



## EXECUTIVE SUMMARY

Tackling climate change is an urgent challenge. Shell fully supports the goal of the Paris Agreement on climate change to limit the rise in global average temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit it to 1.5°C.

We have set a target to become a net-zero emissions energy business by 2050, in step with society. This supports the 1.5°C goal of the Paris Agreement. Achieving this goal will require action by all parts of society including energy producers, consumers and policymakers. We advocate the development of government policies that could help the world to achieve net-zero emissions by 2050.<sup>3</sup>

We believe our knowledge and expertise of the energy system and energy technologies can help contribute to comprehensive and effective policy, legislation and regulation. We engage with governments, regulators and policymakers directly, and indirectly including through industry associations.

We aim to be at the forefront of the drive for greater corporate transparency around political engagement. We set out our approach, including our principles for responsible lobbying, in our statement on corporate political engagement on our website, shell.com.<sup>4</sup> We also provide examples of our advocacy on our website, including our responses to key government consultations.<sup>5</sup> We have published our principles for participation in industry associations that govern the way we manage our relationships with industry associations on climate-related policy issues.<sup>6</sup>

In 2019, we published our first Industry Associations Climate Review,<sup>7</sup> and were one of the first companies to report this information. The review found material misalignment with one industry association, American Fuel & Petrochemical Manufacturers (AFPM), which we left as a result.

In 2020, we published our Industry Associations Climate Review Update,<sup>8</sup> which highlighted actions we had taken to address differences in climate-related policy positions with the nine industry associations where we found some misalignment in 2019. We also published information on the payments we made to 18 associations.

In 2020, we updated Shell's climate-related policy positions and published them on our website (see page 7).

In this 2021 Industry Associations Climate Review, we have increased the number of associations we reviewed to 36, including 18 we reviewed previously. We assessed their climate-related policy and advocacy positions against the positions we published in 2020. We found:

- material misalignment with one association;
- some misalignment with seven associations; and
- alignment with 28 associations.

## EXECUTIVE SUMMARY continued

We found material misalignment with Queensland Resources Council (QRC) in Australia, and we are reassessing our membership of this association. We plan to take a decision about our continued membership of QRC in October 2021, and to communicate this publicly. We will use the period to October 2021 to monitor any changes in QRC's policy and advocacy positions.

We found some misalignment with seven associations. We reviewed three of these in our 2019 report where we also found some misalignment - American Petroleum Institute (API), National Association of Manufacturers (NAM) and U.S. Chamber of Commerce (USC).

We have carefully considered our next steps for these three associations and decided to remain members at the current time. This is because there is evidence that their positions are changing, and we believe we can have a greater positive impact within the associations than outside them (see case study on page 13). We also see a broader value in our memberships, for example on health and safety regulation and sharing of industry best practices. We will continue to closely monitor these associations and be transparent about where we find differences.

We found alignment with 28 associations, including six with which we found some misalignment in 2019.

In the two years since our first report, we have seen governments set out plans to achieve net-zero emissions, and wider support for the Paris Agreement. We will continue to work with others, including through industry associations, coalitions and partnerships, to help accelerate the transition to low-carbon energy. And we will continue to be transparent about that work. We plan to publish an update of our policy positions in 2021 and our next industry associations update in 2022.

