Reputation Workshop

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JAN-20-2016

WELCOME

1

RESTRICTED

ALIGNING FOR THE FUTURE

2

LEVEL SETTING

3

ANSWER TO QUESTION 1

#73

ANSWER TO QUESTION 2

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UNITED STATES POSTAL SERVICE

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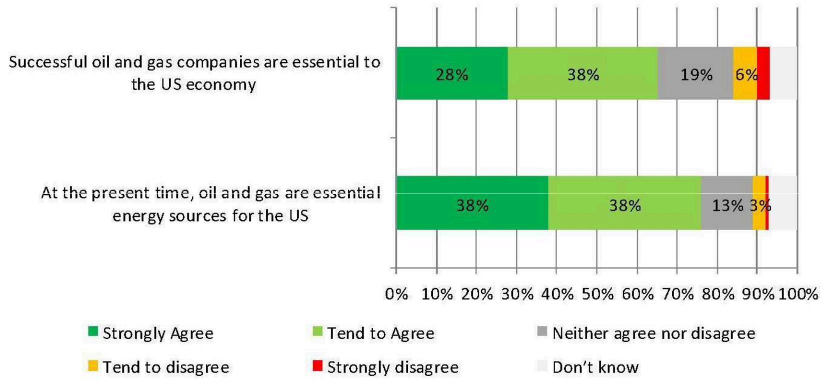
OVERVIEW OF RESEARCH

4

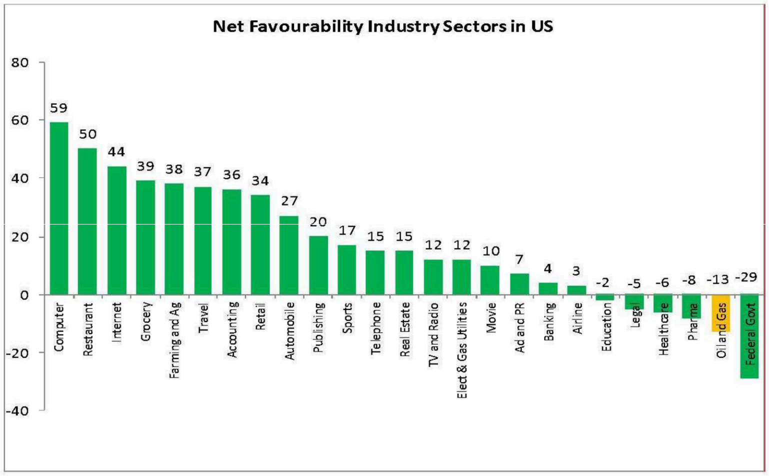
WHERE ARE WE NOW?

LEGITIMACY OF OIL AND GAS STRONG… FOR NOW



Source Ipsos MORI US Omnibus Dec 2015

O&G INDUSTRY HAS POOR IMAGE

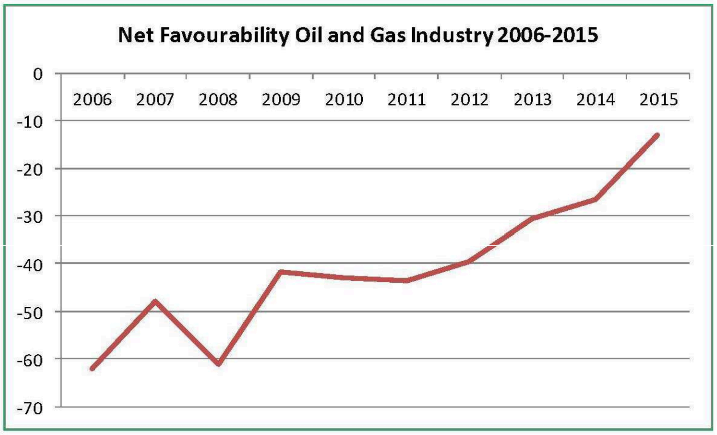


In absolute terms, favourability towards the industry is low compared to other sectors.

Doesn't contradict current acceptance of its necessity. Does suggest a lack of widespread emotional appeal.

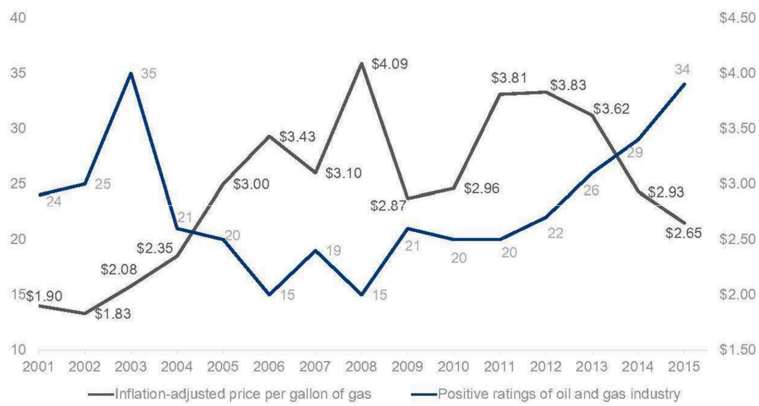
Source: Gallup August 2015

BUT IT HAS BEEN IMPROVING



Source: Gallup August 2015

LOW PRICES AT LEAST PART OF THE STORY

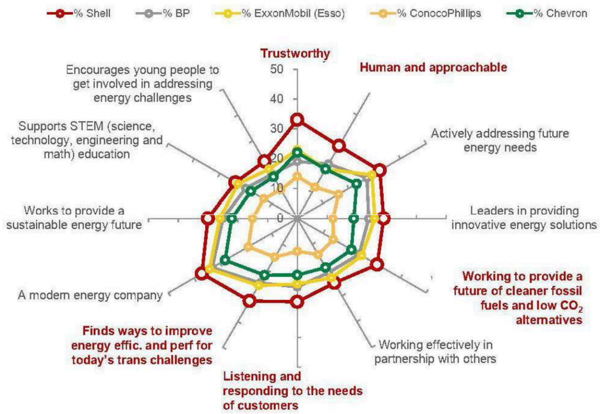


Source: Gallup August 2015

Public opinion on the oil and gas industry varies partly in relation to the average price of gasoline

This is not surprising given the importance of the Retail experience in influencing the opinions of the general public, many of whom do not have a detailed understanding of the industry.

SHELL LEADS ON POSITIVE BRAND ASSOCIATIONS



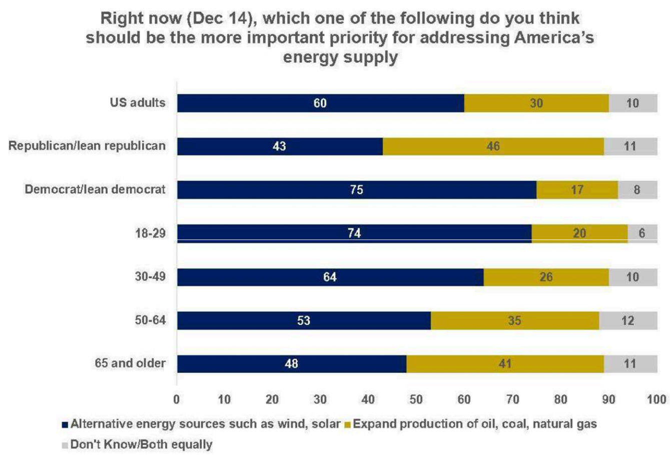
Source Shell Tracker Sep 2015

Against key oil and gas competitors, Shell leads on trust, recommendation and favourability and leads or is in joint first place on all positive brand attributes

This lead at the detailed level is consistent with Shell's overall lead on trust, favourability and recommendation.

WHERE DO PEOPLE EXPECT US TO GET TO?

ENERGY MIX EXPECTED TO SHIFT – ESPECIALLY YOUNG



Widespread support for expansion of alternative versus hydrocarbon energy sources

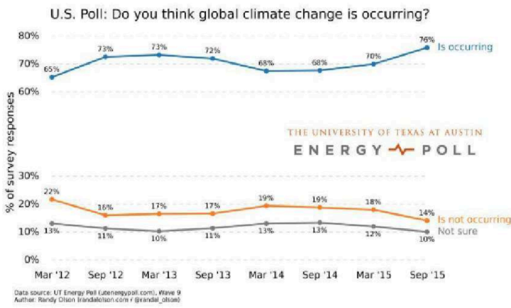
Source: PEW Climate Change and Energy Issues, Dec 2014

CLIMATE CHANGE ACCEPTANCE RISING GRADUALLY

THE UNIVERSITY OF TEXAS AT AUSTIN

ENERGY POLL

FALL 2015



US public splits on demographic and political lines on beliefs in climate change

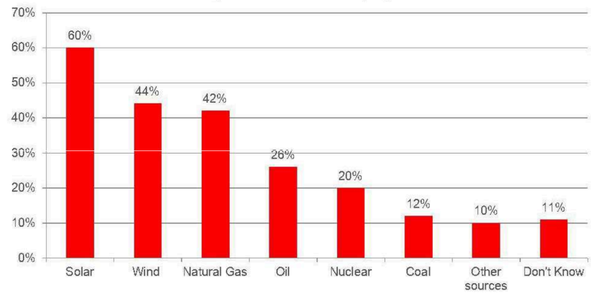
Younger people and Democratic voters are more likely to believe that climate change is happening and caused by human activity.

They are also more worried about its potential consequences than other groups.

Women and college educated people also tend to lean in this direction.

EXPECTATIONS OF KEY ENERGY SOURCES IN 2050

Energy Sources Expected to Provide at least 25% of US Energy Needs by 2050
(% US Adults 18-75yrs)



Source Ipsos MORI US Omnibus Dec 2015

Overall strong support for renewables plus gas world by 2050 with gender and generational differences

Generational Differences

Support for solar 69% and wind 53% highest among 18-24 year olds.

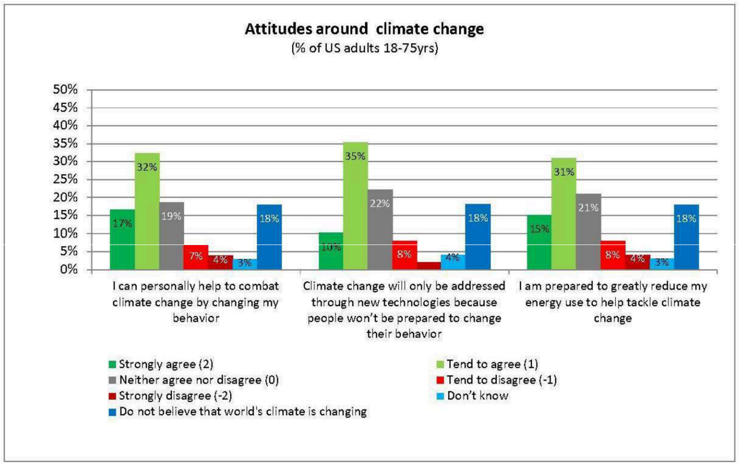
Biggest fans of natural gas (54%) and nuclear (29%) are 66-75 year olds.

Men are more likely to see a significant ongoing role for hydrocarbons by 2050 than women

	Natural Gas	Oil	Coal
	48%	30%	16%
	37%	23%	8%

HOW DO THEY EXPECT TO GET THERE?

HALF WILLING TO CHANGE OWN BEHAVIOUR



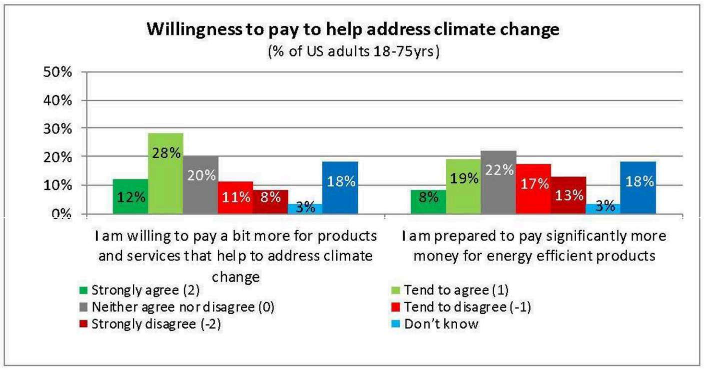
Among those who believe that climate change is happening, more than half believe personal action is part of the answer to addressing it.

However, only a third think that their personal actions have a major influence on the environment whereas two thirds think that large corporation and government actions have a major influence.

At the same time, more than half think technology will be needed because people won't be prepared to change their behaviour.

Source Ipsos MORI US Omnibus Dec 2015

A MINORITY ARE WILLING TO PAY MORE

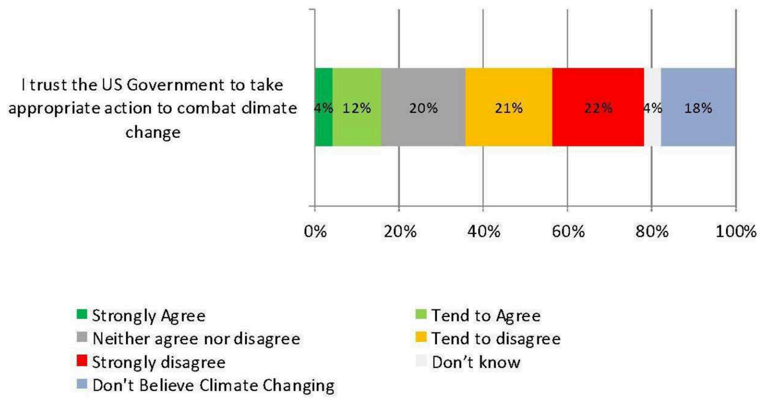


Willingness to pay more is lower than willingness to change behaviour

Again, younger people and women to a lesser degree are more likely to say they are willing to pay than other groups

Source Ipsos MORI US Omnibus Dec 2015

LOW TRUST IN US GOVT TO TAKE RIGHT ACTION



Protecting the environment is widely accepted as a major role of government but US citizens see its performance as mediocre

Source Ipsos MORI US Omnibus Dec 2015: PEW How Americans View Their Government Nov 2015

THEY EXPECT O&G TO PUT OWN HOUSE IN ORDER

%	O&G (Shell)	Retail (Walmart)	Auto (GM)	Tech (Apple)	Bank (BoA)
Pay a tax based on their carbon dioxide emissions, so the more they emit, the more they pay	32	19	30	16	14
Engage with the public about the challenges of climate change and what needs to be done	**25**	**21**	**24**	**22**	**17**
Change their behaviour to reduce their own carbon footprint	**37**	**27**	**34**	**23**	**21**
Reward their customers for reducing their carbon footprint	24	19	23	16	16
Work in partnership with other companies to co-create new energy solutions	35	21	31	22	17
Form partnerships with renewable energy companies to help them scale up	32	18	27	20	16
Develop technologies that allow us to use fossil fuels without causing environmental damage (e.g. carbon capture and storage/CCS	31	9	24	11	8
Provide funding to bring new energy technologies to market (e.g. hydrogen for road transport)	27	16	26	18	18

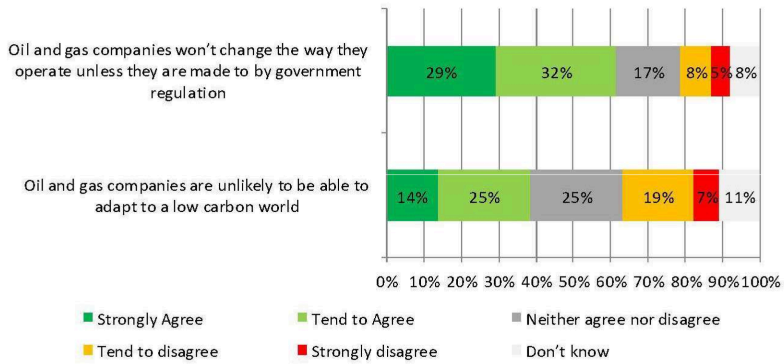
Source: Ipsos MORI US Omnibus, Dec 2015. To keep table simple and as there is very little difference in scores between brands in the same category, Shell is given as example of O&G and Apple for tech (BP, Exxon, Chevron, Google and FB were included in research). Unilever and Virgin also incl in the research but much lower awareness than others so excl from this table.

People have higher expectations from oil and gas and automotive than companies from the other sectors we tested

This is seen as more our issue to solve than theirs

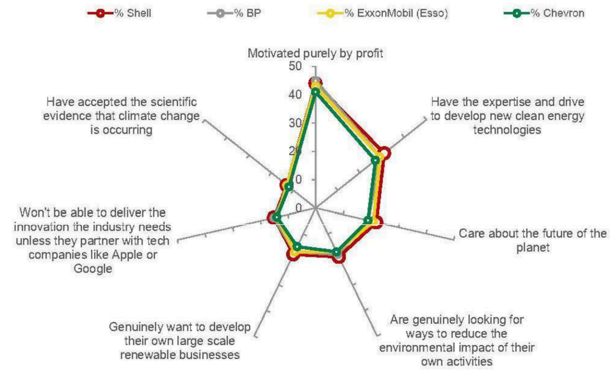
People's highest expectation is that the industry changes its behaviour to reduce carbon footprint.

BUT DOUBT OVER OIL & GAS APPETITE FOR CHANGE



Source Ipsos MORI US Omnibus Dec 2015

ETCC – CAPABILITY STRONGER THAN INTENTION



Source Ipsos MORI US Omnibus Dec 2015

On ETCC related topics, Shell loses the differentiation it has at the overall brand level

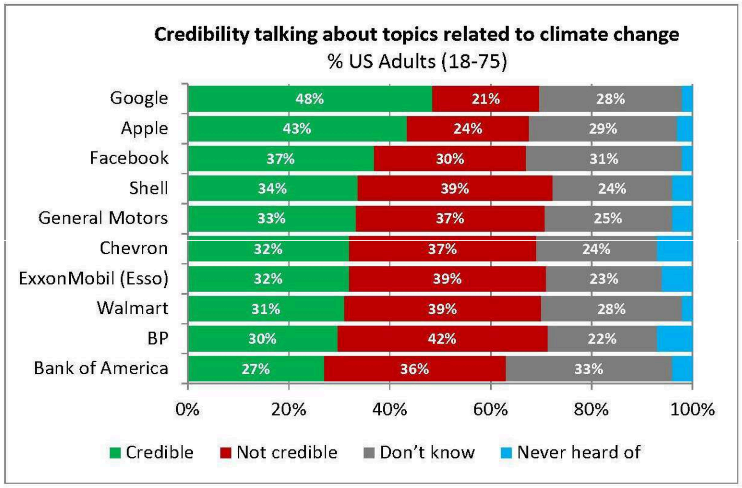
It continues to do relatively well on expertise.

But at present few people are fully convinced that it has accepted the scientific evidence on climate change or cares about the future of the planet.

>40% of Americans associate all oil and gas companies with being motivated purely by profit.

If this is the lens for so many, it is not surprising that associations with actions to address climate change are so low.

PARTNER WITH TECH TO HELP O&G CREDIBILITY?



Tech companies are seen as having slightly more credibility than energy companies when talking about climate change

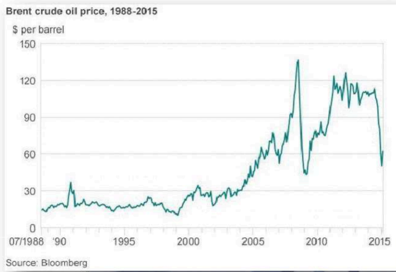
The 39% who do not think Shell is credible say their reasons are:

- Shell only interested in profits
- Reduction in consumption will affect their profits
- Shell does not care about climate change – they are part of the problem
- As an oil and gas company, Shell is vested in the status quo

Source: Ipsos MORI US Omnibus, Dec 2015

WHAT CHALLENGES AND OPPORTUNITIES LIE AHEAD?

THE INDUSTRY FACES INTERNAL AND EXTERNAL PRESSURES

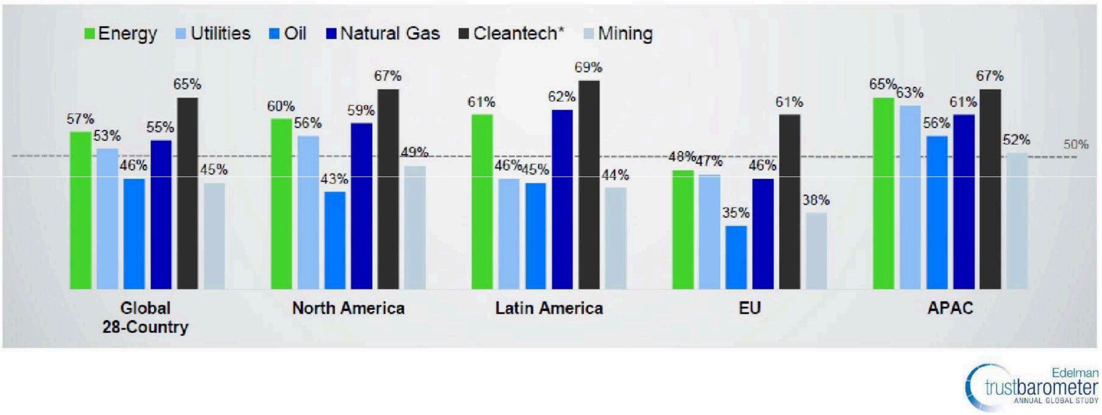


TRUST IN THE ENERGY INDUSTRY REMAINS LOW

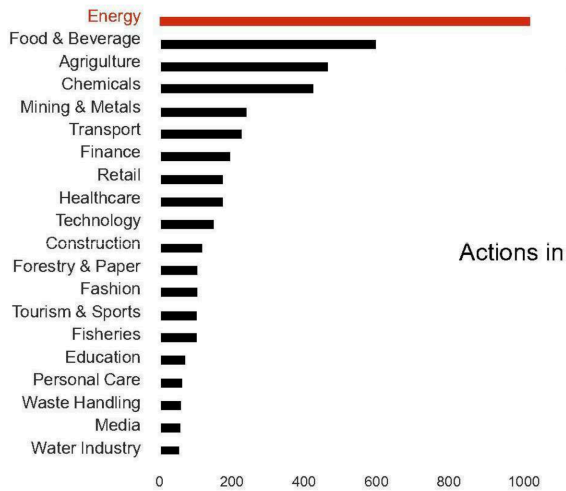
Industry	2012	2013	2014	2015	2016	5 yr. Trend
Technology	76%	73%	75%	73%	**74%**	2 ▼
Food & Beverage	63%	63%	64%	63%	**64%**	1 ▲
Consumer Packaged Goods	57%	60%	61%	60%	**61%**	4 ▲
Telecommunications	58%	60%	61%	59%	**60%**	2 ▲
Automotive	62%	65%	69%	66%	**60%**	2 ▼
Energy	**53%**	**57%**	**57%**	**56%**	**58%**	**5** ▲
Pharmaceutical	54%	54%	55%	54%	**53%**	1 ▼
Financial Services	43%	47%	48%	48%	**51%**	8 ▲

Edelman trustbarometer ANNUAL GLOBAL STUDY

TRUST IS NOT EVEN WITHIN THE INDUSTRY



THE INDUSTRY IS A TOP TARGET FOR ACTIVISTS

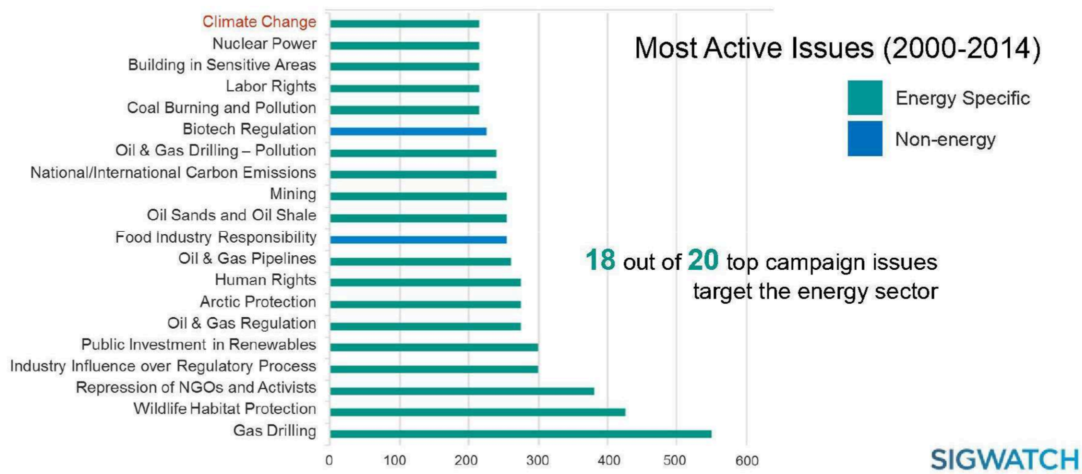


Most Targeted Sectors (2000-2014)

Actions in the US have risen by **580%** since 2000

SIGWATCH

CLIMATE CHANGE IS AN EMERGING ISSUE



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BUT ONE NEW LEADERS ENGAGE ON

NON-INDUSTRY PLAYERS ARE STEPPING FORWARD

facebook

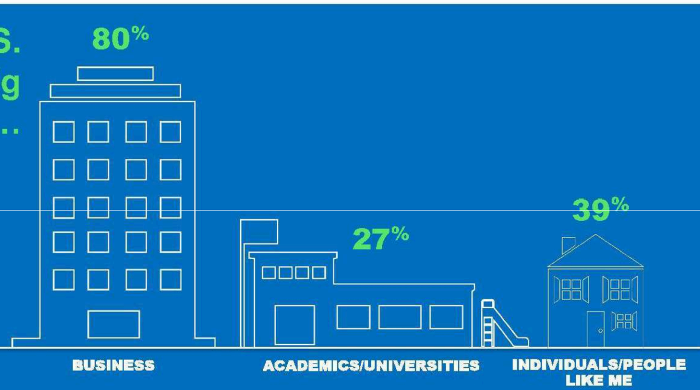
Google

TESLA

Microsoft

CONSUMERS BELIEVE BUSINESS WILL DELIVER INNOVATION

Consumers in the U.S. believe the next big thing will come from…



Q15. Where do you think the next big thing will come from? In the U.S.

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THE ROLE OF MILLENNIALS

pwc

A more consistent estimate of Millennials direct purchasing power is $200 billion and $500 billion of indirect spending, largely due to the influence on the spending of their mostly baby boomer parents. **With Millennials' peak buying power still decades away, marketers would do well to establish relationships with this consumer force**."

CATO INSTITUTE

The Millennial Generation [87 million adults born between 1980 and 1997] now represent one quarter of the U.S. population, outnumbering the Greatest Generation (1913–1924), the Silent Generation (1925–1945), the Baby Boomers (1946 –1964), and Generation X (Gen Xers) (1965–1979). **[They] have distinct attitudes toward a range of important […] policy issues.**

USA TODAY

"Millennials back clean energy, as well as background checks for gun purchases, body cameras on police, and increased support for Syrian refugees. 80 percent of those surveyed **"say the US should transition to mostly clean or renewable energy by 2030."**

AND EXPECT INNOVATION TO IMPACT SOCIETY

9 in 10 agree that brand innovation needs to impact society
(one or more of the following)

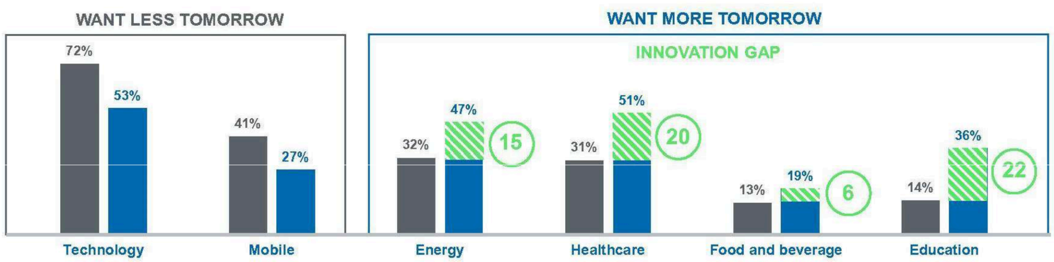
70% to improve society

67% to push our thinking as a society

62% to let us be one step ahead of other countries

Q14. What do you think the role of innovation is for brands today and in the future? (in the future) 10-country global total and in the U.S.

HERE'S WHAT THEY EXPECT FROM THE INDUSTRY



Percent of U.S. consumers who say they see innovation coming from each industry sector today, and who want to see it from each sector tomorrow:

INNOVATION TODAY INNOVATION TOMORROW

Q65: Thinking more specifically about the innovation in the products and services you use throughout your life, what industries do you see the most innovation in TODAY? Q66: ... what industries do you want to see innovation in TOMORROW? In the U.S.

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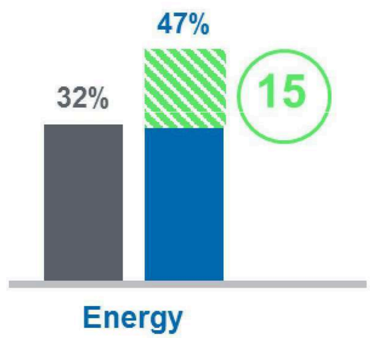
THIS IS THE GAP TO BE ADDRESSED



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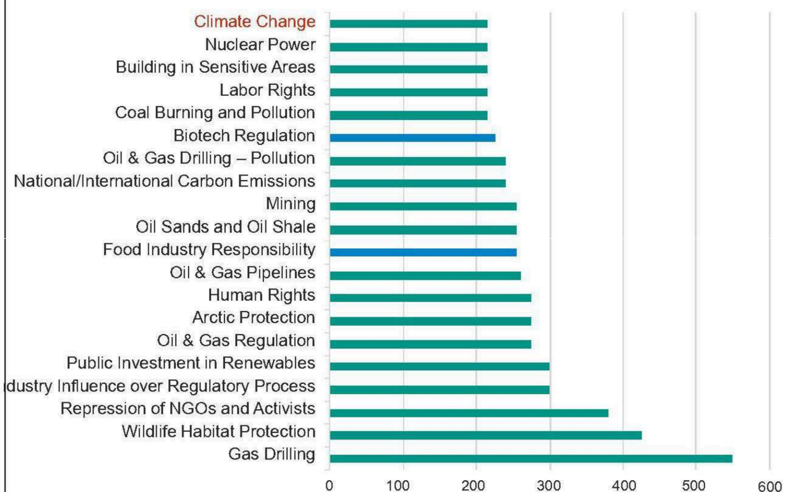
CLIMATE CHANGE IS AN EMERGING ISSUE



Q&A SESSION

OVERVIEW OF GROUP WORK

BREAKOUT SESSION

INITIAL ATTRIBUTE SET

- Research driven
- Value oriented
- Open-Minded
- Transparent
- Innovative
- Honest
- Responsible
- Best-in-class
- Trustworthy
- Rational
- Collaborative
- Human
- Game-changing
- Invested
- Purposeful
- Engaging
- Principled
- Pioneer
- Experienced
- Driven

GROUPS REPORT

7

REPUTATION ATTRIBUTES

- Transformative
- Human
- Collaborative
- Bold/Brave/Courageous
- Credible
- Purpose-Driven
- Principled/Responsible
- Nimble/Adaptive

REPUTATION ATTRIBUTES

- "Shell transforms energy for the future."
- "Shell creates bold solutions that transforms how we use energy."
- "Shell leads us through the energy transition."
- "Shell leads the energy transition and continues to innovate."
- "I see and understand the role that Shell is playing in contributing to a sustainable energy future in the US."
- "Shell changes how people interact with and think about energy."

GROUP DISCUSSION

8

STAKEHOLDER MAPPING

9

US REPUTATION: STAKEHOLDER MAPPING WORKSHOP

Helen O'Connor – ER Manager, US Stakeholder Relations
Natasha Qamar – ER Advisor, US Stakeholder Relations
Barbara Kornylo – Senior Advisor, Americas, ER Stakeholder Relations CoE.

AGENDA

- Setting Expectations for the workshop
  - Why are we doing this?
  - What we will achieve today
- Example stakeholder types for US reputational Planning
- Interactive mapping workshop
- Next steps

SETTING EXPECTATIONS

Starting Point

We communicate with stakeholders who are not focused on a singular issue in an inherently complex and dynamic landscape.

We typically establish multiple touchpoints to interact with individual stakeholders, with sometimes limited internal coordination.

SETTING EXPECTATIONS

What do we wish to achieve?

To identify business-critical US stakeholders, enabling cross-functional transparency with respect to our engagements, especially for cross-business risks or opportunity generation.

STAKEHOLDERS

POTENTIAL STAKEHOLDER CATEGORIES

Finance
Shareholders
Analysts
Fund Managers
Stock Exchange
Specialist Advisers
Regulatory Bodies

Inter Government
World Bank/IMF
WTO
UN, UNEP
EU, European Parliament
Ambassadors/Diplomats

Local
Town councils
Politicians and mayors
Community groups
Schools/universities
Religious groups
Emergency services
Women's groups
Youth groups
Authorities
Unions
Local businesses (including co-operations, associations, individuals)

Business
Suppliers/customers/dealers
Contractors
JV partners/marketing JVs
Competitors
Marketing/trade associations
Consultants

Academic
Universities
Think-tanks
Leading scientists
Opinion formers/consultants
Research institutes/councils

Internal
Employees and families
EA community
Front line staff
Customer service centres
Investor relations
HSSE
International directorate
Other business

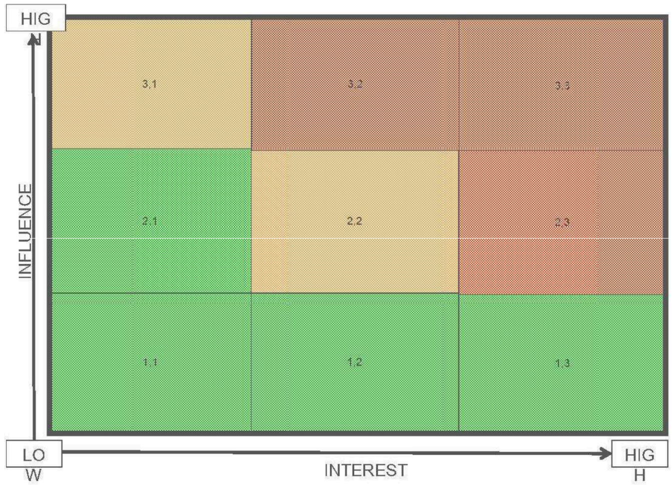
NGOs
Environment
Sustainability
Human rights
Single interest
Development/aid/emergency
Governance
Industry organisations
Social/community-based
Religious groups

Government
National, state and Local
Government departments
Government committees
Opposition/minorities
Regulatory bodies
Ambassadors

Media
Local, national and international
Television, radio
Dailies/Sundays/weeklies
Trade journals
Wire services (stringers)
On-line media

INTERACTIVE WORKSHOP
(MORE FUN THAN DISNEY)

INFLUENCE VERSUS INTEREST STAKEHOLDER MAP



RISK/ISSUE STAKEHOLDER POST-IT NOTE EXAMPLE

Primary reason for relationship

Indicate which US-relevant Issue /opportunity we discuss with this stakeholder (and your initials)

- Risk/Issue (HO'C)
- Opportunity (FJ)
- ER Campaign (KT)

NGO
3/3

Add Stakeholder type and Ranking (Inf/Int)

Assign Influence / Interest ranking

Stakeholder Name

(Shell relationship manager & function)

Add Stakeholder Name

Write your Initials

H O'C

Fred Jones: GR

Add all existing Shell contact(s) for stakeholder

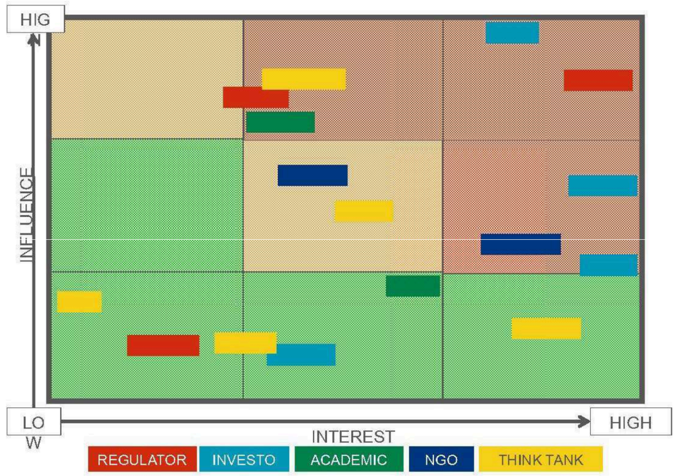
Example of sticky note that will be used at workshop

NEXT STEPS

US REPUTATION PLAN FOLLOW UP WORK

- Gap assessment: Compare mapped stakeholders with those previously suggested as priorities for Shell in USA; determine if we need to add more.
- H,H stakeholders: Assess Shell's current relationship focus against opportunities for leveraging and further connection
- Cross-sector alliances: Assess the different stakeholder layers for opportunities that advance Shell business and reputational objectives.

ISSUE / OPPORTUNITY FOCUS



CLOSING

INITIAL V. CLOSING REPUTATION ATTRIBUTES

- Innovative
- Experienced
- Research-driven
- Responsible
- Best-in-class

→

- Transformative
- Human
- Credible
- Collaborative
- Bold/Courageous/Brave