



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 2 transcript

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





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- Andy Ritchie

How effective do you believe Shell has been in overcoming the cynicism which exists towards concepts such as sustainability, both internally and externally?

- Björn

Hi Andy - Cynicism is always a challenge, and perhaps especially when it comes to difficult and complex concepts. To me, sustainability is a mindset - about working to get company operations right, so that we build confidence in our business. There will always be scepticism, about anything a large institution undertakes. Internally, the answer is making sustainability performance measurable. Externally, performance is also the foundation for confidence. In addition, cynicism is perhaps best countered by open dialogue.

- Question

Question from Fred McEwan: US Community Colleges and Universities hold primary responsibility for workforce training for the 21st Century. Higher Ed is developing trainings and rEducation for Sustainable 'Green' jobs - both green collar and green tie. How best can we communicate educate the Business/Economic community re the benefits of sustainably literate workforce, alert workforce of real world opportunities, and work with both to innovate jobs, solutions and their common opportunities for solutions going forward?

- Andrew

Fred-Not only do colleges and universities have the responsibility for workforce training- companies, I believe, should also ensure there are ample opportunities for staff to develop their competences and further their careers. We engage with Academics as part of our sustainability dialogues about our business and with their institutions- for example just this week I visited Nuffield College Oxford to discuss a paper being written about energy and the environment. There is no magic bullet to reaching all likely participants, we use a combination of channels, face to face, publications and other media.

- Nicky Clarke

According to today's 'Guardian', only two companies in the FTSE 100 define what they mean by 'sustainability' in their corporate responsibility reports (BP and BAT). Why doesn't Shell?

- Alger

Nicky, thank you for your question.

In our Sustainability Report, Shell's Chief Executive, Jeroen van der Veer, explains in the introduction what contributing to sustainable development me



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ans for Shell. For us it means helping meet the world's growing energy needs in economically, environmentally and socially responsible ways. This includes both running our operations responsibly today and helping build a responsible energy system for tomorrow. To measure our progress we report on a range of quantitative performance indicators, however qualitative assessments are also taken into account. You can find our 2007 Sustainability Report on <http://sustainabilityreport.shell.com/2007>

- CeciliaF

Good afternoon, I'm going to ask you a fundamental question for me:

I could know which is the impact of sustainability on Shell's brand value?

- Björn

Hi Cecilia - Sustainability performance has a significant impact on the image, and thus on the brand value. It is all about our ability to make clear how we see the economic, social and environmental impact and contributions of our activities - and how this relates to the expectations of communities and opinion formers. We can't put a dollar figure on it. But sustainability is key to the way we see ourselves in Shell, and how others see us. So a solid performance on sustainability aspects is certainly a part of how we value our brand.

- Guy Wainwright

You speak of sustainability having three elements - social, economic and environmental. As recent events appear to suggest these three are very much at the hands of each other. For example as the price of a barrel of oil drops, some companies are spending less money on alternative energy research. So while we may have more 'sustainable' economic conditions - lower interest rates etc., we have a less sustainable environmental outlook. Is there any way to ensure all three aspects of sustainability can be driven forwards in parallel?

- Mark

Guy

The relationship between energy prices and sustainability is an important one. But not simple.

You're right that higher oil and gas prices narrow the gap in prices with renewables like wind or solar (meaning more of them will be developed).

But they also, for example, make coal- the most polluting fossil fuel- more attractive as well. So it is a mixed bag.

And while energy prices have dropped again recently, the underlying challenge remains. The world will need a lot more energy. Conventional sources of oil and gas will likely be unable to keep up with demand. And so we will need all of the extra sources of energy we can develop - more renewables, more coal, nuclear etc. And the need to tackle climate change will



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mean all these sources must be developed more cleanly. Think about carbon capture and storage for coal-fired power plants, which we are working hard on. Or driving down the price of wind power. Or finding next generation biofuels that stay out of the food chain.

So the energy and climate challenge leave us no choice but to meet both the environmental and social aspects of the energy challenge together.

- cdragisic

Bjorn,

I'd be very interested in learning how the sustainability programs supported by different business units, and different countries, are integrated. How are strategies and information shared, joint partnerships formed, etc. What are the opportunities for creating synergies amongst different lines of operation?

Best,

Chris Dragisic

Conservation International

- Björn

Hi cdragisic - thanks for this question. Shell's sustainability strategy flows from our business principles and business strategy. Organisationally, our sustainability programmes flow from a shared view, adapted to the challenges in the different business units and countries where we operate. There are great opportunities for synergies - one example is the progress we have made to lower our CO2 emissions, sharing energy emissions knowledge between our upstream and downstream businesses. For more on this go www.shell.com/responsible

- Ross McKellar

How do you think the Management Culture within Shell will require to shift as the Sustainable paradigm continues ?

- Andrew

Ross Hi- Actually since the early 1990's I have been aware that there has been a growing understanding in Shell of Sustainable Development and for example our understanding of the thinking around the triple bottom line.

Institutions such as Universities and Companies are becoming more knowledgeable more quickly about man's impact upon the environment and society. Management of our company are engaging externally more than ever to understand how to ensure our operations and plans are robust in the face of society's rising demands.

Shell staff are some of the most environmentally concerned people around....

- Question

Question from Shaheen: How does Shell address its communication



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sustainability strategy globally whilst operating in international markets when definitions and interpretations can become unclear?

-

Alexandra
Hello Shaheen,

For Shell, contributing to sustainable development means helping meet the world's growing energy needs in economically, environmentally and socially responsible ways. In short, helping secure a responsible energy future.

We first made our commitment to contribute to sustainable development a decade ago, including it in our General Business Principles in 1997. Our Principles remain constant regardless of location. We believe sustainability can be achieved by aiming to balance economics, environment and social responsibility, aligned with the Bruntland definition. This is a global challenge.

- Question

Question from JanB: It is a fact that syncrude from oil sands and shale have a bad EROI, produce much more CO₂ per barrel final product, destroy valuable resources (nature, water, natural gas) and are extremely polluting. Even if carbon sequestration turns out to be technically feasible in 2030, it would make syncrude even more expensive and polluting because more oil sands or shale have to be mined to obtain a net barrel of crude. In other words, this is a technology that is not in any way sustainable and should be banned to save future generations. Why is Shell communicating sustainability but doing the opposite?

-

Alger
Jan, thank you for your question.

Global energy demand will grow rapidly in the coming decades. Current International Energy Agency scenarios predict a doubling in energy demand by 2030. Even combining aggressive assumptions for growth in alternative energy and for efficiency gains, fossil fuels will represent the overwhelming majority of the energy supply in the coming decades. With insufficient supplies of conventional oil and gas, there is a need to find and produce alternatives, including both renewable energy and unconventional resources, such as Canadian oil sands.

We acknowledge that production of oil sands-based synthetic oil is more CO₂ intensive than competing lighter forms of conventional oil. However, on a



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‘well-to-wheels’ basis it results in some 15% higher CO₂ emissions. A ‘wells-to-wheels’ analysis enables comparison of the CO₂ intensity of competing transportation energy sources, taking into account the sum of CO₂ emissions from production, transport, refining and combustion of fuels. It is increasingly used as an inclusive, consistent, comparative methodology by governments, academics, industry groups and NGOs.

To reduce the emissions profile of our oil sands operations, the Athabasca Oil Sands Project in Canada in which Shell has a 60% share, we have taken a number of initiatives already from the start of the base project, including design improvements, energy efficiency initiatives and exploring the potential for carbon capture and storage through a project called Quest. We are pleased to have secured Government funding to help progress this project. Please find further details on the Quest project on www.shell.ca/quest. A critical assessment of the sustainability of oil sands projects in Canada by the Pembina Institute and WWF early 2008 confirmed the environmental leadership of the Athabasca Oil Sands Project. This assessment included amongst others our policies regarding land reclamation and water use in addition to the actions we have taken on reducing emissions.

- Shaheen

What impact does sustainability have on Shell’s strategic objectives?

- Mark

Shaheen

For me this goes to the heart of the matter. It shows up, for example, in the product offerings we are now providing to customers. Shell Fuel Economy formula is a main grade fuel that, thanks to our special additives, lets drivers go further on a tank of fuel. That saves energy and reduces CO₂ emissions. Our bitumen business, has found a new way to make low temperature asphalt for roads, that also reduces energy use and emissions.

And it is helping shape our big upstream projects as well. All our major projects include a cost of emitting CO₂ in their base economics - so they take efforts from the start to increase their energy efficiency.

- Anne-Lynke

Dear Mr. Edlund,

Sustainability is a mindset, as you said, and so is in my eyes fuel efficiency when driving. However, in order to increase the awareness of this mindset, communication is needed. How would you communicate fuel efficiency by the users of Shell products keeping in mind sustainability? What can be the incentives other than cost reduction? How can we make the return on investment to attain this mindset/behavior more visible?



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- Björn

Hi Anne-Lynke - we have a whole suite of fuel tips and driving tips available through Shell retail outlets in many countries that help people drive with greater energy efficiency. That's a place to start.

- flovial

do you communicate on the 3 dimensions of sustainability social, economical & environmental and not only on the environmental one ?

- Björn

Hi flovial - we communicate all three dimensions, and look at our performance on all three. Community relations and the impact of our business on local economies is a key part of sustainability, and they often combine across the economic and social aspects.

- Jaime

Hi Guys and thanks for the your invitation. Seems that you were focused in environmental topics, but what about of Social investments aspects?
Regards

- Andrew

Jaime-hi- we fully recognise that Sustainability is not just about the environment. Our contribution to Society is also an integral part of our SD effort.

That can be expressed in many ways- security of supply of fuels to customers , employment of own staff and providing business for our suppliers and work for their staff. And we run programs such as Livewire in many countries. For example, see the Shell.co.uk website for more details about what we do on social investment in UK

also look at our Shell Business Principles on Shell.com

- Carolyn Tucker

There are many definitions of “sustainable” used today - some at odds with Shell’s three-pronged definition of economic, social and environmentally sustainable. What are your thoughts on bridging these differences in definition and creating a collaborative atmosphere in tackling challenges common to all?

- Mark

Carolyn

For me, you just can't look at any one part of sustainability in isolation. It just won't work. You can't just focus on the environment, and ignore the urgent need for people to get access to modern energy for development. Likewise, poverty reduction will only be sustainable if it goes hand in hand with protecting the environment. And companies just aren't going to play unless



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there is an opportunity to serve their shareholders. So you really do need all the pieces to come together in my view.

- Question

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. I answered this question this morning. Here is what I said: 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.

- Veronika Markwardt

From some of the communication prior to this webchat I understood that it was recommended to define the term “Sustainability” (in the Brundtland definition sense) in every future internal and external communication? Is this a correct understanding?

- Mark

Veronika

Think we do need to be clear about what we mean by sustainable development. I’m not sure we need to give a full definition each time. Often context can help - as well as good, clear examples.

- CeciliaF

Gentili signori,

QUAL È L’IMPATTO SUL VALORE DELL’AZIENDA (COMUNQUE DEFINITO E MISURATO) DELLE STRATEGIE FINALIZZATE ALLA SOSTENIBILITÀ?

- Shell delegate 2

Ciao Cecilia,

Nel interesse di tutti in questo “chat”, sarebbe possibile fare le domande in inglese? Si Lei preferisce utilizzare oppure l’italiano, meglio farlo per email. Va bene così? Grazie.



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- Andy Ritchie

How did Shell deal with the different definitions and levels of understanding of sustainability within its own organisation? Did you seek to define what sustainability meant to Shell, and then use this as a basis of building a message for both an internal and external audience?

- Björn

Hi Andy - we love debate and definitions in Shell so you can be sure we spent a lot of time on this. The definition, in the last decade, mirrored that of the so-called Brundtland commission, which defined sustainable development as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs”. Today, we define our contribution to sustainability as helping to meet the world’s growing energy needs in economically, environmentally and socially responsible ways.

- Beth

Communicating on sustainability means internally the concept has become operational. What management tools have been put in place at Shell to make sure operational performance assessment includes SD criterion?

- Andrew

Beth - Yes you’re right....SD is operationalised in Shell. That starts with rigorous measurement on a regular basis. This we do annually as part of our Assurance process. And this is published in the Performance data -pages 36 and 37 in the Shell Sustainability Report 2007- this shows both Environmental and Social performance. see www.shell.com/performance

- Question

Question from Annemiek Tavecchio: How do you think Communicating Sustainability relates to Assurance? Is Non Financial Information as important as Financial Information and should or shouldn’t these be integrated

- Alger

Annemiek, thank you for your question.

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. Hence, we believe that assurance for non-financial information is equally as important as financial information. However, for most non-financial information no consistent international reporting standards exist which is why we have developed solid assurance process ourselves. We report on a range of quantitative performance indicators, however qualitative assessments are also taken into account. We use an External Review



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Committee of experts to check that our reporting is balanced, relevant and responsive to stakeholders. With the advice of external auditors, we developed a range of internal controls to help assure accuracy of the non-financial information we report on. In addition to our Sustainability Report, we do publish our progress on our non-financial key indicators in our Annual Report & Form 20F.

- MLester

hi from thp an international ngo based in nyc. my name is michael. how does shell communicate sustainability on the ground to poor local communities in developing countries where it is extracting crude?

- Mark

The short is, not by talking about it, but by doing stuff. And the stuff that matters most is a) creating jobs and income for local communities, either through local hiring or local contracting and procurement. So people see tangible benefits. b) protecting their safety, whether that means helping with programmes to improve road safety (training, improving roads), or programmes to improve community health (HIV and malaria programmes are good examples) or c) the basics of making sure our operations reduce their environmental impacts.

Engaging with communities - drinking lots of cups of tea - and working together with local NGOs is also important. But delivering real benefits is the key. At least for me.

- Wild_fabric

Hi, this is Frederic from Amsterdam. Regarding the advert, it seems to be a good example of the predicament an energy company finds itself in: its operations are 'wasteful' from an environmental perspective, but necessary for society to continue functioning. The advert does not answer anything, but merely points to the problem: there is no away. Does this mean that we just have to muddle through? Does shell envisions an energy and climate future than overcome the 'waste' problem?

- Björn

Hi Frederic - I hope we can all do better than muddling through. The message of the ad, as you say, is that we need to realise that this is the planet we all live on, and all of our activities have an impact. What we tried to communicate with the examples in the ad is that there are ways of handling CO2 emissions that are better than "muddling through". Those are small contributions, but they're a start. Using CO2 in green houses must be better than letting it escape into the air.



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- Elitza

Our messages on sustainability can be misunderstood or interpreted in different ways by different stakeholders. So which audiences do we consider important to get the message right and which can we afford not to, if such a separation can be made at all.

- Mark

Elitza

I don't believe we can pick and choose. We are under the spotlight all the time- with customers, communities, NGOs, media and governments. That is only right and fair. So our challenge is to find ways to make clear to all of them what we mean by sustainability - and more importantly what we are doing to live up to our commitment to sustainable development that we made in our business principles.

- Question from Alexandra

Why apparently has BP a "greener" image than Shell - is this the case or more effective communications?

- Answer from Alexandra

Hello,

Undoubtedly, our competitor's green logo creates a particular impression!

In Shell, we are focusing on the goal of delivering a responsible energy future, in all of its dimensions.

Environmental considerations have been part of our business practice for decades. Our skills and capabilities rise each year as scientific knowledge and societal expectations also increase.

It is our goal to have communication keep pace with our performance. We research our communications before and after they are launched, affording us insight into what works best with our audiences.

- Cool Nige

Isn't there some value in raising the profile of sustainability issues much more on the forecourt of your petrol stations? Couldn't you tell petrol buyers much more about the benefits of your greener / cleaner products there? Couldn't your Shell shops offer environmentally responsible products, dramatically flagged up? Petrol stations (not only Shell's) seem rather 'communicatively dumb' spaces.....



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- Andrew

Hi Cool Nige....

Customers are looking for lots of different info when they come to our forecourts – e.g. food and drinks offer..... ref sustainability...

On the forecourts we already we have literature called “fuel tips” which describe 10 things you can do to use less fuel - some are obvious like driving “gently” - others are a bit less obvious such as keeping your tyres inflated at the recommended pressures and keeping your boot empty: don’t use it as a storage space for heavy objects.....

We intend to do more on sustainability---- watch this space....

- Margot Scheltema

There is a common reflection, at least in my country (The Netherlands), that the Shell Scenarios and three Hard Truths, with their continuing reliance on producing considerably more oil & gas reserves, are self-serving. In parallel, the question is then asked why we could not direct a far larger amount of investment funds towards renewable, or CO2-neutral, energy sources.

Your answer - which I also do not want to pre-empt! - may well point out a.o. that the magnitude of supply and demand numbers are compelling; they are beyond our immediate influence etc. In that context, can we think of storylines or approaches that convey those huge numbers (that mean not much to normal people) in a more memorable way, making the story easier to communicate, explainable and more convincing?

- Björn

Hi Margot - you raise important points. Let me respond this way: the scenarios are scenarios guided by data and the analysis of trends, not projections of our business strategy. As for making societies less dependent on oil and gas, that is a political challenge which requires life style shifts of great magnitude. Are we willing to make these changes to our life styles?

- Sergey Khristolyubov

Bjorn,

Has Shell ever undertaken any ‘Sustainability’ project in cooperation with government? local authorities? May we recognise that most governments contribute to sustainability?

- Björn

Hi Sergey - we do that all the time. If you go to www.shell.com/responsible you will see examples.



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- Jose Brugada

When will Gas to Liquids technology be implemented across North West Europe and in the USA? what is the main blocker for this? wasn't it already implemented in Greece in 2004?

- Alexandra

Hello Jose,

Diesel containing GTL is now available in the following markets:

Germany
Austria
Switzerland
The Netherlands
Italy
Hungary
Luxembourg
Greece
Slovakia
Thailand and
The UK

As you will understand, for commercial reasons we cannot discuss specific future plans.

- Shaheen

Hi,

How does Shell benchmark itself with other major oil and energy companies in addressing sustainability issues?

- Mark

Hi Shaheen

We do benchmark against competitors, using things like the Solomon Index on energy efficiency for our refineries and the industry associations that we participate in.

Perhaps more importantly are all the people out there comparing us to our competitors all the time. From NGOs to indexes and rating agencies for investors, there seems to be a new comparison study every week. So we have no shortage of data on how we compare.

The important thing is how you make sense of that data - and of course what you do with it to improve your environmental and social performance.

We are serious about learning from these comparisons and pleased that we are



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in the major indexes, like the FTSE4GOOD, Dow Jones Sustainability Index and the Carbon Disclosure Project.

- Wild_fabric

This is perhaps a tough one. Regarding social investment, does Shell feel it has a responsibility to invest in the improvement of social circumstances of communities it operates in but are problematic (such as in Nigeria)?

- Björn

Hi Frederic - we certainly have a responsibility, although we can't take on the job of governments. In Nigeria, we have a very comprehensive social investment programme. Again, trawl our website and you will find a lot of information about this. We also have longer stories on the website, including an interview with our country chair, Basil Omiyi. We know that a lot of community work remains to be done, and the challenge is daunting.

- ??

The perception of many people seems to be that BP is ahead of the other majors with respect to sustainability initiatives and their "green" image. What might they have done better in terms of communication? And how can we improve?

- Alexandra

Hello,

Earlier on I answered a very similar question. If you scroll down through the transcript (not too far down) you will find an appropriate response.

Thank you for your interest in the "web chat".

Alex

- LizaB

As we speak to sustainability being a balance of social, environmental and economic... are stakeholder willing to over look marked economic growth each quarter for large organizations to take on a more long term vision, to development business models which harmonize the three elements of sustainability? Is this the obstacle – stakeholders' shortsighted obsession on each quarter's balance sheet- to developing a truly sustainable business model? If so how will Shell overcome this challenge?

- Alger

Liza, thank you for your question. Shell is a long term oriented company with a long term strategy and a portfolio of assets that will operate for decades. At



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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. Although the financial markets do focus on our quarterly financial performance there is a lot of interest for our longer term strategy as well. In recent years, we are seeing an increase in interest from financial markets on our approach to environmental, social and governance for risk assessment purposes and as a proxy for management quality. This is amongst others a result of investors such as pension funds, insurance companies and asset managers incorporating environmental, social and governance aspects when evaluating which company to invest in. Shell is actively sharing its approach through a special global programme where senior Shell executives meet with shareholders to discuss our progress on these topics and to demonstrate how it supports our business model.

- Guy Wainwright

In your opinion is it much harder for oil / fuel / energy companies to communicate around sustainability than companies in other industries?

- Andrew

Guy- - hi- No is my short answer.

But ok the energy industry does cause many people concerns and we try to address this through being open and through dialogue.

Actually if you look closely at what we have been doing you will see we have been a player in the SD space for some years. We published our Business Principles back in the 1970's which talked about how we should behave. In 1997 we included Sustainability explicitly in them. And from that year we began reporting our performance publicly in our annual Sustainability Report. See www.shell.com/responsible energy

- Anne-Lynke

Dear Mr. Edlund and his team,

I would like to see customers speaking about their own sustainable behavior due to products offered by their favourite sustainable businesses. No showing off, no hype, but intrinsic motivation and not corporate social responsibility (CSR), but customer social responsibility (CSR versionII). How can we make doing sustainable business or buying sustainable products more visible without making it 'soft'?

Thank you for your insights...

- Mark

Anne-Lynke

I absolutely agree. Consumers are extremely important in this equation and we need to hear more from and about them. This is especially true in our



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business. About 85% of the GHG emissions from a barrel of oil, for example, are actually emitted when drivers use the fuel.

We are working hard to provide them with less polluting products - like Shell Fuel Economy Formula, natural gas for power and heating instead of coal or oil - and we are also providing training on advice on ways for drivers to save fuel and lower their emissions.

- vbrooks

Is there a global communications campaign that you as a team hold up as the 'gold standard' in sustainability communications? Or a national campaign? I would like to know whom Shell benchmarks itself against in this context.

- Björn

Hi vbrooks- we focus on dialogue and cooperation with leading non-governmental organisations as well as community groups. Sustainability is an area that calls for a lot of humility, since it is basically about doing the right thing and making sure the company's activities are seen to be useful. So using it as a basis for bragging would not work. That said, we always keep an eye on other companies and what they do.

- Nolles

Good afternoon,

Looking at today's discussion on climate, it almost seems to me that sustainability = continuity of a company. There is no alternative. And, we need to do it faster than we anticipate so far. Is this a too dark definition?

- Mark

Nolles

I certainly do think finding ways for companies to make a profit from providing more sustainable solutions is critical to success. Using the power of the markets to direct R&D and investment will be critical to driving down the cost of renewable energy or solutions like Carbon Capture and storage for example. Lots of individual companies may come and go in this process. But the ones who get it right will not only survive but prosper.

- InterestedConsumer

In areas of the world with challenging operating conditions such as Nigeria, how do you balance your community engagement activities with communicating sustainability?



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- Björn

Hi - I talked about this in a reply earlier. The key is to get things right, and addressing any challenges that come with our operations. The balance is always in favour of acting first, then talking about it.

- SES_TT

Sergey's and Cool Nige's questions seems to speak to the need for greater linkages between product information i.e the tips on fuel reduction and the wider picture of Sustainability. Anne-Lynke's question also speaks to consumer involvement. I still get the sense that there is a missing link between product information on the shelf and the wider picture of what Shell is communicating about its sustainability practices.

- joelfrijhoff

Shells Sustainability Report is surprisingly compact. How does Shell select its topics and issues to report about?

- Mark

We do have a systematic process to decide what gets into the report to make sure we cover all material issues -either in the report or on our website. If I had more time, I'd love to tell you about. See page 40 of our SD Report or www.shell.com/sdreporting

- Beth

To go further on the question of performance, are business managers assessed on on their SD performance, are SD indicators part of their bonuses ?

- Andrew

Beth- thanks for your question.

In fact when assessing the company's performance SD is part of the corporate annual scorecard. On an individual basis each employee has a personal scorecard. This normally has some SD and/or Health, Safety, Environment and Security target set out.

In an operational setting this would cover emissions from the part of business that they manage or operate. In the office setting, the focus will be about employee safety and behaviours.

- GeorgeP

GeorgeP

Alger's response to JanB only addressed CO2. The low EROEI for tar sands production (high energy input per unit output) requires that many more barrels be extracted for a given net usable output, if one considers supplying the energy input to the process on a sustainable basis. Please address the impact of this low-EROEI multiplying factor.



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- Alger

George, thank you for your question. Indeed developing oil sands generally requires more energy than developing easy accessible conventional oil. Roughly one quarter to one third of the production cost of oil sands are energy related. However, the CO2 emissions profile I addressed earlier (15% higher CO2 emissions than lighter conventional oil on a 'well-to-wheels' basis) includes the emissions from the energy that is needed to develop the oil sands.

- Hilmar van den Dool

Suppose we can deliver a lower average fuel carbon intensity in a certain market (lower meaning compared to competitor or legal spec). Could you see positive value in communicating this and what are the requirements to make that work?

- Alexandra

Hi Hilmar,

Thank you for your interesting (and big!) question.

You raise the issue of consistent measurement and how we can come to an agreement with the broader community on measuring carbon footprints.

This is a subject that many people are working hard on. In Shell, we believe strongly in taking the whole picture into account.

This is a journey and we are not there yet! To get there, cooperation is key amongst political, economic and social players.

- joelfrijhoff

Perhaps a last question: How do you communicate about how sustainable your core oil operation is given that the overall perception is that oil cannot be sustainable in essence?

- Mark

In short, by being clear that the world will continue to need this energy to drive development for many years to come, given the expectation that energy demand will more than double by 2050; by talking about what we are doing to reduce the environmental impacts of oil production and use; add by helping create benefits for the local communities where we operate.



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Communicating Sustainability
Björn Edlund, Vice President, Communications, Shell

- Anne-Lynke

The challenge of Shell Fuel Economy Formula is in my eyes also to make it visible outside the petrol station, for Shell as well as its users...

‘Outsiders’-non fuel economy users will then be able to ‘see’ it, question it and ask for user experiences in order to possibly be sustainable too???

Spreading the word...

- Mark

Agree - it is important to spread the word, and raise awareness about both better fuels and more efficient vehicles and driving habits.

- Shaheen

Hi,

I think Shell’s use of scenario planning is inspirational especially to 2050. How do you think that Shell can become “world class” in its communications and marketing strategies? Do you think you will change your image, colours and strategy to be more aligned to innovation?

- Björn

Hi Shaheen - what’s wrong with our present image, colours and strategy?

Seriously, we periodically update our visual representation but the Shell emblem (the shell) is considered to be a design classic. In today’s UK edition of the FT you can see a new ad which is designed in a newer style, which actually resembles the design of our energy scenarios material. With more than 45,000 fuel retail stations around the world, we’re already the world’s biggest retailer. So there must be something we’re doing right on the marketing side.

- CeciliaF

WHAT IS THE IMPACT ON VALUE OF THE SUSTAINABILITY strategy?

- Alger

Cecilia, thank you for your question.

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



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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.

- RegionWorks

It seems that “sustainability” for most people is the goal, a future state, and there is wide recognition that interim steps must show progress but not attainment. A guiding word for our time could be “Practical”. It will be heard by the next generation.

How is Shell working to educate about these steps and display them to us more openly?

An example is the Audi R10 powered by Shell petroleum diesel (a step). The fuel then gained a gas-to-liquids component (another step), and then this year at LeMans a small fraction of biomass-to-liquids (BTL) was added to demonstrate work underway.

- Mark

I also think we need to do even more to communicate what we are doing.

- RegionWorks

To pick on one theme that might be found hidden in some of the questions and responses -- competition. There are marketplace strategies and tactics to decide, but most of these will build on existing strengths and weaknesses. Shell seems to have properly picked a less flamboyant performance-based approach.

Couldn't you build on that inexpensively by doing more with existing infrastructure? The station/stores are a prime education point.

As an example, outfit a mobile “clinic” to visit stations and offer demos and actual help to check tire pressures, weight reduction, driving habits, and Shell's sustainability and V-Power messages?

The path to sustainability is steps from now to that goal. Your communication must take us with you on that journey.



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- Björn

Hi - we're working on this, as you can imagine. And we're seeing where these approaches work culturally.

- SES_TT

Do these fuel reduction tips at the consumer end redirect the consumer to the larger picture of sustainability on your website, so as to foster greater awareness and education in sustainability? There seems to be a divorce between product information and sustainability reports on-line that have the full scope of sustainability information.

What is being done to motivate consumers, other than professionals, to the on-line resources? It seems that the average citizen only goes on-line when there is negative publicity or Greenpeace is protesting. How is shell monitoring communication to its different target market?

Keep up the good work....Sharon, RHUL

- Andrew

Sharon- Hi- on the fuel tips pamphlet I have seen it does refer you to a website with more info. I don't think we have got to "divorce" on SD and the business- rather SD has been getting more embedded into the business. Much remains to be done and progress- from what I have observed- is being made...

- Wolf

Do you think that companies like Shell should be able to advertise improvement projects that are small in the context of your overall business, even if they are big in absolute terms? Especially when your business inevitably involves products that generate a big environmental and social impact?

- Björn

Hi Wolf - the answer is yes. But it has to be solid stuff, of course. Relevance shifts by market culture, and this meaning can drift as well. But of course we should be able to talk about what we do, and why.

- Stas

hi Björn and team.

Do you feel that large companies have difficulties sustaining communication due to their responsibility to their shareholders when responding to topics which may be seen as controversial? How does Shell deal with such issues.



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- Alger

Thank you for your question. In Shell we believe in transparency, however we do have to take into account confidentiality of certain information as well as disclosure legislation when engaging with our stakeholders.

- Question

Question from Chris: given the arguable perception that sustainability is expensive and costs jobs, how will society in general and shell in particular maintain commitments to sustainable practices in light of a major economic downturn.

- Alger

Chris, thank you for your question. We have been committed to progressing sustainability in our company already for over a decade. 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. Although cost management is important to any company during an economic downturn, at Shell we believe that our approach to sustainability supports our business model.

- Shaheen

Hi,

Having worked for BP for many years I think Shell has a competitor edge by introducing webchats external communications with outside communities and also has a more international, global focus in its core business. Do you think a more participatory role with Universities and other companies will be a strategic drive?

- Alexandra

Hello again,

If you scroll down through the transcript, you will see reference to the variety of work we are doing with universities across the globe (i.e. see Andrew's response to Fred at the very beginning of the transcript).

Shell also works with industry associations to further these discussions. These discussions, and the resulting action, are undoubtedly invaluable.



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- Wolf

Hi Bjorn and team

Thanks very much for a very interesting and thought-provoking webchat.

- Björn

Thanks Wolf, and thanks to all of you for your questions and the dialogue.

