

Shell Influencer Insight 2017

United States

December 2017

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What's in this report?



Key take-aways

The people included in this study are considered to be of influence in Shell's key business areas – mostly advocates, but also some critics. The sample consisted of influencers from academia, business/industry, government, media and think tanks and was collated by stakeholder owners across Shell.

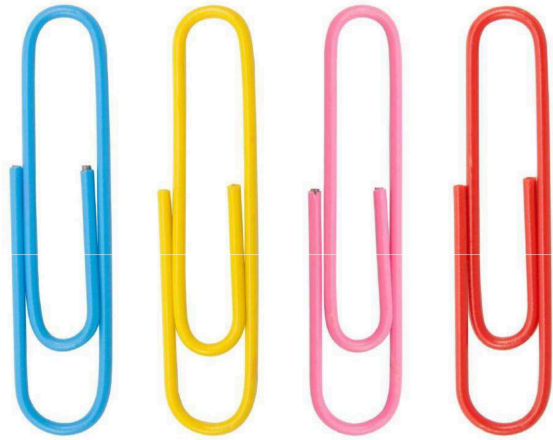
- 1** The energy context in the US is **heavily impacted by partisan polarization which affects many issues**. On the issue of energy, this results in a split between those who prioritize energy security and affordability, and those who prioritize decarbonization. Shell's stakeholders are situated at various points across this divide and keeping them all happy requires some deft balancing. **Shell is recognized, along with other European companies, as being on the more progressive end of the spectrum of the energy transition**. While this is a positive situation when it comes to working with NGOs and with policymakers in more liberal states, it has the potential to cause tension with some of Shell's traditional partners, where Shell is diverging from the rest of the industry.
- 2** **Influencers are generally supportive of Shell's strategy**, and none of the focus areas are seen as inappropriate or unrealistic. Influencers across the spectrum accept that there will need to be a period of transition in the energy mix. However, **enthusiasm for Shell's approach is somewhat muted**. More traditionally-minded influencers view it as a break from the norm, while for influencers who are more concerned about the energy transition, Shell's strategy either doesn't go far enough or lacks sufficient detail. Specifically, given its economic potential in the US, **gas is a popular option** and therefore a key part of the strategy in the minds of influencers.
- 3** **Trust in Shell is driven by interactions with its people** (who are generally highly regarded even by influencers who are critical of Shell), Shell's **focus on the future** is another element in building trust and is a key reputational strength for Shell, along with its **community engagement, commitment to safety and collaborative approach**. Shell is seen to be credible, approachable and a good partner, building **valued long-term relationships of mutual benefit**. Against its peers, Shell is generally well regarded on its reputation pillars of energy transition, responsible company and world-class investment. However, the extent to which influencers are aware of Shell's activities in these areas is driven by their own role and relationship with Shell. This means that in some cases it hasn't yet carved out a distinctive position on these three pillars.
- 4** For some influencers **Shell is not visible or vocal enough**. This can relate to influencers' **specific areas of interest** (e.g. diversity, sustainability, energy transition or supporting the oil and gas sector). **Some influencers would simply like to hear more from Shell**, both in terms of shared areas of interest, as well as being given a broader understanding of Shell's work (e.g. in the community) and thinking about the future of its business. All the influencers we spoke were keen to engage with Shell therefore sharing more information about its future plans on energy transition (while being mindful of those who think that the contribution of the oil and gas sector can be downplayed) and showing how it is a responsible company would be welcomed.
- 5** Another challenge is tackling the **sense of disconnect between Shell in the US and Europe** that exists amongst some influencers. This can impact negatively on perceptions of Shell and interacting effectively with it. There are recognized positives for Shell from its European heritage but these US influencers also want to feel that business decisions and activities recognize the needs of the US market.

Objectives & Approach

Research approach & business need

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The business need: research objectives

- This research conducts an assessment of Shell's reputational standing in the United States (one of its Tier 1 markets) among a sample of influencers. The aim is to understand views of Shell as a company and perceptions on key elements of its reputation strategy. It will form part of Shell's regular assessment of its progress against its reputation strategy and the business outcomes that it supports.
- We took a predominantly qualitative approach to allow influencers to explain in their own words what they think of Shell. This was then supplemented with some KPIs to give a quantification of views. This will allow comparisons to be made across the audiences of interest within and outside of ER.
- This piece of research, along with other sources, will help ER teams with reputation planning via workshops and will help guide decisions regarding future ER activity and focus.

Research approach

- This study targeted the audiences considered by Shell as their top influencers. Influencers are defined as individuals based in the US, who are:
 - Either themselves influencers in the areas Shell wants to be known for (e.g. Energy Transition);
 - Or are able to give a meaningful perspective on Shell's reputation and operational performance.
- The sample was provided by Shell and was collated from stakeholder owners across the relevant business units (e.g. ER, Government relations etc.).
- It is important to note that influencers agreeing to take part are more likely to be willing to engage with Shell (and therefore be well disposed towards it) than those who did not want to participate.
- Ipsos MORI conducted a total of **53** in-depth telephone interviews. Interviews lasted approx. **45 minutes** and were conducted between **24 October and 6 December 2017**. The original sample contained 180 names, giving a response rate of 29%. Influencers were invited to take part in the study via a personal invitation from Bruce Culpepper.
- Verbatim comments are included throughout the report and are attributed where possible. Influencers have agreed to the inclusion of their quotes on the basis that this report is used for Shell's internal purposes only. Further methodological details and a list of those willing to be identified as having taken part can be found in the Appendix.

Influencer Type	Sample	Interviewed
Academics	50	14
Business/Industry	35	13
Government	22	9
Media	11	1
NGO	55	13
Think tanks	7	3
Total	180	53

Context for Interpretation

1. The energy landscape

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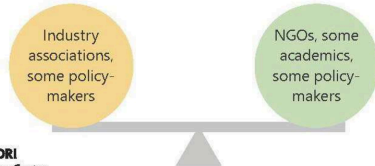
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Societal trends

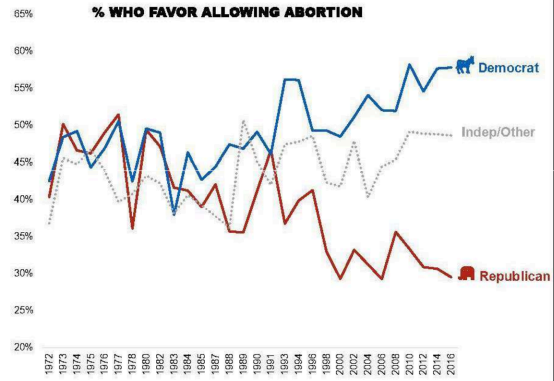
Increased ideological tribalization of many issues

Discussions about the energy transition in the United States take place in an environment in which many issues, including climate change, are partisan and divisive. The chart to the right shows how views on one controversial issue have diverged since the turn of the century. In the climate space, those who favor a transition away from fossil fuels often articulate it in terms of the 2 Degrees target.

Shell's stakeholders are also divided on these issues, requiring a delicate balancing act to avoid upsetting them. While industry associations, certain policymakers and academics are conservative about the need for the energy transition, NGOs, and policymakers and academics from more liberal backgrounds are more determined to see substantial changes to the energy mix in the immediate future.



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Source: General Social Survey, n=34,696

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Context in which Shell's strategy will be interpreted

Some historical features of the energy sector are unique to the US context:

- Traditionally been a high-consumption culture, which one participant attributes to "big homes and big cars"
- Benefitted for a long time from cheap energy – which puts the price point at which renewables become attractive a lot lower than in some other markets

Compared to Shell's home markets in Europe, in the US there is more of a split between those who prioritize **energy security** and **energy independence** and those who prioritize **decarbonization**. Influencers tend to focus on one side or the other rather than seeing all three as linked.

Also unique to the US, and related to the divisiveness with which energy issues are treated, is the extent of **regulatory uncertainty**. Federally, the election of President Trump has reversed the tide somewhat on environmental policy. However, energy companies also have to navigate variations in energy policy and provision at a state level (a couple of influencers cited California and Texas as particular contrasts).

*I come at it from the perspective of **having to solve the climate change problem**, so finding alternatives to fossil fuels should be the focus, but the current political climate makes that difficult. Federal Government is not at all committed, although they are looking in that direction at state level.*

Academic A2

The US energy industry has a tremendously bright outlook, we have a lot of resources available to us. Plus, our system, at least when allowed to, does well at addressing challenges relating to efficiency and safety. Also, we are good at innovating and bringing things to the market.

Industry/trade association ITA4

*People would focus on **availability, reliability and affordability first before sustainability** frankly. I wish it were otherwise. People are being remarkably myopic and short-sighted in terms of how they think about energy.*

NGO N6

*The other main impediment is a **changing regulatory environment** not based on science but on emotion and political sentiment.*

Industry/trade association ITA1

Challenges and opportunities for the industry

Opportunities

Influencers are near uniform in their identification of the main opportunity for the energy industry.

- Natural gas is the most commonly mentioned opportunity in the US, more so than renewable technology. A number of influencers referred to the **shale gas “revolution”**, viewing it as an opportunity for energy independence as well as lower emissions.
- **New technology and renewables** are mentioned, but often with the implication that the opportunity resides with technology companies rather than the energy industry.

Challenges

There are many more challenges mentioned, suggesting no overarching problem, but more that there is a range of issues which need to be addressed.

- For those influencers who are keen to see a move away from fossil fuels, the main challenge is how to **bring the transition to the whole industry**.
- **Regulatory uncertainty** is a challenge – the “policy pendulum” swings back and forth from less to more regulation.
- **Infrastructure** is a particular problem when it comes to transportation.
- From the point of view of the industry associations, the main challenge for the industry is **image** and **social license to operate**. Some feel that energy companies have not engaged in debates around fossil fuels vs. renewables, which has meant public perception has rallied against traditional industry.
- There are challenges around **staff recruitment and retention**, which may have a knock-on effect on innovation.

Do oil & gas companies help or hinder?

Among the influencers who are most familiar with the energy sector, there is a consensus that the **different companies have very different approaches** to sector priorities, particularly as relates to the energy transition. The most common articulation of this is a recognized divide between the US companies and the European companies.

The most prominent of the European model are Shell, Statoil, Total and BP, while Exxon and Chevron are most commonly mentioned as examples of the US model. Smaller/independent producers in the US tend to take an even more conservative approach than the majors. Some influencers acknowledge that there has been movement towards acknowledging climate science and accepting carbon tax from Exxon but this is minimal at present.

Some influencers identify a problem at the moment around a **lack of credit for oil & gas companies who deliver a vital resource**. Part of this is perceived to be related to companies not wanting to stick their head above the parapet when there is criticism of the sector. These influencers discuss a desire to see energy companies take more of an advocacy role and sticking up for their position on oil and gas among the general public.

*It was 'keep your head down and hope nobody notices us', kind of thing and **they have done a much better job in the last 10-15 years in telling their story**.*



Mary Spruill, Executive Director, National Energy Education Development

Shell's position in the energy sector



*Globally, the **oil and gas sector is very much in flux**. Five to ten years ago, the sector was monolithic in its thinking, its approach to long term supply and demand. But we've seen a large shift in the last couple of years with **the industry splitting** – some companies really embracing transition, some taking tentative steps and hedging their bets and others taking a 'business as usual' approach.*

Andrew Logan, Director, Ceres

Quotes on the oil & gas companies' position

*In my 35 plus years I have developed an appreciation and respect for the energy industry – as I've worked with them I've seen them **continually clean up and get greener**. Over that stretch of time I have seen the industry make its positions known and I've seen it use every tool to engage, and I've seen them invest literally billions of dollars to make its operations cleaner. However, the extent to which they do this **varies from company to company**, it depends on their culture.*

Government G2

*[How does Shell compare to others?] Far better, far better. I suppose it's not necessary really for me to name names but **I can't think of any other company, any other major oil and gas company as being peers to Shell in this regard**. In fact some of them are actually actively in my perspective inhibiting the transition.*

Mark Weick, Director, Sustainability Programs, The Dow Chemical Company

*They're not hindering, they're not helping - they're **too ad hoc in their approaches**. They're opportunistic but not strategic.*

NGO N4

The US companies are too silent when it comes to domestic policy, consequently they miss opportunities to shape public policy that could be beneficial to their long term.

NGO N8

*I don't see them as helping in any significant way. **I see them poking a stick at it**. I see them understanding that the future is going to be non-fossil fuels but confused about what exactly to do about it and how quickly, and how do you deal with stranded assets and how do you deal with short term shareholder priorities in the face of an inevitable shift that needs to take place.*

Joel Makower, CEO, Greenbiz

*Generally **we know which companies are on the so called left of the spectrum and which ones are on the so called right of the spectrum**. Most interesting to us as we're shaping positions is where are the middle companies on a given issue, are they leaning to the left or leaning to the right? They're going to help tip what we end up doing, what we end up advocating for.*

Industry/trade association ITA3

Context

2. Interactions with energy companies

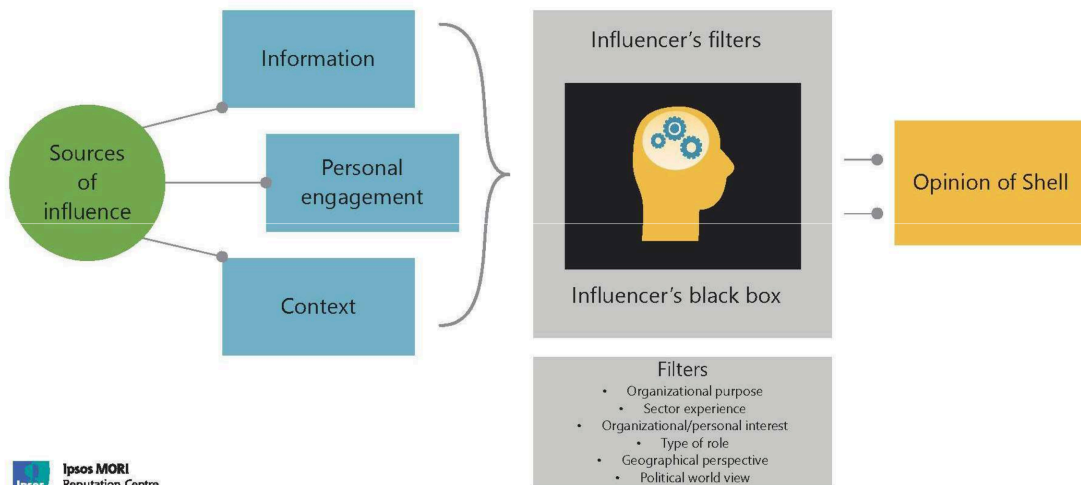
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Patterns of influence – how opinions are formed



How influencers interact with energy companies

Dialogue and engagement are crucial in building knowledge and trust

▪ **How and with whom?** Interactions take place with varying frequency depending on the closeness of the relationship. Interactions can be at single or multiple levels (by seniority and/or role).

▪ **What?** There are several different types of interactions (which can and do overlap):

- Partners
- Members
- Clients/suppliers
- Sponsoring/engaging in research
- Recruitment/training programs/preparing students for the workforce
- Funding projects/programs
- Advisory roles (in both directions)
- Dialogue and engagement (e.g. on policy issues)
- Forums/events/giving talks

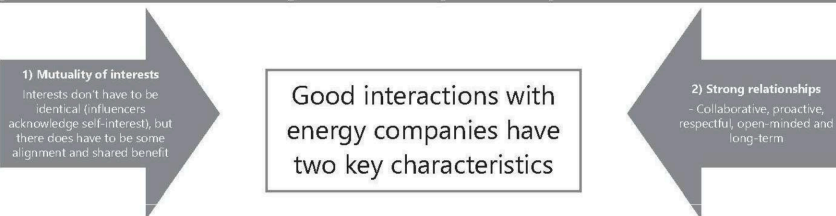
▪ **What is most valued?** Relationships which go beyond the transactional to bring mutual benefits to both parties. The words 'engagement' and 'participation' came up often.

▪ Factors which are appreciated by influencers:

- Accountability
- Consistency
- A desire for action
- Sharing expertise and data
- A willingness to think about the future (with a couple specifically mentioning the energy transition)
- A commitment to diversity

Company interactions - what does good look like?

Mutuality of interests and strong relationships underpin valued interactions



Very few voice concerns about interacting with oil and gas companies, but those that did mentioned that:

- They might be criticized for being involved with the sector due to the negative associations some people have with the sector as a whole
- The company could try to impact on their objectivity

Both were only raised by a handful of influencers, and neither was seen to be a major problem. A bigger issue would be if influencers had a relationship with an oil and gas company and it emerged that they engaged in certain behaviors – for instance acting unethically, unsafely or not abiding by climate change regulations.

Given that this study interviewed a number of people who are already working with Shell and/or others in the sector it is possible these pitfalls would be bigger issues for those outside of this study.


What is valued in interactions with energy companies?

 **Participation in our technical committees and helping us with communications and making available technical experts** – all of that is extremely helpful.


Industry/trade association ITA1

 I'm going to be looking for some of the things that we already have with Shell – **long-standing commercial relationships, long-standing efforts in the same communities**. Shared culture, shared thought leadership, shared action leadership, alignment on public policy issues, alignment on major issues of the day and what industry needs to be doing about it.


Mark Weick, Director, Sustainability Programs, The Dow Chemical Company

 [Having extensive internal research capabilities]...means you have not only research partners with whom you can work and include in your work and whose knowledge you can benefit from, but it also means **they have a strategic understanding of research and an appreciation of what universities can do for the company which it can't do itself**. That means you can form long term research collaborations with these firms.


Academic A12

 **A positive, constructive outlook towards the future**, and recognizing that we have to start now to develop the technologies for the future.


Academic A9

 Those who can **collaborate with us on solutions** and are **flexible in reaching their desired outcome**.

Bill Quinn, Vice President and Chief Operations Officer, California Council for Environmental and Economic Balance

 After the latest hurricane, a lot of schools lost their materials so they put out a call to partners to help with replacement and Shell were one of first to respond, versus others that said maybe next year, we can add it to budgets next year. There was a **very immediate response from Shell** which was very positive.

Mary Spruill, Executive Director, National Energy Education Development

 We are interested in relationships with companies that pay attention to understanding and how they **engage with broad issues of public policy**.

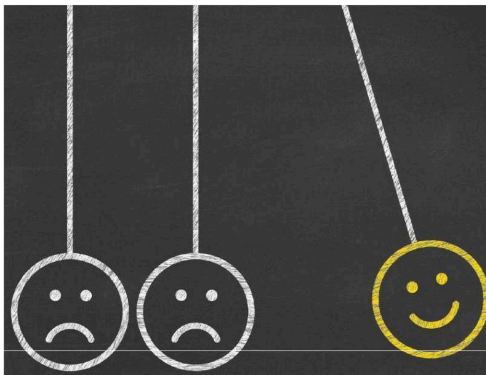
Think Tank TT1

Trust & Advocacy

Views on Shell

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Why measure trust? *Trust is a precursor to many other supportive behaviors and acts as a buffer in the face of negative news. From an ER perspective prerequisites for success are that Shell must be viewed as **reliable** (do what it says), **credible** (know what it is talking about), **accessible** (values and intent are transparent, understood and admired), **low ego** (empathetic and **respectful** to the needs of stakeholders even if it profoundly disagrees) and **acting with integrity** (doing the right thing even when inconvenient in short-term).*

Why measure advocacy? *Brand and Reputation management seeks to strengthen **stakeholder inclination to speak up for Shell** – whether recommending products, employment, investment, partnering; in some circumstances defending Shell from critics. Advocacy can mean any/all of the following: **Defend, Promote/Recommend, Enthuse**. Advocacy builds on choice as it is stakeholders willingness to put their own reputations on the line by speaking up for Shell.*

To what degree is Shell trusted?

Shell scores an average of 8/10 on trust

- Shell achieves a high trust score among influencers, with almost all trusting it to some degree.
- One of the **main drivers of trust is interactions with Shell people**, particularly where there are long-standing relationships and positive collaborations. These interactions contribute to a feeling that Shell is **true to its word, transparent and ethical**.
- Other factors mentioned in relation to trust by a handful of influencers are Shell's **focus on the future**, its **commitment to diversity** and **sense of corporate responsibility**, as well as the **absence of any safety incidents**.



*Oh yes very much so. I think that's based on long standing commercial relationships where **both companies on both sides over a long period of time have given our word and stuck to our word** even when it has not been a short term profitable thing to do...I wouldn't give anyone else a higher score.*

Mark Weick, Director, Sustainability Programs, The Dow Chemical Company



*I have high trust and a high confidence level in Shell. It's a business that **makes good decisions** and **balances the short-term investor interest and long term societal needs**.*

Business/industry BI1



*They have a strong sense of **corporate responsibility**.*

NGO N1

To what degree is Shell trusted? cont'd

- A handful of influencers are **reluctant to trust Shell**.
- This generally relates to **misgivings about Shell's position on climate change**, as well as a general distrust of 'big oil' in a couple of instances.
- A couple of influencers raise **Shell's membership of industry organizations** as a particular issue as far as trust is concerned because there is seen to be a disconnect between Shell's words and actions.
- A couple of influencers also question whether the **commitment they see from senior management** is reflected throughout the company.

Shell, like many in the industry, was **slow to recognize the importance of decisive action on climate change**, that **causes me to question whether Shell's judgement and communications are channelled through their immediate financial interest** or through a broad view of what the future is likely to be like.

NGO N6

It's **not clear that I can trust them in the US. I don't believe that their US management structure is aligned with where the larger corporate entity says it wants to go**. Their US leadership is not committed to actual leadership in this country.

NGO N2

I can't say that they have earned trust really, looking specifically at the **disconnect between communications and actions**, or positions and actions.

Kathryn Mulvey, Climate Accountability Campaign Manager & Advocate, Union of Concerned Scientists

How credible is Shell seen to be?

Shell is generally seen to be credible

- As is the case with trust, **most influencers regard Shell as credible.**
- The factors that drive this perception are **very similar to trust** – **personal interactions** are again key. **Delivering on promises** is specifically mentioned by several influencers here.
- Other reasons cited by a handful were Shell **being consistent in what it says and does** and **avoiding safety problems/scandals.**
- The factors which are seen to **undermine Shell's credibility** are the same as trust – **perceptions of the sector as a whole** and **Shell's role regarding climate change.**

They are **very specific about what they say, when they say it, how they say it** so I appreciate that.

Government G3

Yes, they are nice people, I have met many of their top executives, they are **the last people I would expect to get mired in a scandal.**

Business/industry B11

We know that a lot of people don't believe in anything that 'big oil' has to say. So in that regard, **for a large segment of the public Shell is not that credible.** For people who pay more attention and really analyze what Shell does and says, I think it **has a much higher level of credibility than that.**

NGO N6

Would influencers advocate or recommend Shell?

Shell's average score on recommendation is 9/10

- **Advocacy is a multi-faceted concept** for influencers – a reflection of the sophisticated relationships they have with Shell.
- This is demonstrated by influencers often responding 'for what?' when asked if they would recommend Shell.
- For instance an influencer may speak highly of Shell people, but not of its role in the energy transition (because it is not seen to be going fast enough) or its contribution to society (because they simply do not know enough about this).
- In other words, **trust is general, while advocacy is more specific.**

What makes an advocate?

- The drivers of advocacy are similar to the drivers of trust and credibility with **personal interactions** again being a key factor.
- **Positive experiences of collaborating** with Shell and Shell's **willingness to engage** are particularly relevant in driving positive recommendations by influencers of Shell as a partner to work with.
- Hardly any influencers would not recommend Shell but those who give **lower scores** do so on the basis of a **lack of experience of working with Shell** or **being critical of Shell's role in the energy transition**.
- **Shell's relevance to an influencer is also important.** If Shell is not particularly relevant to an influencer on a particular area (e.g. contribution to society), they are less likely to speak about them highly or otherwise. It is the case in a number of interviews that Shell's relevance to an influencer is in a quite narrow field.

The strengths which help drive Shell's reputation

Looks to the future

Community
engagement

Commitment to
safety

Its people

Collaborative/good
partner

Engaging in the energy transition

Strong brand

Thoughtful



It is a **thoughtful company** and is thinking about multiple stakeholders rather than just shareholders, it is a company that tries to be transparent and responsive even if sometimes it does not succeed in doing it as much as it should, it is a company that **thinks long-term** and it is a company that **cherishes health, safety and the environment**.

Jules Kortenhorst, CEO, Rocky Mountain Institute



It serves Shell well that they operate under the premise that there is no such thing as a small oil spill. They will report everything. They are **very serious about safety**, and **that culture is reflected in the lack of incidents**.

Industry/trade association ITA2



It has **embraced its role in seeking solutions to the environmental challenge** and at the same time managing its bottom line. Its **people are a strength**, as is its financial performance.

Business/industry B11



The people that I engage with are committed to helping the next generation of employees. **There seems to be a real commitment to community**.

Academic A8



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The perceived weaknesses which detract from Shell's reputation



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“ Their **weaknesses are inherent to the industry**. This is an industry that probably is going to look very, very different in the next 20 or 30 years.

NGO N6

“ They **could be more vocal** about some of the lesser known things they are doing, for instance in relation to biofuels and low carbon. They are not braggarts, but that becomes a weakness.

Academic A3

“ I think the company in North America is **not particularly pro-active in engaging on environmental and social issues**, everything seems to be done out of London or The Hague. Given that a lot of their large shareholders are US or North America based having more of a focus there, rather than having people dial in from London, would be quite useful.

Andrew Logan, Director, Ceres


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Personal relationships help drive trust, so what makes Shell good to work with/partner?

Key is effective, personal relationships with mutual benefit. Shell's average score for effective interactions is 8/10

Some influencers have a **range of interactions and multiple contacts** at Shell – they tend to be more immersed in the world of energy and more knowledgeable about Shell

Others have **fewer and more focused interactions** relating to a particular area of shared interest – they tend to be less knowledgeable about energy and Shell

 *I'm afraid that I don't know much about Shell beyond my local focus.*

- Most of the influencers we spoke to were **very positive about their interactions** with Shell and the **integrity** of the people they worked with.
- While most influencers we asked **were unable to name just one energy company** they would work with, **most of those who did named Shell**.
- Shell was praised for:
 - Building trusted long-term relationships
 - Being responsive and proactive
 - Keeping people up to date/sharing challenges
 - Talking about the future
 - Being open and honest
 - Its commitment to shared goals and its support
 - Providing access to senior people

Comments about working with Shell

They are very **good at telling their story** and our partners we work internally with are **very frank and open about what they do and what the challenges are**.

Mary Spruill, Executive Director, National Energy Education Development

There is a whole range of ways we have been very actively engaged with Shell over the years both at senior and operational level. **I find the people at Shell to be straight shooters, I find them to be thoughtful.**

NGO N6

I have a very close relationship with my contacts at Shell so **they share with me what they're doing in their operating plants, and the challenges they're facing**, which I really appreciate in our partnership...**They exceed my expectations, they are committed completely and totally to the National Society of Black Engineers.** They are in it to win it, they believe in the value of what we're doing and how it impacts their company, their bottom line and the communities in which they operate.

Kyle Rahn, Senior Director of Fund Development, National Society of Black Engineers

If we have something which is occurring that we would like to share with the public, **we have access to everyone's numbers.** The response back has been consistent and fair....**They are willing to come and visit us at all levels of Shell.** That's a big deal for us.

Erick Coolidge, Tioga County Commissioner, Tioga County Board of Commissioners (Pennsylvania)

Truly Shell is the facility in this area that is most progressive in its thinking, **hands down the best at interacting with us.** Shell takes more of an approach of inviting us in and **trying to understand what we need to achieve, and it focuses on finding solutions so it's more win-win as they seek common ground.** This is not the same in the other facilities.

Government G2


We've had a series of events getting Shell executives together with students, and the students form a view that effects the campus more broadly, and I think that all of these have been very constructive. They have a very large commitment here and it has **borne fruit in a lot of different directions, from student engagement through to interesting research results.**

Academic A9


Is Shell approachable, does it listen?

Shell is seen to listen and be approachable


- Almost all influencers asked about this say that **Shell listens and is approachable**.
- Influencers praised Shell for its **willingness to listen and its open-mindedness**. Shell's **accessibility and availability** are also valued. A couple commented favorably on Shell being **proactive in seeking engagement**.
- A handful of influencers raised concerns about Shell **listening but not acting**. This was generally in relation to the energy transition but one of these comments was in relation to feedback on Shell's new online recruitment approach.

 *Their willingness to discuss, willingness to hear at all levels of leadership. It's about being able to discuss and talk about the future and that's what makes it work.*


Erick Coolidge, Tioga County Commissioner, Tioga County Board of Commissioners (Pennsylvania)

 *I would describe them as an **exception in their willingness to listen**.*

Academic A12

 *Yes, they're approachable. They are **in the higher tier of companies which are sincere when they're in dialogue**, due to the relationship that's built over the years and knowing the people - it goes beyond a wooden relationship. Shell has ensured that our contact in Shell isn't a revolving door so **we have good access**.*

NGO N3

 *I would say I would have **strong sense that they do listen** but what I **haven't seen is any transparency around how it changes as a result of listening**....Other companies have done more to tie changes in their approaches to things to what they have heard from stakeholders.*

Andrew Logan, Director, Ceres

How could Shell improve interactions?

While most had no suggestions, three areas of improvement were highlighted

More direct interactions

Some influencers would like more contact (and there were a couple of comments about Shell being understaffed)

Occasionally I'll hear from someone locally....it would be nice to have **a more regular update** and progress report.

Government G1

Greater engagement

Some would like Shell to be more engaged on energy issues, with the political arena specifically mentioned (and a couple argue Shell should fund politicians)

Shell **doesn't provide political contributions and that's a challenge for the company**.....They have very good government affairs people here and they are very aware of the issue. They just have a bit of a disadvantage by being able to influence who is making the decisions for them.

Allan Zaremburg, President and CEO, California Chamber of Commerce

More on the bigger picture from Shell

It would be **good to understand what Shell's strategic position is from a deeper level** versus the standard PowerPoint presentations. It would be good to understand where they see their investments....most of the stuff I meet with them on are around our partnership.

- Two specific issues were raised by influencers in **academia**:
 - More research collaboration
 - Online recruitment ("This makes it overly impersonal, which is an issue given that Shell's strength is its people, so this costs them." Academic A3)
- A couple of **NGOs** would like longer-term funding
 - "I wish they would give us multi-year funding, right now they only give year by year and it's difficult to plan for a longer period of time." NGO N7

Energy Transition

Reaction to Shell's position

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Is anyone seen to be leading on energy transition?

A common theme is that there is no clear leader

Three sectors are most commonly mentioned, though within each it is seen that individual companies are driving the change, rather than the industry as a whole:

- **Transportation/automotive** is mentioned in relation to electrification, battery storage, and low emissions. **Tesla** and **General Motors** receive the most mentions.
- **Energy** as an industry is mentioned in terms of oil & gas but also utilities. Industry associations in particular highlight the actions taken by their members and don't cite examples outside the sector.
 - **Shell** receives a good number of mentions – for leading the conversation, investing in R&D and lowering carbon emissions (the vast majority of the influencer interviews took place before Shell's Management Day announcement about reducing its net carbon footprint). **BP** (balancing traditional and new businesses) and **Chevron** (leading the debate and its ad campaign) are mentioned.
- **Tech** companies are often flagged for increasing the attention they pay to their emissions (e.g. servers). **Google** and **Microsoft** are mentioned most, along with **Amazon** and **Siemens**.

- **China** is seen to be taking a lead – from a government point of view, but also through industry. Some **European nations** (UK, France, Norway) are mentioned by one influencer.



*Some companies are **in the process of doing that**, but actually taking the lead and being the most dominant company out there, I would say no.*

Academic A8



*I don't believe they are leading, I believe they are **responding to competitive pressures and public pressure** with respect to long term sustainability of the extensive use of fossil fuels and so I see their reaction as being mostly reactive. **It could be much more aggressive and thoughtful.***

Academic A12



*The automobile industry has finally come to grips with the fact that 'holy mackerel, this is really going to happen, we are going to move to electric, personal mobility' and **they are moving fast***

Jules Kortenhorst, CEO, Rocky Mountain Institute



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Influencers were asked: who is leading on the changes needed in the energy system to achieve climate change targets and meet growing energy consumption?

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Awareness of Shell's approach to energy transition

- All the influencers we spoke to with sufficient knowledge of Shell believe that it **acknowledges and accepts the reality of climate change** and the challenge of energy transition – though this in itself is not a consensus position among influencers in the US.
 - One stakeholder from an industry association declined to discuss Shell's position at all, as it wasn't an area of interest for him – an example of the delicate balance that Shell must strike between competing attitudes in the US.
- Among "2 Degrees" advocates, there seems to be a **trust in the faithfulness of Shell's position** – that it is moving on these issues in a sincere way.
- There are some influencers who feel uncertain about what Shell's position is, largely because they are not close to the energy industry. One stakeholder commented that Shell must be doing something because it is a successful company and so must be thinking of the issues.



*The leadership of Shell, and the commentary offered at one point, they also **saw the value in other energy sources**. While developing the product from underneath, the oil and gas and all that it entails, we also need to look at ways to look at alternative measures at the same time. I read that and I was **encouraged by those comments** that we weren't victims of 'let's get it and get out of here and we're done.'*

Erick Coolidge, Tioga County Commissioner; Tioga County Board of Commissioners (Pennsylvania)



*We do believe that **Shell is moving in the right direction... Each time we interact with the top management, my sense is that little by little this happening in a **really encouraging way**.***

NGO N5



*If I were an energy company in this day and age, I **wouldn't be solely relying on fossil fuels**. That's probably not the smartest thing to do.*

NGO N7

Detailed knowledge vs. broad brushstrokes

- Some influencers have detailed knowledge of Shell's position on the energy challenge. A number of influencers cited **specific instances** of Shell's actions of which they were aware :

- Investment in hydrogen fuels and natural gas
- Committing to greenhouse gas reduction*
- Retail marketing which focuses on cleaner-burning fuels
- Exhibitions in the 2016 Eco-marathon about how you transition from a carbon-based economy to a renewable economy
- Endorsed then Governor Schwarzenegger's greenhouse gas legislation in California
- Screening projects for a carbon value of \$40 per ton
- Signed up to World Bank's Zero Routine Flaring by 2030 pledge



[About a simulation about how to transition from a carbon-based economy to a renewable economy] I was very impressed as they didn't have to do that, you don't see a BP or Exxon Mobil doing that. Most stop at the traditional executive panel.

Business/industry B11

- Some people we spoke to knew details about Shell's work but felt vague on certain details, including **key information they seemed to be keen to understand**, like timescales, and where Shell's current work fits with its long-term strategy.
- Influencers often have a very **narrow area of focus**. Sometimes they are very knowledgeable about what Shell is doing with relation to the energy transition and their own specialism, without knowing anything about what's going on in other parts of Shell.



*I'd use Shell as an example, with its efforts in alternative energies and increasing environmental friendliness. They **should tell this story more** – Shell has presented this information on campus, but I think they need to share information about their innovations more widely.*

Academic A7



*As far as what their overall strategy is concerned, I am a **little bit unclear** on that and that is the one area I would like to see. My impression is that they are definitely working in that arena.*

Business/industry B16



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*NB: This was before the Management Day announcement so is referring to commitments more generally

Reaction to Shell's company purpose

- Most influencers are **happy with the company purpose** and how it is articulated.
- It seems **achievable for Shell**. One stakeholder highlighted use of the word "cleaner" rather than "clean" as a realistic aim.
- "2 Degrees" influencers are more likely to query it. One believes it lacks details, another that it doesn't commit to a timetable, and some others that it may not go far enough.
- There are a handful of influencers who criticize it as being vague or empty PR speak. These come from across the influencer groups rather than being a particular problem for one stakeholder type.

It says to the community that they understand there are concerns and they are addressing it so they are not ignoring it. This says to me they are being proactive.

Industry/trade association ITA5

*It sounds like the kind of thing an oil company is supposed to say but **not particularly differentiating**. It could come from any number of companies in any number of sectors.*

Joel Makower, CEO, Greenbiz

**"Power progress together
by providing more and
cleaner energy solutions"**

- More was **interpreted in two different** ways – to reflect rising demand or to mean diversification of options

- Understood to mean both **renewables** such as solar and wind, **natural gas**, and **hydrogen fuels**
- "Energy solutions" implies a broad approach, ruling nothing out

Potential tensions

We have already referenced the tightrope which Shell has to walk in the US as a result of the country's political polarization. Part of that means that industry associations, and more conservative policymakers, think tanks, and academics, are less likely to accept the need for the sorts of actions and statements that Shell has made about the energy transition. Many of Shell's stakeholders at this end of the political spectrum recognize and accept that Shell is more 'European' in outlook. Nonetheless, Shell's divergence from certain norms may cause some tension with this group. This emerged not so much from what they said directly, but from some influencers' hesitation at certain points in the discussion, and their reticence to engage on topics particularly around the energy transition. In terms of specific areas which were raised, the most common concern from this group is the perceived de-emphasis on the importance of oil & gas.

The world is making that shift, Shell is one of the companies that helping paint itself that way. Behind closed doors in the board I hope they recognize the critical importance of oil and gas to the world and to their business....if you took away 60% of our energy we would go into extreme chaos.

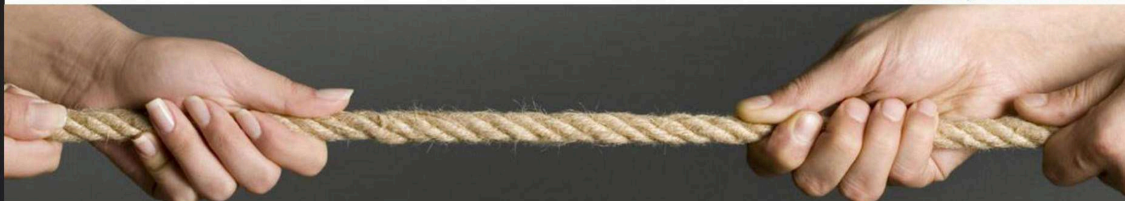
Academic A10

There are places where Shell maybe tries to be too close with their opposition, the same people who will rip them apart the next day and I'm not sure that they're gaining that much for that.

Industry/trade association ITA3

I believe they are missing the bigger picture here, which is the threat posed by misinformation delivered daily through mainstream media sources to convince people that oil and gas is bad. Don't you want to address that by unifying as an industry?


Industry/trade association ITA1




1. Specific strategy areas – role for oil & gas

“Continued investment in oil and gas, in order to meet the expected increase in energy demand - and to grow the role of natural gas (as a replacement for coal in electricity generation and for use in transport)”


- Almost all influencers accept that this is a **necessary part of Shell’s strategy**, particularly among those who focus on financials and on access and affordability.
 - It is described as **“getting the basics right”**, and something which would confuse investors if it was removed from the business model.
- One influencer mentioned that this might be controversial for “2 Degrees” advocates, but people in that group tend to be quite pragmatic about the need. They tend to **recognize that the energy transition will take a while** and that cleaner fossil fuels have a role as a bridge. The criticism from this group is that it is **not very inspiring**.
- Some NGOs mentioned wanting **to know details of the investments before endorsing the approach**. Are the right projects being continued? Do these steps go far enough?

 That is their **existing business** and they have to maximize that in order to be profitable.


Business/industry BI7

 Good, we need to **maintain access**, affordability and consistency.

Business/industry BI3

 I’m not criticizing it but if **it’s supposed to inspire me** and make me love them more, **it doesn’t do that**. It’s honest.

NGO N5

 I understand that **the transition has to happen** and it’s a generational transition. I would hope that those are not being done in places of concern like the Arctic and are being done in places that ideally already have oil and gas.

Joel Makower, CEO, Greenbiz

2. Specific strategy areas – reducing carbon intensity

“Reducing the carbon intensity of its own operations/portfolio and advancing the development of CCUS (carbon capture usage and storage)”

- Reducing the carbon intensity of its operations is **supported unilaterally**. Its inclusion in Shell’s strategy is not questioned but, because of this, it may have a **limited impact on the extent to which it carves out a distinct position** for Shell vs. others in and outside of the sector.
- However, influencers are more divided about the role that CCUS will have. This is related to several areas:
 - The volume of CO₂ produced globally makes this a massive industrial challenge to produce at scale
 - After a certain point, you may see diminishing returns
 - To date, there has been “more rhetoric than investment”, causing influencers to doubt its usefulness
 - It may already be too late to make CCUS a viable option for the industry



If they don’t choose to do this [reducing carbon intensity], it will get legislated, so it will come one way or another.

Academic A5



I think [this strategy area] is really important especially if they say we believe in a future where we need get to zero emissions.

Think Tank TT1



Carbon capture and storage is an area [which] I think is going to have to be developed for us to meet the kinds of climate goals that we need to have as a planet. It’s a very difficult technical achievement to drive towards, I wish there were other solutions but I’m not sure that there are.

Mark Weick, Director, Sustainability Programs, The Dow Chemical Company




I think CCS is a lost cause, and it is not because I have views against it... I think it seems that there is no way CCS can compete any longer.

Jules Kortenhorst, CEO, Rocky Mountain Institute


3. Specific strategy areas – working on policy

“Encouraging policies which focus on reducing emissions – e.g. government-led carbon pricing mechanisms, working with government to produce effective transition plans and policies”


- There is **no opposition to the principle** of Shell encouraging particular policies, though a number of influencers acknowledge that this may be the most difficult area to achieve, as it is wholly outside Shell's control.
 - However, the particular policies which are mentioned split influencers. In particular, some industry associations and right-leaning academics oppose carbon tax, meaning Shell would be out on its own in some areas. One influencer suggested that this is an attempt to appease critics, but warned that “environmentalists will consistently move the goal posts”.
- The US presents a **particular difficulty due to the political environment** – both due to the current polarization and the tendency to favor market solutions.
- A couple of influencers caution that Shell runs the risk of being seen as standard lobbyists.

 *If people get the impression that they are lobbying to protect their interests and profits then it will backfire.*


Academic A5

 *That's great, I'd like to see that. I think it's great to the extent that it's really truly active and not a quiet little thing. There an opportunity for an oil company to make some noise and really step up.*

Joel Makower, CEO, Greenbiz

 *This is a one that a lot of other companies miss. They take a 'we will take policy as it comes' perspective.*

Think Tank TT1

 *Shell can advocate for those kinds of policies but putting them in place is not under their control.*

Bruce Phillips, Director, The NorthBridge Group

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4. Specific strategy areas – low-carbon technologies

“Investment in a range of low-carbon technologies (including electric vehicle charging, CCUS, hydrogen and wind power). In 2016, Shell established a New Energies business to better focus these efforts and explore new commercial opportunities. Through Shell Technology Ventures and enterprise development programmes Shell also invests in other low-carbon and renewable technologies”


- This is **generally supported** but there are differing levels of enthusiasm:
*Either influencers see this as the most exciting of the four areas and “the most important to prioritize”
 Or they think Shell is just hedging its bets as any business would if it wants to remain successful*
- Among some influencers, there is a **sense of inevitability** about the technologies themselves – that this is where it’s all going.
- This is the area which seems **most forward-looking** – people who approve tend to do so in language which talks about the future or future generations.
- Some influencers comment that **Shell’s approach at the moment seems scattergun**, which enforces the feeling that Shell are just tinkering around the edges. A couple of people mention other competitors who are more visible in this area or who seems to be able to link their new investments to their overall business plan.

 This is the most exciting of the four – the others represent modest innovation for Shell while this is something new.


Academic A1

 I don’t see Shell in either place very strongly at this point. Perhaps I’m missing something but I don’t see them as a major competitor for Dow’s interests.

Mark Weick, Director, Sustainability Programs, The Dow Chemical Company

 That shows me that they’re being innovative in ways to be sustainable and give us the energy we need to continue our daily lives.

Kyle Rahn, Senior Director of Fund Development, National Society of Black Engineers

 The level of commitment seems small relative to the challenge and there isn’t necessarily a cohesive narrative that connects it to the core business...other than its just a risk hedge against future technology.

Andrew Logan, Director, Ceres

Reaction to Shell's four strategy areas


Shell scores 7/10 on delivering cleaner energy solutions

- There is **broad agreement with the specifics of Shell's strategy**, with one influencer saying "that's a perfect position for an oil and gas company". Influencers generally feel that the strategy is comprehensive with a good coverage of areas. There were a couple of mentions of specific areas, usually related to the influencer's particular interest, which could be included: nuclear (two mentions), electrification, and liquid fuels (single mentions).
- Influencers generally feel that the four areas reflect the "reality of today and tomorrow". There is **some divergence as to whether Shell should focus most of its attentions on the first and second areas, or on the third and fourth**.
 - Those who focus on the first two areas are more likely to acknowledge that these are the areas which are within Shell's control already. They also mention financial realities and the demands of shareholders.
 - For those who are more concerned about the energy transition, stronger focus on policy and investment in new technologies is more crucial. They see it as absolutely necessary for Shell to continue to survive, and think that Shell should reorder its priorities.
- There are a couple of people who feel **that Shell's strategy doesn't go far enough**, or who fear that it's just a PR strategy.



*The **pace of the transition will be much higher than Shell appreciates** internally... We are in a planetary emergency. We have to move faster across all dimensions and Shell is currently of the view that the low carbon technologies in category four will only be a modest contributor for the near future. I believe Shell will increase its potential survival as a company if it accelerates the scale of its investments in that space. Shell thinks of this transition in terms of 30,40,50 years and I think of this transition in terms of 10-20 years.*


Quotes about Shell's strategy areas

 The key would be, **what is the amount of resources and attention that they going to put against each one?** Resources would be people and money. Is it going to be equal? What is the distribution going to be? My guess that they are clearly not going to want to starve the first priority [i.e. continued investment in oil & gas] so the question is, are they going to devote 90% of their resources to that, and with the other three they are just scratching the surface?

 It is a well resourced global business, but most importantly, it is feasible [for Shell to deliver on its strategy] because of its human capital. **They recruit the best people** – there is incredible rigor in the selection process.

Academic A1


Business/industry BI4

 As a group of four, **it sounds like what an oil company would be expected to be doing**, not what they should be doing.


Joel Makower, CEO, Greenbiz

 Given their muscle, you can tell whether they are really putting their backbone into this. **My sense is that it will happen**, but the jury is still out at the moment. Which oil and gas major will be the first to say, 'here is our vision of what we are going to look like in the second half of the twenty first century'? None of them have done that yet. It's going to be one of the Europeans, Statoil may be the first. **Once one does it, the others will have to do it.** I hope it's Shell, it would be an amazing statement of a long term vision.

NGO N5

 I'm aware of some research programmes that they've had internally over the decades, you know some technologies that were developed internally in Shell, so I think that those things do go on and they were valuable contributions to the industry, so **that's more than just talk.**

Industry/trade association ITA3

 I view **Shell on balance as being a very constructive force** but the industry overall is a destructive force. I think they are probably as well positioned as any of their peers to make the transition successfully. **Shell has always been more energetic** about embracing the concept that the future will look different from the present, so they have a leg up in that regard.

NGO N6



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Shell's current delivery

- Many influencers have a **general sense that Shell is delivering on these areas**, but sometimes paired with an inability to cite specific examples.



Truthfully, I know it is a priority for Shell but I **can't point to a specific instance right now in the US** where they are promoting these solutions. But there are visible, I know it is a priority for them.

Industry/trade association ITA4

- A few are more tuned into Shell's activities and can cite examples for each of the areas.



In terms of the news I follow with Shell, I **could rattle off something for each one of these that makes sense**. Every single one of these you mentioned I can think of a story that I saw in Reuters or the Financial Times which reinforces that theme.

Business/industry BI5

- Still others have an awareness of some areas that Shell is looking at, but narrowly – usually in relation to their own interests. Some proofpoints which are mentioned include:

- Hydrogen and electro-chemical storage (particularly looking at scale)
- EV charging
- Gas transition
- Hydrogen fuels & infrastructure
- CCS



They are **definitely delivering in the first one**, the other areas I am not so sure.

Business/industry BI4



From what we've seen in hydrogen, it seems like there is commitment from Shell. They're **just starting**, but it's too early to tell – they just received funding for the stations [in California]. It will take some time to see whether they'll have that long-term commitment.

Government G4



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Shell working in partnership on the energy transition


Shell scores 8/10 on working in partnership in general

- Influencers agree that **collaboration will be key to thriving through the energy transition** – either because Shell will need to bring in expertise that they don't currently have in-house, or because there are issues which affect companies across the sector.
 - Many of the influencers we spoke to are involved in partnerships with Shell, particularly those in academia, and are **happy with the style of working**.
 - One mentioned her surprise at finding out how much Shell worked with others within the industry, specifically citing the collaboration after Macondo.
 - One influencer, who works as a facilitator in a new area for Shell, cautioned that Shell may need to **be aware of sensitivities when they are entering a new market** with established players. They are keen that Shell retain their collaborative nature, and that the area not become a monopoly solely as a result of Shell's "deep pockets".


 *They are a very well-structured company that **understands collaboration with other companies can make them stronger** where they don't have strengths.*

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Industry/trade association ITA6

 *Shell's been taking a strong leadership role in this space relative to other big companies, but any time you're trailblazing any space, there's already a lot of stakeholders in the game that there needs to be alignment with. It isn't a weakness, **but there's something to be careful of in ensuring that [that you're mindful of] sensitivities** - people wanting to protect what they've been doing for decades - and ensuring appropriate collaboration both internally and externally.*

Government G4

 *Shell convened a meeting this year and **we were explicitly told "you guys need to work with you guys"** which isn't common in our industry. It was very clear that they want synergies coming out of the work they do with all these companies.*

NGO N4

Responsible company
Shell's contribution to society

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Shell's positive contributions to society



- Knowledge is **often superficial and general**. Influencers with deeper awareness tend to have had some sort of personal involvement in the activities they talked about.



- Jobs and providing energy** were the positive contributions mentioned most often. There were also some more general comments about Shell's economic contribution.



- Shell's **community engagement and philanthropy** is another positive (mentioned in relation to Houston specifically in particular).



- Shell's **commitment to education** was praised by some influencers, citing its work and investment in schools and universities and support of STEM.

- Shell's efforts to **provide energy more sustainably**, as well as its **engagement on the future of energy** were cited.

- The **two specifics** mentioned most often by influencers were:
 - Harvey relief/recovery efforts, and the secondment of Niel Golightly, which were talked about with admiration
 - Eco-marathon



*I think they provide a **necessary service**, it is **crucial to our economy**.*

Allan Zaremburg, President and CEO, California Chamber of Commerce



*As employers of people, they are a big company, they are doing a very solid job. I mentioned the Eco-marathon they ran in Detroit and other parts of the world, I think that is really admirable as well, **bringing up our youth and giving back to the community**. I know from a philanthropy standpoint they have very substantial philanthropy efforts also.*

Business/Industry BI4



*I would point to the **appointment of Niel** to assist with the re-building in Houston. There is **not a lot of companies that would do something like that**, that would appoint somebody as talented as Niel and put him in that position if they were not really serious about that. To me that **really says a lot about Shell and what they think about the communities** that their people work and live in.*

Business/Industry BI6

Shell's negative contributions to society

- Influencers found it **harder to come up with negative** contributions.
- What comments there were relate to **issues common to the sector**, particularly **environmental impacts and concerns around climate change**.
- There were also a couple of mentions of **Nigeria/Africa**, although these were quite vague.

“ **Other than from a climate perspective** what any oil company is contributing, they don't have any other hugely negative baggage that I can think of.

Joel Makower, CEO, Greenbiz

“ I can't think of anything. They're **probably part of the American Petroleum Institute** which is not a great organization in my eyes, they are big supporters of fossil fuels and not of renewable energy.

NGO N7

“ They were having a **bunch of problems with their African operations**, but I haven't heard about that in a while so I don't know what's going on.

Industry/trade association ITA3

How does Shell compare with others & how genuine is it?

Shell's average score on social responsibility is 8/10

Answers on how Shell performs in this area fall into two broad categories:

1. **The same** as all the other oil & gas majors. A couple of influencers thought that Shell is "a lot quieter" than its competitors about its community engagement.
2. **Better than the others.** BP, Chevron and Exxon are the other majors mentioned as making a positive contribution.

However, **Shell faces a challenge in differentiating itself** on being a responsible company as many of the examples of positive contributions to society which influencers cite are arguably characteristic of any big successful company (e.g. employment) or other oil and gas majors (the provision of energy).

Influencers explicitly asked the question generally think that **Shell is genuine in its commitment to society rather than paying lip service.**

The main reason given is **interactions with Shell employees.** These demonstrate they are genuinely motivated to do the right thing and care about the communities they operate in.

Shell's **investment in activities** which make a positive contribution to society was also mentioned.

None of the influencers we spoke to thought that Shell is just paying lip service. A couple said they did not know enough about Shell's motivations to make a judgement.



I think they are. Going back to New Orleans, the work they're doing there - they don't have to do that. Especially given that the communities they're working with are less affluent, where companies can get away with worse behavior because the community isn't as engaged - but Shell is still working with them.

World Class Investment

Shell's performance as a business

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Shell's performance as a business

The impression is that Shell is well-run and successful, but most influencers lack detailed knowledge

Influencers generally assume that Shell is well-managed financially

Shell is believed to be one of the best performers in the sector, described as a stable and safe investment.

A few influencers discuss performance more substantively:

- Profitability has improved/costs have been lowered
- A handful comment on the BG merger, generally positively

There are a few isolated concerns raised (the low price of gas, price of oil, Shell's amount of debt).

Shell's leadership is highly regarded

There is lots of praise for the leadership, which is described as "fantastic", strong, willing to engage, and talented. Ben van Beurden, Chad Holliday and Bruce Culpepper are all talked about positively.

Shell is regarded as well-run

This is mostly discussed in general terms, but a couple specifically mention Shell's commitment to safety and operational record.

Shell's long-term outlook is a key positive

Shell is seen to have the ability to look ahead to the future, at the same time as focusing on the short-term need to generate shareholder return.

Comments on world class investment

They have done **a good job of lowering their overall costs**. The **leadership seems pretty decent**, the CEO is the most visible on that. The US leadership all seem confident.

Think Tank TT1

Ben van Beurden really does want to leave a legacy. Chad Holliday, the chair of Shell, is a **remarkable man who is thinking about the long term**. There aren't many people like that.

NGO N5

I recognize it needs to generate shareholder return and balance expenditures around the globe; I think it **does a good job**. But it's a tough market at the moment, especially in gas production as the price is so low. I saw of lot of **Shell leadership** when there was a lot going on in Appalachia, it was **impressive**.

NGO N1

I suspect they are doing well, as they are a **large, strong and diversified company**.

Academic A3

They **get their product to market and are making money** so that's a positive. I think **they recognize that their licence to operate is somewhat driven by sustainability and climate issues**.

Industry/trade association ITA3

It definitely **needs to get its debt rebalanced**. It needs to work towards defining what its real business strategy is and then stick with it for a while and make sure to play it out. Candidly, **it has tended to blow in the wind a bit for the last 10 to 15 years**.

Academic A10

Communications

Shell content, events and comms



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Sources of influence

Personal contacts and the media are the most common sources of information about the energy industry and Shell

Personal contacts

- Direct interactions with energy companies (both at senior level and across the business)
- Other personal contacts e.g. journalists, environmentalists, regulators, government ministers

Media:

Both mainstream and specialist media are used:

Mainstream – New York Times, Economist, WSJ and FT all mentioned more than once

Specialist – other than Oil and Gas Journal (two mentions), no publication mentioned more than once

NB only a couple of mentions of social media (Twitter) and blogs

Information from energy companies

- Mentioned, but less often
- Reports and press releases came up most often

Other sources of information – conferences/seminars and research

Views on Shell's communications

- While direct interactions with Shell have the biggest impact, **two elements of its communications particularly cut through** and contribute to perceptions of Shell as being forward looking and thoughtful:
 - **Scenario planning**, which is seen as distinctively Shell, and of great value
 - **Eco-marathon**
- In terms of Shell materials more generally, these are **seen to be useful** by some but a couple feel Shell's content can be **convoluted and too academic** at times.
- There were a couple of comments that Shell has been **quieter recently**. A handful of influencers argue that Shell needs to get its message across more. For some, this is around communicating around future of energy, while a couple of influencers felt that Shell should be defending the role of oil and gas more vocally. In addition, a couple felt that Shell's country chair model makes Shell US less influential.



Shell is known for its Scenario Planning, it is very solid, so I would say that their material I have seen in that area is very high quality.

Business/industry B14



Obviously the energy scenarios are a flagship, a great contribution to the debate. The Sustainability Report is typically high quality but I can't say in all honesty I read it closely.

NGO N6



It is a little more quiet in the US than it once was. Shell used to be a very well-known US company and it was more US run.

Academic A10



I don't hear people talking about Shell, I used to.

Joel Makower, CEO, Greenbiz



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Scorecard

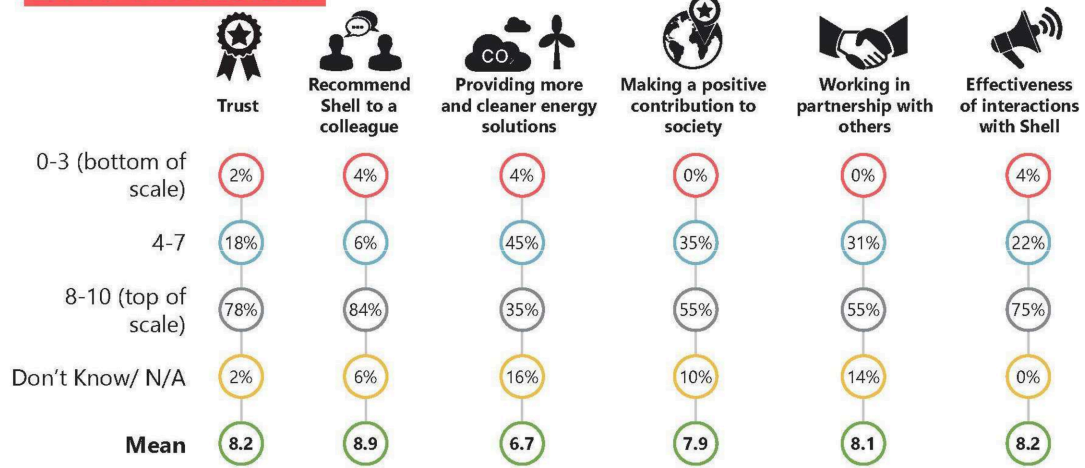
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2017 Scorecard



Ipsos MORI
Reputation Centre

Based on all influencers answering each question, 2017

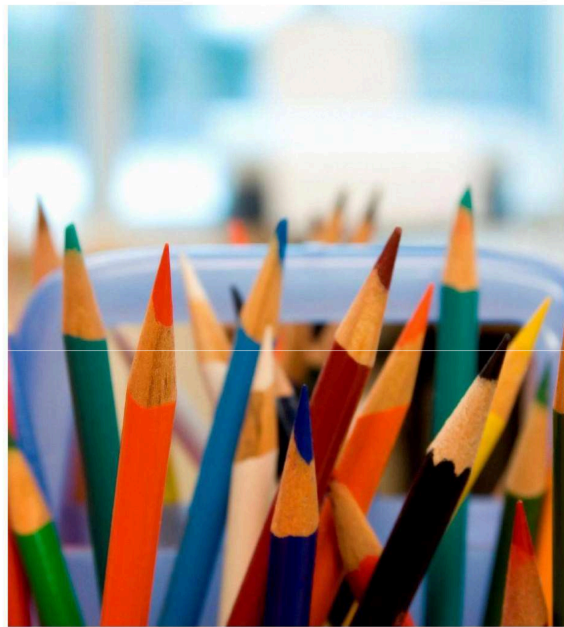
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Appendix

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Method and sample – 1

- This study targeted the audiences considered by Shell as their top stakeholders/influencers (minus those considered by Shell as too sensitive to be included in the research). The sample consisted of 180 stakeholder names. The sample was provided by Shell and was collated from stakeholder owners across the relevant business units (e.g. ER, government relations, media relations etc.).
- It should be noted therefore that the research interviews are with people who Shell has identified as having relevant relationships. The interviews reveal that most stakeholders already have an existing and on-going relationship with Shell, although the frequency of the contact varies.

Influencer Type	Sample	Interviewed
Academics	50	14
Business/Industry	35	13
Government	22	9
Media	11	1
NGO	55	13
Think tanks	7	3
Total	180	53

Method and sample – 2

Ipsos MORI conducted a total of **53** in-depth telephone interviews. Interviews lasted approx. **45 minutes** and were conducted between **24 October and 6 December 2017**.

29% of the stakeholders invited to participate in the research took part in an interview

100% agreed to take part in future research

89% happy to be identified as having taken part in the research
(11% declined)

23% willing to have their quotes attributed to them
(64% declined, 13% wanted to approve their quotes)

LIST OF RESPONDENTS – 1

Name	Role	Organization
Allan Zaremburg	President and CEO	California Chamber of Commerce
Andrew Cullen	SVP, Fuels and Facilities	Penske Truck Leasing
Andrew Logan	Director	Ceres
Andrew Steer	CEO	World Resources Institute
Aron Cramer	President and CEO	BSR
Bill Hall	Sustainability Director	FCA
Bill Quinn	Vice President and Chief Operations Officer	California Council for Environmental and Economic Balance
Bob Perciasepe	President	Center for Climate and Energy Solutions (C2ES)
Bruce Phillips	Director	The NorthBridge Group
Chandrakant Patel	Senior Fellow & Chief Engineer	HP
Christene Kimmel	Director of Development, Corporate Relations and Special Projects	Rice University Baker Institute for Public Policy
Dan Sperling	Professor of Civil Engineering and Environmental Science and Policy and founding Director of the Institute of Transportation Studies	University of California
Daniel Yergin	CEO	IHS Markit
Davitt Woodwell	President & CEO	Pennsylvania Environmental Council
Erick Coolidge	Tioga County Commissioner	Tioga County Board of Commissioners (Pennsylvania)
Howard Feldman	Senior Director for Regulatory and Scientific Affairs	American Petroleum Institute

LIST OF RESPONDENTS – 2

Name	Role	Organization
Ingrid Robinson	President	Houston Minority Supplier Development Council
Jack Broadbent	Executive Officer	Bay Area Air Quality Management District
Jamie Belinne	Assistant Dean, Rockwell Career Center	C.T. Bauer College of Business, University of Houston
Joel Makower	CEO	Greenbiz
John Reilly	Senior Lecturer and Co-Director of the Joint Program on the Science and Policy of Global Change	MIT Sloan School of Management
John Viera	Global Director, Sustainability and Vehicle Environmental Matters	Ford Motor Company
Judson Robinson	President and CEO	Houston Area Urban League
Jules Kortenhorst	CEO	Rocky Mountain Institute
Karen Harbert	President and CEO	Global Energy Institute, US Chamber of Commerce
Kathryn Mulvey	Climate Accountability Campaign Manager & Advocate	Union of Concerned Scientists
Kristin Connelly	President and CEO	East Bay Leadership Council
Kyle Rahn	Senior Director of Fund Development	National Society of Black Engineers
Laura Murillo	President and CEO	Houston Hispanic Chamber of Commerce
Laura Phillips	SVP, Sustainability	Walmart
Linda Droblich	Senior Business Development Manager	San Jacinto Community College
Margaret O'Gorman	President	Wildlife Habitat Council

LIST OF RESPONDENTS – 3

Name	Role	Organization
Mark Brownstein	VP, Climate and Energy	Environmental Defense Fund
Mark Weick	Director, Sustainability Programs	The Dow Chemical Company
Mark Zoback	Benjamin M. Page Professor of Geophysics and the Director of the Stanford Natural Gas Initiative	Stanford University
Mary Spruill	Executive Director	National Energy Education Development
Matthew Baker	Pennsylvania State Representative	Pennsylvania State Legislature
Matt Koch	Vice President	Global Energy Institute, US Chamber of Commerce
Patricia Simpson	Director, Academic Advising and Career Services, School of Chemical Sciences	University of Illinois
Robert Armstrong	Director, MIT Energy Initiative and Chevron Professor in Chemical Engineering	MIT
Sarah Ladislaw	Director and Senior Fellow, Energy and National Security Program	Center for Strategic and International Studies
Scott Tinker	Director, Bureau of Economic Geology	University of Texas
Steve Marty	VP, Fuels and Lubricants Research	Southwest Research Institute
Suparno Banerjee	VP, Public Sector Program Office	HP
Tandra LeMay	Associate Vice Chancellor for Workforce and Integrated Production Technologies	Fletcher Technical Community College
Todd Staples	President	Texas Oil & Gas Association (TXOGA)
Tricia Berry	Director, Women in Engineering Program	University of Texas

Discussion Guide - 1

1. Introduction and explanation (5 mins)

- Thank participants for taking part and interviewer to introduce self, Ipsos – independent research agency.
- Explain objective of the study: The aim of this study is to understand more about stakeholders' views of energy issues and in particular their views on stakeholders' experiences and expectations of Shell. We would also like to discuss Shell's approach to dealing with climate change, growing energy consumption and the changes needed in the energy system to achieve climate change targets.
- Confidentiality: reassure participant that, unless they give their specific permission at the end of the interview, all responses are anonymous and that information about individual cases will not be passed on to Shell. Reporting is done in an aggregated way.
- Get permission to tape record (explain necessity regarding quality procedures and ensure permission is on tape) – transcribe for quotes, no detailed attribution, unless give permission.
- During the interview we will use the term 'energy companies' by this we mean all the companies working in this sector including oil and gas companies, renewables etc.
- The interview will take approximately 45 minutes.

Participant introduction:

- Ask them to briefly explain job description, role
- What is their stake or interest in energy-related subjects --> probe for how they are involved in energy-related subjects, how much of their time is spent on energy related subjects?

2. Industry Issues (5 mins)

- I'd like to start by asking you about your overall views of the energy industry in US. What do you see as the main priorities in the area of energy for US? Why do you say that?
- And, what do you see as the main challenges and opportunities in the area of energy for US? Why do you say that?
- And what's your view on the contribution of the major oil and gas companies to these challenges and opportunities? To what degree are they a hindrance or a help? Which ones in particular and why?
- What sources do you rely upon for information about energy in general and/or Shell?

Discussion Guide - 2

3. Interactions stakeholders have with energy companies and the types of 'behaviors' they may exhibit (5 mins)

- Which energy companies do you currently have interactions with? What type of interactions do you have with them?
- How do you judge which energy companies are 'good' to interact with/work with? What qualities do they need to have? What might worry you about interacting/working with them?
- And if you had the choice to work with one of the energy companies (eg to get advice from, to partner with...INTERVIEWER NOTE – ask about the types of interactions mentioned above), which one would it be and why?

4. Overall views of Shell, Shell performance, including the degree to which Shell is trusted and if stakeholders will act as advocates. (10 mins)

- I'd now like to discuss your views on Shell. How do you think Shell is viewed by the people you deal with?
- What about your own view of Shell? What do you think its main strengths and weaknesses are? What are the main things that have influenced your views?
- IF NOT OBVIOUS ASK – And where does this perspective come from – is this based on Shell's global activities or its operations in US, or both?
- Overall, how do you view Shell's performance as a business? Financial? Day-to-day operations? Quality of leadership?
- If someone asked for your opinion of Shell, how positive or negative would you be? What makes you say that?
- Do you see Shell as a credible company? Do we live up to our promises?
- Would you describe Shell as a company that listens and is approachable? Why do you say that?
- There's a lot of talk in the media about the importance of trust and transparency – is Shell a company that you trust or not? To what degree (and in what areas)? Why do you say that (how have you come to that view)? If any doubts: What would need to happen for you to trust Shell more (what would they/ others need to do/ say)?

Discussion Guide - 3

5. Views of Shell's overall positioning on Energy Transition and collaboration (15 mins)

SAY TO ALL:

I'd now like to focus the discussion more on the changes needed in the energy system to achieve climate change targets and meet growing energy consumption.

- Just briefly, who do you see leading on these issues? And, do you see any particular industry sectors taking this issue forward? (Probe for Agriculture, Construction, Transport, Energy)
- And, what do you think Shell's position is on this? What is your view on this perceived position?

Shell articulates its key role as being to **'power progress together by providing more and cleaner energy solutions'**.

- We can discuss in more detail how Shell might do this, but first what do you think Shell means by the phrase 'more and cleaner energy solutions'? And do you think this sounds like an appropriate role for Shell to take? Why do you say that?
- Do you see any evidence that Shell is providing more and cleaner energy solutions?

SAY TO ALL: Shell believes it can provide more and cleaner energy solutions by focusing on 4 key areas:

- Continued investment in oil and gas, in order to meet the expected increase in energy demand - and to grow the role of natural gas (as a replacement for coal in electricity generation and for use in transport)

- Reducing the carbon intensity of its own operations/portfolio and advancing the development of CCUS (carbon capture usage and storage)

- Encouraging policies which focus on reducing emissions - eg government-led carbon pricing mechanisms, working with government to produce effective transition plans and policies

- Investment in a range of low-carbon technologies (including electric vehicle charging, CCUS, Hydrogen and wind power). In 2016 Shell established a New Energies business to better focus these efforts and explore new commercial opportunities. Through Shell Technology Ventures and enterprise development programs Shell also invests in other low-carbon and renewable technologies

- Which elements of this position would you support? Which elements do you disagree with? Why do you say that?
- To what degree, do you think that this is a realistic and viable approach for Shell in relation to climate change targets and growing energy consumption?
- And do you think that Shell is already delivering on these different areas? Which ones will be harder than others, if any? Why do you say that?
- Do you see any evidence of Shell working in partnership with others, to deliver on its aim of more and cleaner energy solutions? Do you think that Shell is a company that can work effectively in partnership with others? Why do you say that? Probe for examples of partnership they might be aware of.

Discussion Guide - 4

6. Views on Shell as a responsible operator (shared value) (5 mins)

- I'd now like to move on and think about what ways, if any, Shell makes a positive or negative contribution to the societies in which it operates? (IF NECESSARY use probes such as the economy, the labor market, skills development, in the local communities where it operates, delivering energy safely and efficiently, the environment).
- And how does this compare to other companies within or outside its sector? Is it better or worse?
- IF THIS DOESN'T EMERGE To what degree do you think Shell is genuinely motivated to respect society, or do you think that it only pays lip-service to this issue?

7. Communication and Engagement (5 mins)

- In the last six months or so, in what ways have you come across Shell?
 - Which of these was most useful to you? Why?
 - IF HAD DIRECT INTERACTIONS ASK – Did these interactions meet your expectations or not? What was valuable about them? What could be improved?
 - IF SEEN SHELL SPECIFIC MATERIAL – How would you rate the content of this – was informative, credible, did it tell you something new?
 - What other things do you come across about Shell, either from Shell, or written about Shell – e.g anything in the press, or on social media. In what ways do these contribute to your overall view of Shell?

Discussion Guide - 5

8. Shell Report Card (2 mins)

- It would help us if you were able to give us a few final ratings of Shell. Here we are looking for some quick fire scores on a scale of 0 to 10.

9. Thank, ask permissions, and close

- Thank participant
- Ipsos MORI may want to re-contact some people we've talked to on this survey, in order to explore some of these issues in more detail. Would you be willing to be re-contacted in the next 12 – 18 months for this purpose? **YES/NO**
- Would you (INTERVIEWER NOTE: WE MUST STATE THE NAME OF THE RESPONDENT FOR THE RECORDING TO RECORD THEIR AGREEMENT) be willing to be identified as having taken part in this survey? By this we mean list your name as a participant of the study **YES/NO**. The report we provide Shell will be used for internal purposes only and will not be made public.
- IF YES, And would you be willing for quotes from your interview to be attributed to you or would you prefer any comments to remain unattributable? **YES/NO**
- Is there anything we have discussed today that you would like someone from Shell to follow up with you? **YES/NO**. IF YES, Can I ask on what topic you would like follow-up – this is so it can be directed to the right person at Shell? We will not share the details of our discussion; we will simply ask the relevant person at Shell to contact you.
- Explain that Shell is offering a \$100 donation to their choice of Coastal Conservation Association, Ducks Unlimited or Houston Food Bank.

	WRITE IN SCORE (0-10)
<ul style="list-style-type: none"> To what degree do you trust Shell – please give a score from 0 to 10 where 0 is you don't trust them at all and 10 is that you trust them completely? <ul style="list-style-type: none"> Is this generally above or below the rating you might give to other energy companies? 	
<ul style="list-style-type: none"> And in so far as it is appropriate in your professional role, on a scale of 0 to 10, where 0 means you definitely would not, and 10 means you definitely would, how likely is it that you would <u>recommend Shell to a colleague</u>? (INTERVIEWER NOTE: in your feedback it would be useful to know if participants are comfortable answering this question or if they find it difficult in any way). <ul style="list-style-type: none"> Are you more or less likely to recommend Shell than other energy companies? 	
<ul style="list-style-type: none"> What score would you give Shell out of ten on <u>providing more and cleaner energy solutions</u>? 	
<ul style="list-style-type: none"> What score would you give Shell out of ten on <u>making a positive contribution to the societies in which it operates</u>? 	
<ul style="list-style-type: none"> What score would you give Shell out of ten on <u>working in partnership with others</u>? <ul style="list-style-type: none"> And would you say it is generally better or worse than other energy companies? 	
<ul style="list-style-type: none"> And in terms of the <u>interactions you have had with Shell</u>, how effective would you rate these on a scale of 0 to 10, where 0 means not at all effective, and 10 means very effective? <ul style="list-style-type: none"> And would you say it is generally better or worse than other energy companies? 	

FURTHER INFORMATION

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