



REVIEW OF SHELL'S MEMBERSHIPS OF INDUSTRY ASSOCIATIONS

METHODOLOGY

Shell companies are members of hundreds of industry associations around the world. We selected the 36 industry associations in this report for the following reasons:

- we consider them to be influential in climate-related public policy;
- they operate in regions or countries where we have significant business activities; and
- either their climate-related policy and advocacy positions have attracted the attention of Shell, investors and non-governmental organisations, or Shell could be considered influential in those industry associations.

We reviewed the industry associations' publicly stated policy and advocacy positions for the period April 2020 to March 2021 against Shell's climate-related policy positions provided on page 7. For associations featured in this report for the first time, we also considered information from outside this period where appropriate.

We assessed whether meaningful differences existed and whether those differences could have an impact on governments' climate-related policies. We also considered whether the policy and advocacy positions taken by the associations appear to be intended to help advance the energy transition or impede the

technologies or markets that will be needed. We considered the following key questions:

- do the policy and advocacy positions of an association undermine our support of the goal of the Paris Agreement and policies to help the world to achieve net-zero emissions by 2050;
- does an identified misalignment relate to policy positions or a difference in advocacy on a specific policy proposal or legislation; and
- is there evidence of positive change in the policy and advocacy positions of an industry association during the period of the review?

If an association publicly stated a position that was against one of Shell's climate-related policy positions, we considered this to be misalignment. If an association did not publicly state a position supporting the goal of the Paris Agreement or carbon pricing, we also considered this to be misalignment.²⁹

Where an association did not publicly state a position on other climate-related policy positions that we support, we did not automatically consider this misalignment, unless we believed the association's actions undermined our support for the goal of the Paris Agreement and support for policies to help the world to achieve net-zero emissions by 2050.

REVIEW OF SHELL'S MEMBERSHIPS OF INDUSTRY ASSOCIATIONS continued

THE RESULTS OF OUR REVIEW

Summary of findings

Table 2 (page 12) summarises the findings of our review. Of the 36 industry associations we reviewed, we found:

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

Misalignment

In line with our principles for participation in industry associations,³⁰ we take one or more actions when we identify misalignment. These actions are determined by our assessment of the importance of the topic, the extent of the misalignment, and the broader value of our membership.

Material misalignment

For the one association with which we have identified material misalignment, Queensland Resources Council (QRC), we are reassessing our membership. 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 (see page 19).

Some misalignment

We found some misalignment with seven associations:

- American Petroleum Institute (API)
- Chamber of Minerals and Energy of Western Australia (CME)
- Electric Power Supply Association (EPSA)
- National Association of Manufacturers (NAM)
- Texas Oil & Gas Association (TXOGA)
- U.S. Chamber of Commerce (USC)
- WindEurope.

We also found some misalignment with three of these associations in 2019 – API, NAM and USC. We have carefully considered our next steps for these associations and decided to remain members at the current time. This is because there is evidence their positions are changing and we believe we can have a greater positive impact within the associations than outside them. We also continue to see a broader value in our memberships.

The other four associations where we found some misalignment were reviewed for the first time in this report - CME, EPSA, TXOGA and WindEurope.

We found WindEurope to be aligned with most of our climate-related policy positions, including support for the EU Emissions Trading System and the need to increase renewable energy targets. However, WindEurope has stated that the transition to net-zero emissions should not be based on strong assumptions about the role of carbon sinks, which Shell considers crucial to balance emissions in the hard-to-abate sectors. The finding of some misalignment reflects this difference in our positions.

We will continue to engage with industry associations where we found some misalignment. We will promote climate-related policies that support the goal of the Paris Agreement and help the world to achieve net-zero emissions by 2050. We will track alignment of our positions on climate-related policy and where we find misalignment we will continue to report on our differences; we will also take one or more of the following actions:

- remain in the industry associations and increase our engagement with them 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 a risk of material misalignment, including ending activities such as board and committee participation, or ending overall membership.

Alignment

We found alignment with 28 associations. We are pleased to see the progress of six of these associations since our first report, which have moved from some misalignment to alignment:³¹

- American Chemistry Council (ACC)
- BusinessEurope
- Canadian Association of Petroleum Producers (CAPP)
- Cefic
- FuelsEurope
- Western States Petroleum Association (WSPA).

We will continue to engage with these associations and work constructively with them on climate-related policies that support the goal of the Paris Agreement and help the world to achieve net-zero emissions by 2050. We will continue to track alignment of our positions on climate-related policy and where we find misalignment we will report on our differences.

