports these carbon pricing frameworks.

Policy frameworks for low-carbon technologies:
Shell and CAPP are aligned in support of Canada’s climate targets and in supporting policy that encourages technology and innovation to address climate change. Shell supports these carbon pricing frameworks.

The role of natural gas:
Shell and CAPP have aligned views on the role of natural gas in the energy system and on methane management principles. In 2018, CAPP published its Upstream Methane Management Principles, which are aligned with the methane guiding principles that Shell has signed.

Summary view
Shell derives benefit from membership of CAPP, in particular through CAPP’s role as a platform for presenting a unified voice to government and the public on upstream policies and topics. These include climate, carbon leakage, air, land, water, health and safety, and engagement with indigenous peoples and other stakeholders. Shell has found some differences in climate-related policy positions with CAPP, such as our public support for carbon pricing, and instances where our positions have diverged on specific climate policies. Taking into account the broader value of our membership, we remain a committed member of CAPP. We will continue to engage with the association and closely monitor our alignment on climate-related topics.
European Chemical Industry Council (Cefic)

Cefic represents 29,000 large, medium and small chemical companies in Europe. It works on behalf of its members with international and EU institutions, non-governmental organisations (NGOs), international media and other stakeholders on issues including sustainability, climate change, health and safety, the environment, product stewardship and industrial policy.

Membership of board/executive committee:
Shell is a member of the Cefic board of directors and the executive committee.

Review findings:
Some misalignment with Shell’s climate-related policy positions.

**Paris Agreement:**
Cefic, like Shell, supports the goal of the Paris Agreement.48

**Government-led carbon pricing:**
Cefic supports carbon pricing mechanisms to achieve cost-effective reductions in emissions. Cefic’s position on the EU Emissions Trading System (EU ETS) has evolved towards greater support for reform, having previously opposed short-term reforms of the ETS because of concerns about regulatory risk and higher energy costs for European companies.49

In 2017, Cefic welcomed the reform of the EU ETS to reach the agreed emission reductions at the lowest cost, to stimulate innovation and to protect industrial competitiveness. Cefic also stated concerns and made proposals to address the impact of additional carbon costs on industries.50

From 2011 to 2017, Shell supported reforms of the EU ETS that were intended to rebalance the market and deliver a meaningful carbon price signal, such as the introduction and strengthening of the Market Stability Reserve.

Shell considered the EU ETS reforms that were adopted to be a fair balance between measures aimed at a recovery of the carbon price and safeguards to protect industries exposed to international competition.

**Policy frameworks for low-carbon technologies:**
Cefic and Shell have aligned policy positions. Cefic supports the principles of fair competition and technology neutrality as set out in its position paper on the EU’s Clean Energy Package of May 2017.51

**The role of natural gas:**
Cefic highlights the importance of access to affordable natural gas for the chemical industry and notes that affordable natural gas could contribute to the chemical industry’s greenhouse gas emission reductions.52 Cefic focuses on the chemical sector and has not taken a position on the reduction of upstream methane emissions. Shell supports the use of natural gas in helping society transition to low-carbon energy as well as government regulations to address methane emissions.

Summary view
Shell derives benefit from our membership of Cefic, in particular through Cefic’s advocacy on issues that impact the chemical sector such as emissions (air, water and waste) and regulations related to chemical health and safety, energy and climate. Shell has found some past differences in climate-related policy positions with Cefic on the approach to EU ETS reform. We recognise a convergence in positions in recent years. Taking into account the broader value of our membership, we remain a committed member of Cefic. We will continue to engage with the association and closely monitor our alignment on climate-related topics.
FE and Concawe comprise the European Petroleum Refiners Association (EPRA). FE represents the interests of 40 companies operating refineries in the EU. FE aims to promote economically and environmentally sustainable refining, supply and use of petroleum products in the EU. It provides expert advice to EU institutions, member-state governments and the wider community.

Concawe carries out research on environmental, health and safety issues relevant to the oil industry. It does not take policy positions.

Membership of board/executive committee:
Shell is a member of the EPRA board of directors.

Review findings:
Some misalignment with Shell’s climate-related policy positions.

Paris Agreement:
FE, like Shell, supports the goal of the Paris Agreement.53

Government-led carbon pricing:
FE supports carbon pricing mechanisms to achieve cost-effective reductions in emissions. FE’s position on the EU Emissions Trading System (EU ETS) has evolved towards greater support for reform of the ETS, having previously opposed any regulatory intervention in the ETS with the overt intention to alter the EU ETS price.54

In 2017, FE welcomed the reform of the EU ETS to reach the agreed emission reductions at the lowest cost, stimulate innovation and protect the competitiveness of industry. It also stated some concerns and made proposals to address the impact of additional carbon costs on some industries.55

From 2011 to 2017, Shell supported reforms of the EU ETS that were intended to rebalance the market and deliver a meaningful carbon price signal, such as the introduction and strengthening of the Market Stability Reserve. Shell considered the EU ETS reforms that were adopted to be a fair balance between measures aimed at a recovery of the carbon price and safeguards to protect industries exposed to international competition.

Policy frameworks for low-carbon technologies:
FE and Shell have aligned policy positions. FE considers that investments in low-carbon energy solutions require a policy framework based on the principles of technology neutrality, cost-effectiveness and free competition.56

The role of natural gas:
FE focuses on the refining sector and has not taken a position on natural gas in the energy system and methane emissions. Shell supports the use of natural gas in helping society transition to low-carbon energy as well as government regulations to address methane emissions.

Summary view
Shell derives benefit from its membership of FE, in particular through FE’s advocacy on issues that impact the refining sector, such as emissions (air, water and waste), technical and fuel specifications, and energy and climate regulations. We value the studies FE undertakes to understand the impact of oil products on the environment and health. FE also provides best practices on managing risk to the environment from the production and use of oil products. Its REACH consortium for oil products provides the common data needed for the EU’s REACH regulations. Shell has found some past differences in climate-related policy positions with FE on the approach to EU ETS reform. We recognise a convergence in positions in recent years. Taking into account the broader value of our membership, we remain a committed member of FE. We will continue to engage with the association and closely monitor our alignment on climate-related topics.
**National Association of Manufacturers (NAM)**

NAM states that it is the largest manufacturing association in the USA, representing small and large manufacturers in every industrial sector and in all 50 states.

**Membership of board/executive committee:**
Shell is a member of the board of directors.

**Review findings:**
Some misalignment with Shell’s climate-related policy positions.

**Paris Agreement:**
NAM has stated support for “the spirit of the Paris Agreement”, but has also expressed concerns that elements of this deal were not equitable for manufacturers in the USA. Shell supports the goal of the Paris Agreement.

**Government-led carbon pricing:**
In 2015, NAM opposed the concept of a federal carbon tax. In 2018, however, NAM did not support a congressional resolution to prohibit future carbon price proposals and made supportive statements on a carbon tax bill. Shell has supported carbon pricing initiatives at the state and federal level, for example the California cap-and-trade programme.

**Policy frameworks for low-carbon technologies:**
Shell and NAM have aligned policy positions, although NAM places more emphasis on economy-wide targets. Shell has supported sector-specific targets, for example the Corporate Average Fuel Economy (CAFE) standards, on which NAM took a different position.

In 2015, NAM and others mounted a legal challenge to the EPA’s Clean Power Plan (CPP) over whether it was compliant with the Clean Air Act. Shell recognised these concerns but decided not to join the legal challenge. We focused our own advocacy on other elements of the CPP, such as the use of natural gas and emission-reduction targets.

**The role of natural gas:**
Shell and NAM have aligned policies on the role of natural gas in the energy system and the importance of addressing methane emissions. When the New Source Performance Standards (NSPS) for methane emissions were announced in the USA in 2016, NAM originally opposed the need for new regulation. Now NAM has joined others in supporting the same position as Shell of reforming, not repealing, NSPS.

In March 2019, Shell urged the EPA to continue to directly regulate methane from new and modified onshore oil and gas sources and, time permitting, propose a rule for existing sources.

**Summary view**
Shell derives benefit from our membership of NAM. Shell relies on NAM’s expertise in areas of trade, environmental regulation, the role of natural gas and tax. Shell has found some differences in climate-related policy positions. Taking into account the broader value of our membership, we remain a committed member of NAM. We will continue to engage with the association and closely monitor our alignment on climate-related topics.
U.S. Chamber of Commerce (USC)

USC states that it is the world’s largest business organisation, representing the interests of more than 3 million businesses in the USA of all sizes and sectors, including representation of the oil and gas, renewables, coal and nuclear industries.

Membership of board/executive committee:
Shell is a member of the board of directors.

Review findings:
Some misalignment with Shell’s climate-related policy positions.

Paris Agreement:
In 2015, USC was critical of the cost and achievability of the US commitments under the Paris Agreement. It recognises climate change as a serious challenge and in 2018 launched an environment and sustainability programme. It has also allocated resources to sustainability and climate issues, including hosting a workshop at the Global Climate Action Summit in California in 2018. Shell supports the goal of the Paris Agreement.

Government-led carbon pricing:
USC has not taken positions in support of carbon pricing. In 2016, it expressed concerns about the economic impact of carbon taxes. In 2018, however, USC did not support a congressional resolution to prohibit future carbon price proposals. Shell has supported carbon pricing initiatives at the state and federal level, for example, the California cap-and-trade programme.

Policy frameworks for low-carbon technologies:
USC has consistently called for additional funding for renewable and other clean energy technology advancement, without taking positions on sector-specific or renewable energy targets.

Shell and USC emphasise a level playing field to develop and deploy low-carbon technologies. In 2015, USC and others mounted a legal challenge to the EPA’s Clean Power Plan (CPP) over whether it was compliant with the Clean Air Act. Shell recognised these concerns but decided not to join the legal challenge. We focused our own advocacy on other elements of the CPP, such as the use of natural gas and emission-reduction targets.

The role of natural gas:
Shell and USC have aligned policy positions on the role of natural gas in the energy system and on the importance of addressing methane emissions. When the New Source Performance Standards (NSPS) for methane emissions were announced in the USA in 2016, USC originally opposed the need for new regulation. Recently, USC joined others in supporting the same position as Shell of reforming, not repealing, NSPS. In March 2019, Shell urged the EPA to continue to directly regulate methane from new and modified onshore oil and gas sources and, time permitting, to propose a rule for existing sources.

Summary view
Shell derives benefit from our membership of USC, in particular on broader policy issues that affect Shell as a major contributor to the US economy. USC’s advocacy is important to Shell on topics such as taxes, trade, infrastructure, intellectual property, financial regulation, labour, legal reform, and national and cyber security. Shell has found some differences in climate-related policy positions with USC. Taking into account the broader value of our membership, we remain a committed member of USC. We will continue to engage with the association and closely monitor our alignment on climate-related topics.
Western States Petroleum Association (WSPA)

WSPA represents companies that account for the bulk of petroleum exploration, production, refining, transport and marketing in the five western states of Arizona, California, Nevada, Oregon and Washington in the USA. WSPA is dedicated to ensuring that Americans continue to have reliable access to petroleum and petroleum products through policies that are socially, economically and environmentally responsible.

Membership of board/executive committee:
Shell is a member of the board of directors.

Review findings:
Some misalignment with Shell’s climate-related policy positions.

Paris Agreement:
WSPA does not have a position on, and does not lobby for, achieving the goal of the Paris Agreement. This is partly because of its focus on state, not national, policies. Shell supports the goal of the Paris Agreement.

Government-led carbon pricing:
Shell and WSPA have common policy positions in support of carbon pricing. Working with WSPA, we successfully contributed to the implementation of a comprehensive cap-and-trade programme in California. We took a different approach to WSPA to the 2018 Washington state ballot initiative (see the case study on p. 17).

Policy frameworks for low-carbon technologies:
Shell and WSPA are aligned in our support for market-based policies. WSPA does not prioritise policies on renewable energy. It has, like Shell, supported carbon capture and storage (CCS). WSPA and Shell differ occasionally in our lobbying approach. For example, we share similar positions on low-carbon fuel standards, but WSPA emphasises the cost to end users of energy more strongly than Shell does.

The role of natural gas:
WSPA does not actively advocate natural gas and has not taken a public position on the reduction of methane emissions. Shell supports the use of natural gas in helping society transition to low-carbon energy as well as government regulations to address methane emissions.

Summary view
Shell derives benefit from its membership of WSPA, including WSPA’s delivery of accurate information on the oil industry to different audiences. We welcome WSPA’s advocacy on a wide range of issues, such as the California cap-and-trade programme, CCS, industrial safety, taxes, permitting and energy markets. Shell has found some differences in climate-related policy positions with WSPA. Taking into account the broader value of our membership, we remain a committed member of WSPA. We will continue to engage with the association and closely monitor our alignment on climate-related topics.
Australian Industry Greenhouse Network (AIGN)

AIGN is a network of industry associations and individual businesses which contributes to the debate on policies linked to climate change.

**Membership of board/executive committee:**
None.

**Review findings:**
**Aligned with Shell’s climate-related policy positions.**

- **Paris Agreement:**
  AIGN, like Shell, supports the Paris Agreement.\(^8^2\)

- **Government-led carbon pricing:**
  AIGN has not explicitly stated support for government-led carbon pricing. It supports national, economy-wide policy mechanisms rather than sector-specific or state-level targets.\(^8^3\)

- **Policy frameworks for low-carbon technologies:**
  Shell is aligned with AIGN’s support for an economy-wide approach to decarbonisation that does not disadvantage some industries.\(^8^4\)

- **The role of natural gas:**
  Shell’s and AIGN’s policy positions are aligned. Shell is more proactive in its lobbying for a reduction in methane emissions.\(^8^5\)

**Summary view**
Shell derives benefit from its membership of AIGN, in particular in relation to joint industry action on climate change to promote the sustainable development of Australia’s industrial resources. Shell is aligned with AIGN on climate-related policy positions and we will continue to engage with the association on climate-related topics.
Australian Petroleum Production & Exploration Association (APPEA)

APPEA is the national body representing Australia’s oil and gas exploration and production industry. It has around 60 full member companies and around 140 associate member companies which provide goods and services to the upstream oil and gas industry. APPEA works with Australian governments to promote the development of oil and gas resources in a way that maximises the return to the Australian industry and the community.

Membership of board/executive committee:
Shell is chair of the Board.

Review findings:
Aligned with Shell’s climate-related policy positions.

Paris Agreement:
APPEA, like Shell, publicly supports the goal of the Paris Agreement.86

Government-led carbon pricing:
APPEA does not explicitly support a carbon price. It supported the repeal of the Australian carbon tax in 2014,87 Shell did not take a position on this issue at the time. APPEA supports an appropriately designed mechanism that provides an economy-wide transparent price signal to shape business and consumer plans and investments.88

Policy frameworks for low-carbon technologies:
APPEA supports an economy-wide approach that does not unfairly impact some industries,89 a position that Shell supports.

The role of natural gas:
Shell and APPEA have aligned views on the role of gas in the energy system and the reduction of methane emissions.90

Summary view
Shell derives benefit from its membership of APPEA. Given the scale of our operations and presence in Australia, APPEA is an important platform for Shell to engage with other Australian businesses in the industry. Shell is aligned with APPEA on climate-related issues. Taking into account the broader value of our membership, we remain a committed member of APPEA and will continue to engage with the association on climate-related topics.
**Business Council of Australia (BCA)**

BCA represents the 100 largest businesses in Australia. It puts forward its own positions, which do not require consensus among its members.

**Membership of board/executive committee:**
None.

**Review findings:**
Aligned with Shell’s climate-related policy positions.

- **Paris Agreement:**
  BCA supports the goal of the Paris Agreement. Shell supports the goal of the Paris Agreement.

- **Government-led carbon pricing:**
  Shell and BCA are aligned on the need for an economy-wide approach to the reduction of emissions. BCA has in the past been critical of the high cost of the Australian carbon tax on business and supported the repeal of the Australian carbon tax in 2014, but has demonstrated increased support in 2016. Shell did not take a public position on the repeal of the carbon tax.

- **Policy frameworks for low-carbon technologies:**
  BCA and Shell have aligned policy positions, for example, on the National Energy Guarantee and avoiding sub-national emissions targets.

- **The role of natural gas:**
  Shell and BCA are aligned on the role of gas in the energy system and the need to reduce methane emissions.

**Summary view**
Shell derives benefit from its membership of BCA. In particular, BCA provides an important platform for Shell to engage with businesses in Australia, including in relation to taxes and climate policy. Shell is aligned with BCA on climate-related policy positions and we will continue to engage with the association on climate-related topics.
**European Round Table of Industrialists (ERT)**

ERT is a forum that brings together around 55 CEOs and chairs of major multinational companies. ERT supports a strong, open and competitive Europe, with the EU as a driver for inclusive growth and sustainable prosperity.

**Membership of board/executive committee:**
None.

**Review findings:**
**Aligned with Shell’s climate-related policy positions.**

- **Paris Agreement:**
  ERT, like Shell, supports the goal of the Paris Agreement. Ahead of COP 24, in December 2018, ERT issued a statement in support of international cooperation between countries to deliver net-zero greenhouse gas emissions to meet the goal of the Paris Agreement.

- **Government-led carbon pricing:**
  Like Shell, ERT supports the EU Emissions Trading System as Europe’s central climate policy tool for reducing greenhouse gas emissions in industry, while strengthening the EU’s global competitiveness.

- **Policy frameworks for low-carbon technologies:**
  Shell and ERT have aligned policy positions. ERT supports market-based and technology-neutral solutions that promote an increase in energy efficiency and the better integration of renewable energy into the electricity market.

- **The role of natural gas:**
  ERT has not taken a position on natural gas and methane emissions. Shell supports the use of natural gas in helping society transition to low-carbon energy as well as government regulations to address methane emissions.

**Summary view**
Shell derives benefit from its membership of ERT as an executive-level industrial network that engages with the EU on strategic issues. Shell is aligned with ERT on climate-related policy positions and we will continue to engage with the association on climate-related topics.
**International Air Transport Association (IATA)**

IATA is the international trade association for the world’s airlines. Shell is not a member but a strategic partner of IATA.

**Membership of board/executive committee:**
None.

**Review findings:**
Aligned with Shell’s climate-related policy positions.

- **Paris Agreement:**
IATA welcomed the Paris Agreement.100 Like Shell, it supports a global sectoral approach to decarbonising international aviation because of the uniqueness (along with shipping) of the industry. The International Civil Aviation Organization (ICAO), a United Nations agency, has the mandate to address international civil aviation issues, including climate. Therefore, aviation is not directly included within the Paris Agreement, but has its own internationally harmonised framework of actions to decarbonise the sector.101 Shell supports the goal of the Paris Agreement.

- **Government-led carbon pricing:**
Shell and IATA are aligned on our policy positions on carbon pricing. IATA favours a global carbon pricing system to avoid a patchwork of different policies for international aviation: it helped establish the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA)102, which Shell supports. IATA, like Shell, advocates access to high-quality offsets and supports measures to avoid double-counting under the CORSIA scheme.103

- **Policy frameworks for low-carbon technologies:**
Shell and IATA have aligned policy positions, such as on the deployment of sustainable low-carbon aviation fuels.104 For example, in response to the EU Renewable Energy Directive II, we both supported proposals for a multiplier factor to encourage renewable fuels in aviation.105

- **The role of natural gas:**
IATA does not take positions on the role of gas and the management of methane emissions, as gas is not a technically viable energy solution for aviation. Shell supports the use of natural gas in helping society transition to low-carbon energy, but we share the view that it is not currently a viable energy solution in aviation. We support government regulations to address methane emissions.

**Summary view**
Shell derives benefit from our strategic partnership with IATA through our ability to connect with other actors in the aviation industry. Participation in IATA’s technical fuels forum allows us to engage on issues such as fuel management; compliance standards; and health, safety, security and environmental issues. We also benefit from the recently created alternative fuels symposium. Shell is aligned with IATA on climate-related policy positions and we will continue to engage with the association on climate-related topics.
International Association of Oil & Gas Producers (IOGP)

IOGP is the voice of the global upstream industry. IOGP serves industry regulators as a global partner for improving safety and environmental and social performance.

Membership of board/executive committee:
Shell is a member of the board of directors.

Review findings:
Alined with Shell’s climate-related policy positions.

Paris Agreement:
IOGP supports the goal of the Paris Agreement and has been granted observer status of the United Nations Framework Convention on Climate Change (UNFCCC). Shell supports the goal of the Paris Agreement.

Government-led carbon pricing:
IOGP supports carbon pricing mechanisms to achieve cost-effective reductions in greenhouse gas emissions and to address climate change. In 2013, Shell supported a rebalancing of the EU Emissions Trading System (EU ETS) market through measures such as the Market Stability Reserve (MSR).

In 2017, IOGP supported the MSR and made the case for free allowances to cover the electricity generated on offshore oil and gas platforms, which is in line with Shell’s position because safeguards are required as the gas market is exposed to international competition.

Policy frameworks for low-carbon technologies:
IOGP and Shell have aligned policy positions. For example, in 2014, in response to the EU’s green paper on setting climate and energy policies to 2030, IOGP supported a technology-neutral approach. Shell supported this position.

The role of natural gas:
We have aligned policy positions on the role of natural gas in the energy system. IOGP is an associate signatory of the Methane Guiding Principles which Shell helped to launch.

Summary view
Shell derives benefit from our associate membership of IOGP, in particular through IOGP’s role as a partner to regulators in many jurisdictions. We value the forum that IOGP presents to share knowledge and good practices with industry peers, and to achieve improvements in areas including health, safety, the environment, security and social responsibility. Shell is aligned with IOGP on climate-related policy positions and we will continue to engage with the association on climate-related topics.
International Emissions Trading Association (IETA)

Ieta serves businesses in the field of carbon markets. Its objective is to build international policy and market frameworks for reducing greenhouse gas emissions at the lowest cost. IETA focuses on the development of emissions trading at national, regional and international levels.

Membership of board/executive committee:
Shell is a member of the board of directors.

Review findings:
Aligned with Shell’s climate-related policy positions.

Paris Agreement:
IETA, like Shell, supports the goal of the Paris agreement.112

Government-led carbon pricing:
IETA’s core objective is advocating carbon pricing. Shell and IETA are aligned in our support of policy positions. Where any differences exist, these are confined to the fine details of specific policies.

Policy frameworks for low-carbon technologies:
IETA, like Shell, believes that carbon pricing is one of the principal policy instruments to encourage the deployment of new and existing technologies.113

The role of natural gas:
IETA has not taken a position on natural gas and methane emissions. Shell supports the use of natural gas in helping society transition to low-carbon energy as well as government regulations to address methane emissions.

Summary view
Shell derives benefit from our membership of IETA through IETA’s role as a worldwide advocacy platform and source of information and expertise on the issue of carbon pricing and trading, a key area of advocacy for Shell. Shell is aligned with IETA on climate-related policy positions and we will continue to engage with the association on this topic.
IPIECAnote is the global oil and gas industry association for environmental and social issues. It develops, shares and promotes good practice and knowledge to help the industry improve its environmental and social performance. It is also the energy industry’s main channel of formal communication with the United Nations on environmental and social issues. IPIECAnote does not seek to advocate but provides factual materials and guidance.

**Membership of board/executive committee:**
Shell chairs the board of directors.

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**Review findings:**
**Aligned with Shell’s climate-related policy positions.**

- **Paris Agreement:**
  IPIECAnote, like Shell, supports the goal of the Paris agreement.\(^{114}\)

- **Government-led carbon pricing:**
  IPIECAnote has not taken strong public positions in support of carbon pricing but recognises its importance. IPIECAnote and Shell are aligned on key elements of policy design.\(^{115}\)

- **Policy frameworks for low-carbon technologies:**
  Shell and IPIECAnote have aligned policy positions. IPIECAnote supports market-based regulatory approaches.\(^{116}\)

- **The role of natural gas:**
  Shell and IPIECAnote have aligned positions on the role of natural gas in the energy system and the management of methane emissions. IPIECAnote is an associate signatory of the Methane Guiding Principles, which Shell helped to launch.\(^{117}\)

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**Summary view**
Shell derives benefit from our membership of IPIECAnote, an effective platform to exchange experiences and good practices across a wide range of themes. Shell is aligned with IPIECAnote on climate-related policy positions and we will continue to engage with the association on climate-related topics.
World Business Council for Sustainable Development (WBCSD)

WBCSD is a global, CEO-led organisation of more than 200 businesses working together to accelerate the transition to a sustainable world. The member companies come from all business sectors and all major economies, representing combined revenues of more than US$8.5 trillion and with 19 million employees.

Membership of board/executive committee:
Shell is a member of the WBCSD executive committee.

Review findings:
Aligned with Shell’s climate-related policy positions.

Paris Agreement:
WBCSD, like Shell, supports the goal of the Paris Agreement and is actively involved in lobbying activities on international climate issues. It is also active at Conferences of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC).

Policy frameworks for low-carbon technologies:
WBCSD endorses subsidies for low-carbon technologies and recognises they should not undermine carbon pricing, views that Shell shares.

The role of natural gas:
Shell’s and WBCSD’s views on the role of gas in the energy system are aligned. WBCSD has no detailed policy position on methane emissions. Shell supports government regulations to address methane emissions.

Government-led carbon pricing:
Shell and WBCSD are aligned in our views on the importance of carbon pricing.

Summary view
Shell derives benefit from our membership of WBCSD. It is an important platform for Shell to exchange information and views with businesses around the world on issues relating to sustainability. Shell also recognises the importance of WBCSD’s observer status with the UNFCCC. Shell is aligned with WBCSD on climate-related policy positions and we will continue to engage with the association on climate-related topics.
Footnotes

70 https://www.uschamber.com/series/above-the-fold/the-high-cost-filling-the-obama-administration-s-paris-pledge-gap
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The companies in which Royal Dutch Shell plc directly and indirectly owns investments are separate legal entities. In this report, “Shell”, “Shell Group” and “Royal Dutch Shell” 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 this report 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. We also refer to “Shell’s Net Carbon Footprint” in this report. This 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 only controls its own emissions but, to support society in achieving the Paris Agreement goals, we aim to help and influence such suppliers and consumers to likewise lower their emissions. The use of the terminology “Shell’s Net Carbon Footprint” is for convenience only and not intended to suggest these emissions are those of Shell or its subsidiaries.

This report contains data and analysis from Shell’s new Sky scenario. Unlike Shell’s previously published Mountains and Oceans exploratory scenarios, the Sky scenario is based on the assumption that society reaches the Paris Agreement’s goal of holding the rise in global average temperature this century to well below two degrees Celsius (2°C) above pre-industrial levels. Unlike Shell’s Mountains and Oceans scenarios which unfolded in an open-ended way based upon plausible assumptions and quantifications, the Sky scenario was specifically designed to reach the Paris Agreement’s goal in a technically possible manner. These scenarios are part of an ongoing process used in Shell for over 40 years to challenge executives’ perspectives on the future business environment. They are designed to stretch management to consider events that may only be remotely possible. Scenarios, therefore, are not intended to be predictions of likely future events or outcomes and investors should not rely on them when making an investment decision with regard to Royal Dutch Shell plc securities.

Additionally, it is important to note that Shell’s existing portfolio has been decades in development. While we believe our portfolio is resilient under a wide range of outlooks, including the IEA’s 450 scenario (World Energy Outlook 2016), it includes assets across a spectrum of energy intensities including some with above-average intensity. While we seek to enhance our operations’ average energy intensity through both the development of new projects and divestments, we have no immediate plans to move to a net-zero emissions portfolio over our investment horizon of 10-20 years. Although, we have no immediate plans to move to a net-zero emissions portfolio, in November of 2017, we announced our ambition to reduce the Net Carbon Footprint of our energy products in accordance with society’s implementation of the Paris Agreement’s goal of holding global average temperature to well below 2°C above pre-industrial levels. Accordingly, assuming society aligns itself with the Paris Agreement’s goals, we aim to reduce the Net Carbon Footprint of our energy products, which includes not only our direct and indirect carbon emissions, associated with producing the energy products which we sell, but also our customers’ emissions from the use of the energy products that we sell, by around 20% in 2035 and by around 50% in 2050.

This report contains forward-looking statements (within the meaning of the US Private Securities Litigation Reform Act of 1995) concerning the financial condition, results of operations and businesses of Royal Dutch 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 Royal Dutch 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”, “could”, “estimate”, “expect”, “goals”, “intend”, “may”, “objectives”, “outlook”, “plan”, “probably”, “project”, “risks”, “schedule”, “seek”, “should”, “target”, “will” and similar terms and phrases. There are a number of factors that could affect the future operations of Royal Dutch Shell and could cause those results to differ materially from those expressed in the forward-looking statements included in this report, 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, 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; and (m) 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 report 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 Royal Dutch Shell’s Form 20-F for the year ended December 31, 2018 (available at www.shell.com/investor and www.sec.gov). These risk factors also expressly qualify all forward-looking statements contained in this report and should be considered by the reader. Each forward-looking statement speaks only as of the date of this report, April 2, 2019. Neither Royal Dutch 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 report.

We may have used certain terms, such as resources, in this report that the United States Securities and Exchange Commission (SEC) interprets as being misleading in our filings with the SEC. US 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.