



Shell Dialogues  
19 November

# Communicating Sustainability

Björn Edlund, Vice President - Communications, Shell

**What does Shell mean by sustainability?  
Are companies trying to hijack the issues?  
Do advertising claims hold water?**



## Session 1 transcript

Björn and his team addressed a variety of key issues in our recent Webchat. Read full transcript inside.





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- Pre-submitted Question

A question from Michael Sugrue: When communicating what it means by sustainability, how does Shell avoid the accusation of simply telling people what they want to hear?

- Alexandra

You make a good point Michael. Sustainability is at the heart of everything we do -- it's written into our business principles, the backbone of the way we act. It motivates our research and development. And it shapes many of our policies and strategies - from our advocacy for government caps on CO<sub>2</sub>, to our work on helping consumers save fuel, to our investment in new technologies. But it also means acknowledging the difficult things as well - there is no getting away from the fact that energy demand is increasing, that supply will struggle to keep pace with demand and the environmental stresses are increasing. The world can't support society's current habits forever. We need new sources of energy, less CO<sub>2</sub>, and more sustainable lifestyles. It is a difficult message but being honest about the challenge is vital if we want people to listen to what we say.

- Anu

What is your definition of sustainability and how does it align with what Shell is doing on the ground at OU'S

- Mark

Anu

Thank you for the question. Our definition of sustainable development is the following:

Helping meet the world's growing energy needs in environmentally, socially and economically responsible ways.

We are consistent and very open about this definition. For example you can find it discussed at some length in our Sustainability Report.

The commitment to contribute to sustainable development is part of our business principles, which all our operating units around the world must follow.

They do so in many ways. For example by having social performance plans in place that define how they work with local communities to share economic benefits from our operations. For example by reducing their local environmental impacts, in line with our company-wide environmental standards. For example by reducing their greenhouse gas emissions (down by a quarter compared to 1990). The list is long, but hopefully this gives you a bit of a flavour. Much more information is available on [www.shell.com](http://www.shell.com) and in our annual Sustainability Report.



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- Angela Macdonald-Smith

How do you get around problem that the minute people hear the word “sustainability” they switch off? It doesn’t make headlines - in fact, should it make headlines anyway, if it’s endemic in what a business does?

- Björn

Hi Angela - Thanks for the question. Sustainability is, as you say, doing the right thing and doing things right so that we balance economic, social and environmental aspects. My experience is that if we are straightforward in our communications, and talk about real activities and openly address problems, people will not switch off.

- Pre-submitted Question

A question from Mrast: How as an interested consumer, individual and company stakeholder can we assess the validity of a company’s claims for sustainability? Why are there no ISO standards, or similar measure, on this issue?

- Alexandra

Good morning and thank you for your question. We are transparent about our own environmental and social standards and have been reporting on our performance against them openly in our Sustainability Report for more than a decade (See [www.shell.com/sustainabilityreport](http://www.shell.com/sustainabilityreport)). So can you believe the accuracy of what is in it? Ultimately, you will have to judge for yourself, of course. But bear in mind that we ask a panel of respected and independent external experts in their field to check the Report each year for its completeness, accuracy and balance. They challenge us hard on what we say, and ultimately put their reputations on the line when they sign off on our report. Their uncensored assessment is found at the back of each Report. Many readers have told us it gives them a good and balanced sense that our reporting is accurate. We also summarise our sustainability performance during the year in our 20-F/Annual Report, which is a legally required filing we need to make to the financial authorities in the United States and UK. Needless to say, we go to great lengths to check and double check the validity of any claims we make to these bodies. And if you are looking to compare our sustainability performance to that of other companies, there are also a growing number of independent assessments of companies’ sustainability performance. The Dow Jones Sustainability Index for example and the FTSE4Good for example, do their own independent investigations and comparisons of corporate sustainability performance. The organisations that run these indices have done their own assessment of us and decided that we qualify as members of both.



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- Pre-submitted Question

Question from Mario Matuk: How to balance sustainability, profitability if other players do not follow the same standards and rules ??

- Andrew

Hi Mario. We have found that to operate in this business you must take account of all your stakeholders' needs. If you are to remain in business high standards must be achieved with respect to your impact on the environment and meeting society's expectations. That's why in our Business Principles document we are quite explicit about this and to ensure we do what we say we have assurance processes in place which ensure compliance.

- neelew

In your opinion, does Shell have a similar perspective/definition of what 'Sustainability' means?

- Mark

It is a good question. Because as you probably know there are a wide range of different definitions of what 'sustainability' means. And some people, particularly in western countries, focus more on the environmental aspects, sometimes losing sight of the importance of the social side (think poverty reduction). Our own definition aligns in spirit very much with the Brundtland definition, which you are probably familiar with since it is one of the most widely known: Helping the current generation meet its needs without jeopardising the ability of future generations to meet theirs.

- Pre-submitted Question

A question from Cool Nige: Communications "greenwash", i.e. corporates declaring 'green' sentiments and intentions without backing them in practice, is often criticized. But isn't there another problem - that even well-grounded sustainability programmes do not stand out because so many companies have so many initiatives on the go? What are Shell's thoughts on evoking freshness and the 'surprise factor' in sustainability communications?

- Björn

Hi Cool Nige. You describe what happens when standards improve - which is a good thing - and in parallel expectations rise, which is also a good thing. Keeping communications as close to the concerns and interests of people as possible is the only "freshness" action I can think of. Most people are reasonable and will respond well if we communicate in ways that make sustainability relevant to them and the real issue we're trying to address.



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- Anu

Thanks for your answer. But would like to know what are the environmental impact measurement studies being done in for eg in India

- Mark

Anu

As you probably know, we have a number of different operations in India- the Hazira LNG terminal to deliver cleaner burning natural gas to power stations, to help India use more gas (and hence relatively less coal); as well as a network of retail service stations (we were the first international energy company granted licenses to open stations in India).

So I'm not sure which parts of our business are of most interest. I can tell you that, for every major new project, we do integrated environmental, social health and safety impact assessments, following Shell guidelines which align, for example, with World Bank standards. Probably best if we follow up to provide more information on the operations you'd like to know most about after this webchat.

- Pre-submitted Question

Question from C.Foretti translated from Italian: Is there any evidence that the value of energy companies is significantly influenced (positively or negatively) by their choices re sustainability? If one could somehow verify that this is the case, then it would be possible to reassess the energy efficiency activities, in order to supplement profitability with greater sustainability

- Alger

There have been multiple academic research studies to explore the relationship between environmental, social and governance (ESG) factors (or sustainability) and the share price performance of companies - overall the overwhelming majority of the studies point to either a neutral or positive relationship over time. In the last few years, the financial markets have been increasingly focusing on how companies approach ESG for amongst others risk assessment purposes. For energy companies specifically, Goldman Sachs for example has published an advanced approach showcasing the relationship of ESG and the expected performance of energy companies. At Shell our approach to sustainability is an integrated part of our strategy and we believe it helps us to manage and reduce risks, helps us to earn our licence to operate and grow, develop the right products and maximise business opportunities. Our energy efficiency programme is a good example of how our approach can actually reduce costs; our energy efficiency initiatives in our downstream operations have reduced our greenhouse gas emissions by some 1.7 million tonnes per year, saving us some \$180 million. We are now putting energy management systems in place for more than 50 of our major assets in the upstream.



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- ayisha

How do you as a member of the communications team differentiate between communicating sustainability & it being perceived as just a PR exercise? who are the key stakeholders that we want this message to be out to?

- Björn

Hi Ayisha - You raise an issue which is close to my heart. As a communications person, I often have the impression that too many people make a distinction between what's real and what's being communicated (as "just PR"). To me, communication is about making things real and relevant to those with a stake in the matter at hand. Same thing goes for sustainability - making clear what our sustainability policies and sustainability performance standards are, and openly reporting on how we actually meet those standards. Our key stakeholders are communities around our operations, our own people, our customers and business partners, non-governmental organisations, government officials, academics and the media. And our owners, the shareholders.

- Pre-submitted Question

A question from alexlockwood: There are many different sources for guidance and development of messaging that Shell could draw on for best practice in sustainability communications, including its own staff and historical practices, but also academic disciplines such as media communications, psychology, and even philosophy. Can I ask where and how Shell engages with critical thinking around its communications, and what criteria it uses for assessing its messaging once it is ready to enter the public domain?

- Andrew

Alex - thank you for your question. We have relationships with various Academic Institutions which have an array of critical thinkers in the Communications space. Right now for example some of my colleagues are at Henley Business School in the UK attending a special program about Communication and Reputation. We also have close relations with Duke University, North Carolina, George Washington University in Washington DC and IMD Lausanne Switzerland amongst others. Before finalising our messaging we review the content in the context of our Shell Brand values. We aspire to build our Brand to be about our technology, our portfolio and our people. And our communications are developed to reflect these attributes.

- yousufhashmi

We use frequently sustainability in communication in nearly all sectors but specially economics.

While we talk about energy we observe a coaster ride. when summer oil was trading on 150 \$ and in winter it lost 60% price.



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My question is that what is your opinion in future sustainability of energy availability and pricing. Who is the main culprit for jacking the prices up or down. Please note that the Shell is among five big companies controlling the oil prices

- Alger

At Shell we believe that growth of energy demand will significantly outpace energy supply. This is mainly related to population growth in combination with economic development in emerging economies such as China and India. We publish our views on the energy future in our Shell Energy Scenarios which you can find on [www.shell.com/scenarios](http://www.shell.com/scenarios). This long term supply demand picture would point to a floor in energy prices in the future. On the shorter term however, the oil price proved to be very volatile and subject to the shorter term economic outlook as well as the distress of the financial markets, of which we have seen extreme price movements in the last few months. Although Shell is one of the largest international energy companies in the world, we produce just some 3% of the world's oil & gas and certainly cannot influence the energy prices on the world markets.

- warren

Many people are now speaking the language of the three hard truths - some ads for other oil companies have "borrowed" our terms - they too speak of the end of easy oil and hard truths of the energy challenge...that's flattering. but also begs question of how do we differentiate ourselves?

- Alexandra

Hello Warren,

The Three Hard Truths (demand for energy is growing rapidly; it is getting harder for supply of easily accessible oil and gas to keep up with demand; and CO2 emissions are set to rise, as concerns about climate change grow) are a reality and we are encouraged that others recognize this too.

Our differentiation comes from how we tackle the challenges associated with these Hard Truths. We believe Shell is unique by being positive about energy and how energy can help the world achieve a responsible energy future.

We also believe that by having responsible and creative people, supported by the best possible technology and ideas, we differentiate ourselves from our competitors. This is what we aim to communicate.

- monen

With mixed messages coming across from the different players in the energy



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sector, the public is more skeptical of whether sustainability can be achieved,

How can the advertising agencies and the energy players develop a common message to communicate?

How can we broaden the perspective of sustainability?

- Björn

Hi Monen - I wonder whether we need to broaden the definition. I think, in fact, we need to make sustainability more concrete, and find ways of linking the broader issues to people. I believe the debate around climate change, for example, is making sustainability more tangible. It is about what we do with the natural resources of our planet - and our individual neighbourhoods - and how our actions impact the communities, cities and countries where we work.

Your point about getting “energy players” to join up messaging raises another issue. The different players will reflect their interests, and I think people can handle that and find their own path through the debate. I wonder whether we need a common cause with the advertising agencies and the players in energy. What we do need is a drive to talk about relevant and important aspects of sustainability in an open way, which allows people to find the facts and arguments they need to make up their own minds, as consumers, voters, parents, energy users - what I call energy citizens.

- mrast

Your competitors have an inconsistent history with sustainability claims (e.g. rejecting shareholder votes for more renewable energy investment, claiming natural gas as the green alternative). And yet, they seem to have more visible sustainability campaigns. How has the sustainability initiatives at Shell been received in the industry? It seems like Shell has a stronger sustainability claim - so how do you address this gap? (Thank you!)

- Mark

I think you're right. I can't pick up a magazine these days without seeing pages of ads from our competitors, particularly on climate change. Overall I think that is a good thing - showing how much awareness in our industry has grown. We have worked hard behind the scenes, through industry associations and with industry partners, to share our experience and raise standards.

But you are right about the differentiation challenge it poses for people like us, who have been at this for a long time. (We first committed to contribute to sustainable development back in the last century!)

My own view is that we shouldn't get distracted by the noise. We need to just focus on delivering real environmental and social improvements on the



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ground. At this stage 'walking' - improving performance - speaks louder than all the 'talking'.

- Pre-submitted Question

A question from Paul Smith IET North Yorkshire: What is Shell doing to involve some of the environmental groups? It seems to me that the environmental groups and energy companies both have valid points but they speak from their own silos. How do we move forward to really solve the environmental problems we face?

- Alexandra  
Hi Paul,

You are absolutely right - collaboration of industry, NGOs, and governments is vital. Without regular contact and exchange of ideas, you cannot build understanding or trust, or effect change - which is why we prioritise our relationships with all of these stakeholders.

Shell has long-standing relations with many NGOs across the world, working hard to manage the social and environmental impacts of our business, while benefiting local communities within which we work.

We have worked with over 100 different organisations covering some 150 projects worldwide on biodiversity conservation, science, education and awareness, as well as a range of activities with NGOs in other areas - human rights, revenue transparency, bribery and corruption, to name but a few.

While sometimes relationships can be challenging, collectively we have achieved some great successes and developed new levels of cooperation - strategic collaborative partnerships - which have genuinely driven change. Some recent examples include our partnership with IUCN - the World Conservation Union - in October 2007 and Wetlands International in January 2008.

- Pre-submitted Question

A question from Anu: Question 1 How can we build more sustainable businesses in local countries. What can each OU/ business operations do? How can all local Ous build triple bottom lines? How can we build sustainability in the entire downstream value chain for Lubs, Fuel, LPG, Bitumen, aviation. Projects could be associated .Some of this is done- but is not tracked and measured. If it's as a KPI it will be valuable Eg 1.Ideas for Local development- Small independent mechanics who change engine oils ? projects around health training AIDS, personal hygiene, health insurance, child education links, SME commercial training Question 2 How can we build a higher awareness with each employee and value chain partner of Shell - on how they can impact



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Sustainability on the job and on his/ her personal level ? eg Water conservation and Energy Efficiency , social impacts in the value chain

- Andrew

Anu Hi- thank you for your questions- in the time available now let me give just a brief reply- we could chat longer later via [andrew.eddy@shell.com](mailto:andrew.eddy@shell.com).

Sustainable Development needs to start in my view with establishing a SD mindset amongst those engaged in the enterprise. The triple bottom line concept - economic, social and environment considerations need to be taken on board by all staff when they are doing their work. Key Performance Indicators can be developed as part of the planning and execution work. Discussions on an individual basis can help everyone's understanding of how SD can be embedded into our day to day thinking, actions and personal behaviour. Let's talk later if you wish.....

- TanyaAstbury

It seems to me that to be convincing about sustainability, or anything really, one has to be consistent across all aspects of operations. I sometimes wonder whether the mantra is being lived in our work-a-day lives. For instance, we should consider cradle-to-grave implications for our purchases, but I've seen it missed in the procurement process. My question is like Anu's. How do you think we can be more effective at getting it happening at the grass roots level?

- Jeremy

Thanks Tanya - as in anything else, success breeds success: and people generally have already come a long way in building their awareness of what sustainability means in their own lives and in thinking about the wider implications of their actions. For Shell, sustainability means helping meet the world's energy needs in an environmentally, socially and economically responsible way - so if we in Shell all keep that in mind, that sets the overall context in which individual Shell people can play their own part.

- alexlockwood

(Yes, thanks. If there were time, would Bjorn be able to expand on what he believes is "the real issue we're trying to address" as he states it in his question below. That is, everything so far is pretty straightforward, but that doesn't sound to me like the world that either Shell is operating in, or we are living in. What about credit, peak oil, addressing 80% reduction in emissions by 2050. Is it possible?)

- Björn

Hi Alex - It can be all and any of that. I was referring to how to communicate - looking at a concrete issue (credit, peak oil, reductions in emissions, energy frameworks, etc) and going through it from all angles. As to your question



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about reducing emissions by 80 percent by 2050, that is a matter of public policy, political will and the willingness of people to change their life style. Do I think it is a realistic goal, and likely to be achieved? I don't know, is the answer. It would mean a major shift in society's priorities. Do you think it is possible? For us, the challenge is that whatever governments decide, to continue to supply the energy the world needs.

- **Open Door**

How does a global organisation balance its messages when local markets can have quite localised issues and concerns that might run counter to what they see Shell doing elsewhere (what external stakeholders see, rather than what Shell knows)? In Queensland, Australia, research shows strong support for energy development but increased demand for "sustainable" development. This means they are strongly supportive of some resources (Gas), live with coal but have some issues, but are strongly opposed to those 'hard' extractive sources like shale oil -considered 'dirty'. How do you convince local Government, eNGOs and more active communities that you are practicing "sustainability" and should be a partner of choice when you have international interests in resources our communities see as 'bad'? I think this is best summarised as - are you really demonstrating what you preach and have we got to find some better way to explain the energy challenge and share your knowledge?

- **Mark**

You've put your finger on a real practical dilemma.

Views on what kinds of energy are and are not 'sustainable' definitely differ around the world.

But there are a few basic truths about the energy system which apply no matter where you live:

That vast amounts more energy will be needed (for example to fuel development in countries like India and China)

That it will be very tough to meet that demand from today's conventional sources.

And that GHG emissions are set to rise.

So the world really doesn't have the luxury of choosing which energy sources it develops.

We're going to need all of them - including unconventional oil like oil sands, more coal, as well as more renewable energy.

Nor do we have a choice about how we develop them: through improved technology cleaner ways of developing these energy sources will be needed.

Think of carbon capture and storage, to deal with CO<sub>2</sub> from oil sands or coal-fired power plants; dramatically improved energy efficiency etc.

All things we are working hard on.

So the global answer really does need to be 'more and cleaner.' No matter where you live.



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- Damien Wigley

Has Shell undertaken any research on consumer values? If so, how has it helped Shell drive market changes?

- Alexandra

Hello Damien,

Thank you for your question. Shell is in constant dialogue with our consumers to learn about what they desire and furthermore what they expect of us as a responsible energy provider, such as developing more efficient transportation fuels.

In addition to market research, today's "web chat" is an example of how we constantly engage in innovative ways with the external world.

- Helen

How important are employees in communicating and engaging around sustainability - and how do you engage with them? Presumably they have family and friends who are cynics when it comes to working for an oil company.

- Andrew

Helen - good morning.

Employees can be a very powerful means to bringing the company's point of view on sustainability to our stakeholders.

However they need to be personally convinced that the company is "on the right track".

We make many efforts to help employees understand what are our beliefs about Sustainable Development - these are clearly set out in the Shell Business Principles and reported upon in the Annual Sustainability Report.

The energy business faces many dilemmas and Shell tries very hard to face up to these in a constructive and engaging way. Speeches by our leaders and other staff help address the concerns of all members of society including those people who are currently may be questioning our intentions and actions.

- warren

Hi Alexandra,

Thanks for the reply...I agree, its our people, their attitudes and mindsets, and our values, that will differentiate us...but that's a harder challenge to communicate than more technical information about sustainability. Although our recent campaigns, like Say no to no, have done a good job in doing so, in my view...I think direct engagements are also very helpful in this kind of communications and advocacy. People tend to believe you more if they can engage/question you, I find



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- alexlockwood

(thanks Bjorn for your answer, appreciated. 80% by 2050 is not only possible, it is necessary, and more importantly it is the manner - the emissions pathway - that we choose to get there that is even more relevant. I'm sure you know Kevin Anderson's work on this, from the Tyndall Centre.)

- Pre-submitted Question

A question from Bruce Harrison: Does the tripple bottom line mean that companies/industries have to meet all 3 objectives at the same time. Can a new industry such as biofuels meet the economic objective later when further developed?

- Mark

'Yes' is the short answer. Most new energy technologies are not cost competitive in their early stages of development. Further technology improvements, experience and mainly just scale are needed to drive down their costs (and address social and environmental concerns about them that emerge).

Biofuels, wind power and solar are all examples of technologies working their way through this process.

- mrast

Dear Bjorn and team,

Just wanted to say thank you for hosting this chat. I'm actually on the East Coast of the U.S. (early morning?), work on oil and gas policy, and am going to grad school next year to start a career in CSR/Sustainability. The webchat was truly an excellent and creative idea, and well-delivered. Thanks!

- Pre-submitted Question

A question from CAS Stewart: In addition to Shell's position of being a catalyst for discussion about Sustainability, Shell is also a leader in the art of predicting global business environments and trends. In the context of the "Three Dimensional Risk Environment" does Shell view "Sustainability" as an issue related more to the Compliance or Reputation risk? As a follow up, does Shell consider the possibility that sustainability issues around water and food eclipse the debate on energy in the next 10-20 years? Thank you.

- Jeremy

Thanks for the question - sustainability is fundamental to the way in which we do our business - for us, that means helping meet the world's energy needs in an environmentally, socially and economically responsible way. If we deliver on that, it will certainly be reflected in the way our stakeholders perceive us. Our Shell Energy Scenarios, and our other long-term strategic thinking, help us address how increasing populations and world energy demand will impact



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global resources of all kinds, and food and water issues are certainly fundamental. But it's not a question of either/or, but of how we can find a way forward for the world that takes all these issues into account.

- Pre-submitted Question

A question from Pietro de Matteis: What can the EU and the US do to push the development in sustainable technologies in the developing countries such as China? what Shell can do? are there partnerships envisaged with Chinese SOEs? Thanks! [pietrodematteis@gmail.com](mailto:pietrodematteis@gmail.com) PhD Candidate University of Cambridge, Visiting Scholar Renmin University Beijing

- Björn

Hi Pietro - You will probably agree with me that a lot of transfer is happening through the activities of the industrial and infrastructure sectors in China. As the world has been moving a lot of its manufacturing to China, it also moved its technology. Better sustainability technologies are also involved, and will likely be deployed if consumers in the West look at the eco-profile of their consumer goods as well as price. In Shell, we have a number of ways to share technology, through R&D centres, as part of projects and in solutions we offer (like clean coal - see our website). One major project you may want to look at is the Nanhai petrochemicals complex, which we developed with Chinese partners.

- Pre-submitted Question

Questions from Zahi: Would the communication of a FRS (Full-Range-Sustainability) i.e. better effects on Society, Environment and Economy have a higher ROI than a classical product performance communication, despite the fact that sustainability does indeed jeopardize in most cases the known product performance?

- Alger

Thank you for your question. In the case of Shell, we actually believe that our approach to sustainability helps us to develop better products. A clear example of this is our Gas-To-Liquids transport fuels. These fuels are produced from natural gas and offer substantial reductions in emissions. (For more information on this specific example go to [www.shell.com/gtl](http://www.shell.com/gtl)) For our retail customers a blend of this fuel is sold as the V-Power brand. This fuel does not only have significant environmental benefits but also superior product performance. This example demonstrates how at Shell we can make sustainability work for our stakeholders from various perspectives: environment, social, profitability and superior products - allowing us to implement the full range sustainability communications successfully.



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- Björn

Hi Mrast - thanks for your kind words.

And thanks to all of you for joining the discussion.

The team here appreciated the fact that the discussion focused more on what we do to achieve better sustainability performance, and less on how we talk about sustainability.