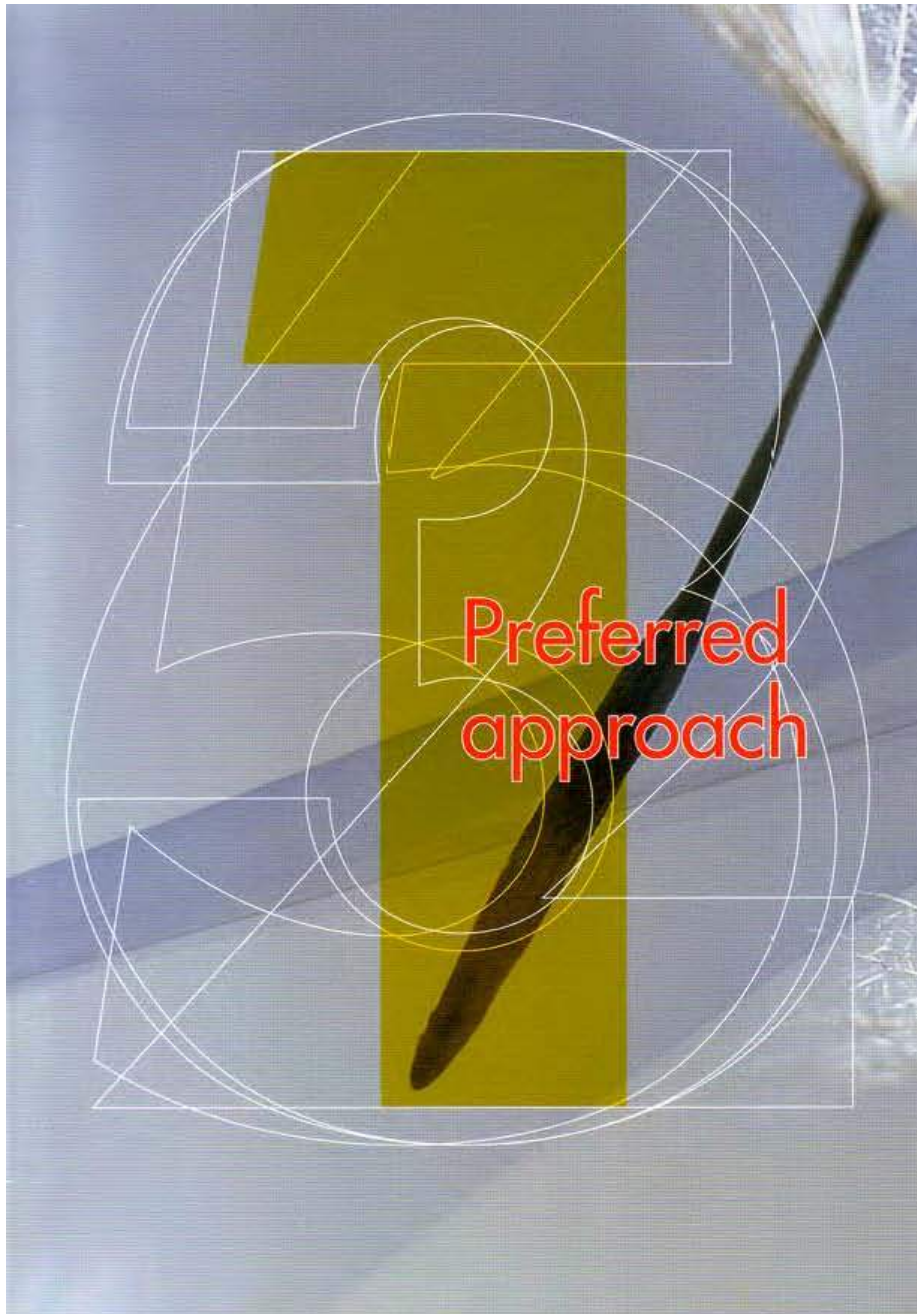


**MORE
ENERGY
LESS CO₂ Strategy
CARBON
DIOXIDE**





1 describes the preferred approach

We are determined to provide energy in responsible ways and serve our customers and investors as effectively as we can. Both these scenarios help us do that by testing our strategy against a range of possible developments over the long-term. However, in our view, the Blueprints approach offers the best hope for a sustainable future, whether or not the scenario arises exactly in the way we describe it.

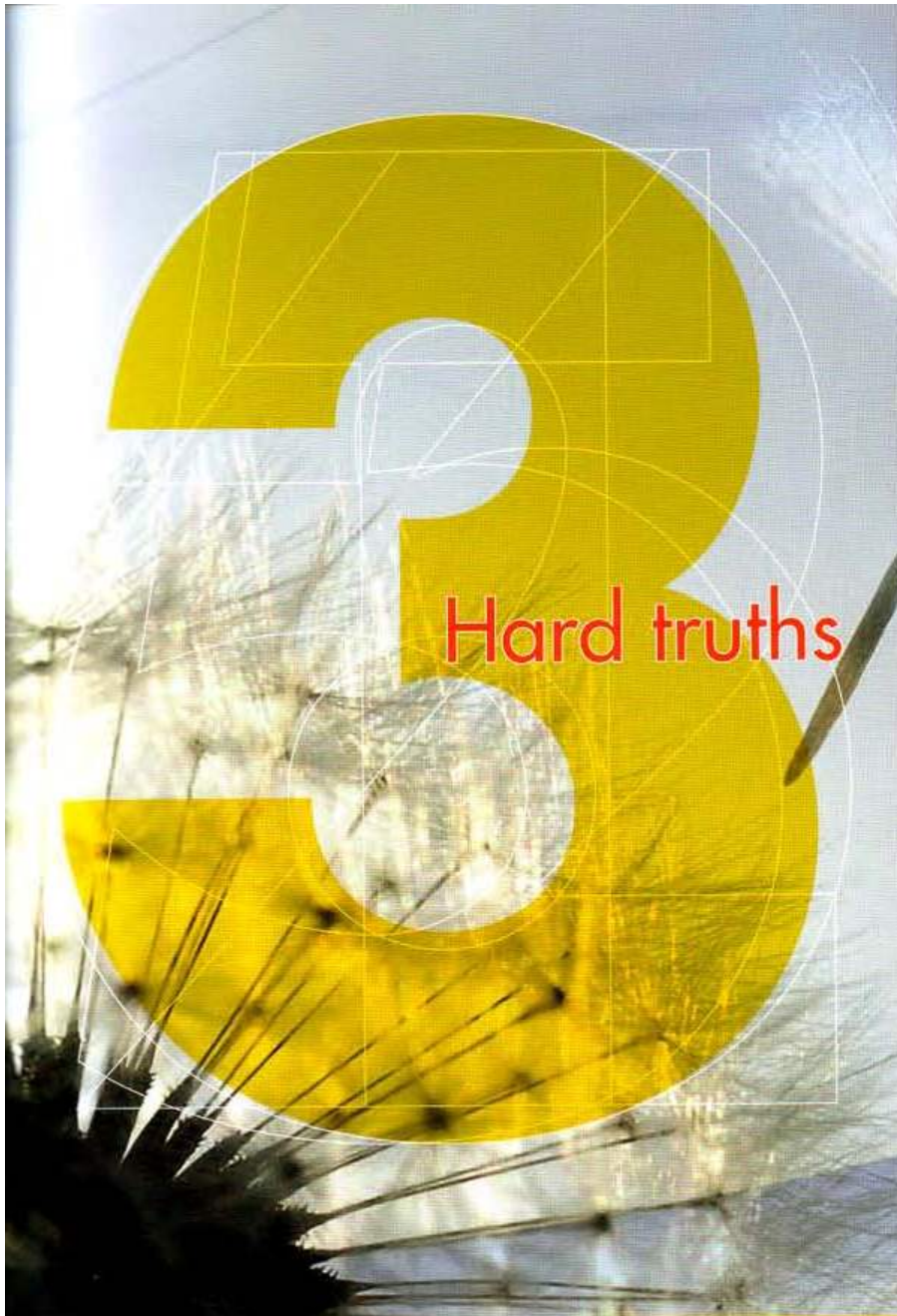


Scenarios

2 refers to our scenarios

To help think about the future of energy, we have developed two scenarios that describe alternative ways it may develop.

1. In the first scenario – called Scramble – policymakers pay little attention to more efficient energy use until supplies are tight. Likewise, greenhouse gas emissions are not seriously addressed until there are major climate shocks.
2. In the second scenario – Blueprints – growing local actions begin to address energy and environmental challenges. A price is applied to a critical mass of emissions, stimulating the development of clean energy technologies, such as CO₂ capture and storage, and energy efficiency measures. The result is far lower CO₂ emissions.



3 covers the hard truths

1. Surge in energy use

Energy use will increase due to increasing population and prosperity. This will mean greater demand for oil and gas, as well as other energy sources.

2. Supply will struggle to keep pace

Conventional oil and gas, and indeed all energy sources together, cannot meet this unconstrained demand.

3. Environmental stresses are increasing

More energy means more CO₂ emitted at a time when climate change looms as a critical global issue. The societal imperative to limit greenhouse gases in the atmosphere to less than 550 ppm or lower needs strict management of CO₂ emissions from both the production of energy and its use by consumers.

This can be summed up in five words:

'More energy, less carbon dioxide'.



Policy objectives

For more information please contact: info_co2@shell.com

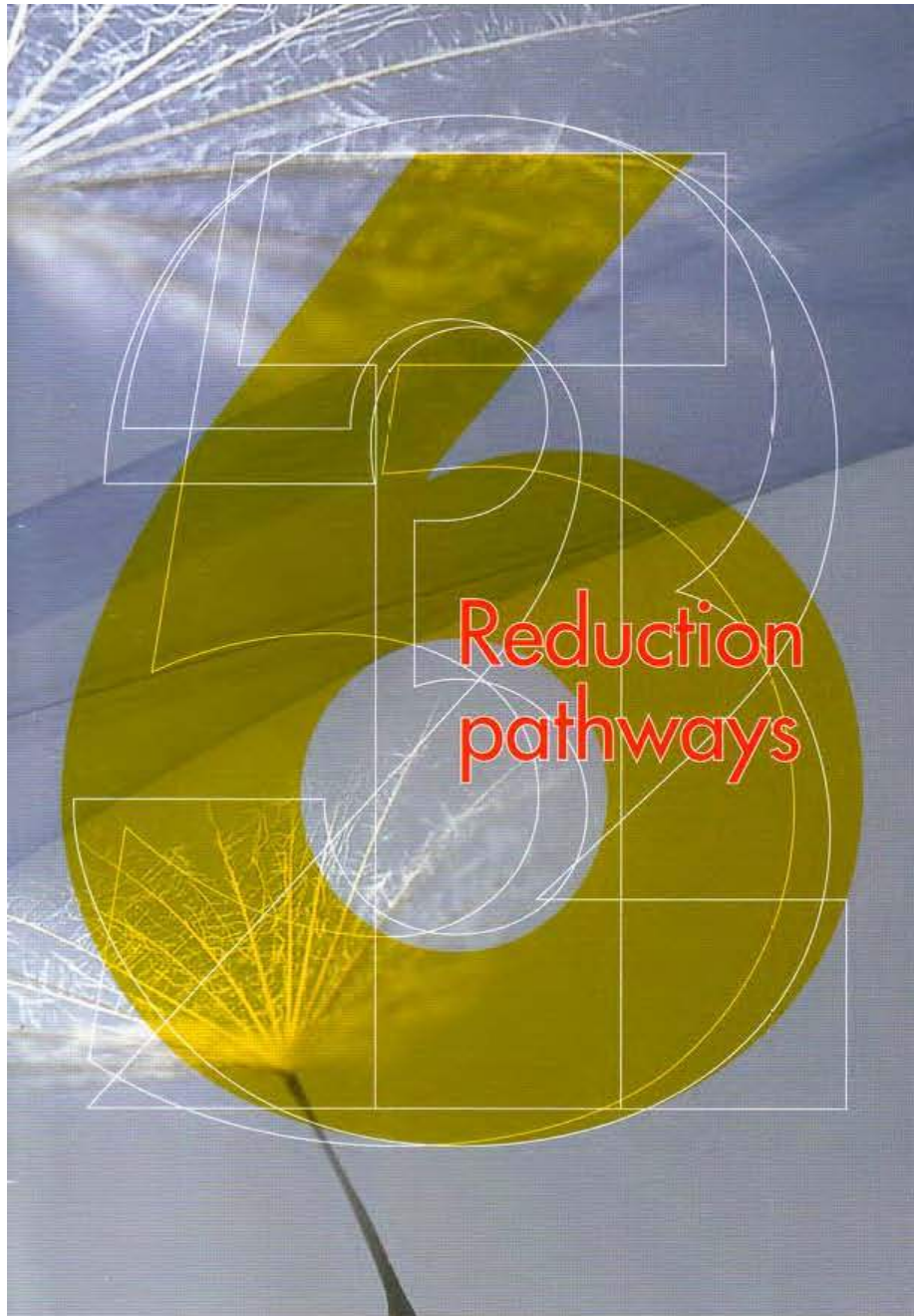
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5 is the core messages to the regulator

Governments need to develop internationally aligned policies to meet the energy challenge and address climate change, without distorting competition among companies.

No one single instrument – whether a carbon tax or emissions trading – will be effective for all sectors. Power generation, transport, heavy industry and buildings all require tailored policy approaches. Our key advocacy objectives are summarised below:

1. 'Cap and trade' systems for large stationary emission sources like power stations and most industrial facilities, and thereby creating a global carbon dioxide market.
2. Clear incentives for CO₂ Capture and Storage (CCS).
3. A simple, credible target for the share for renewable sources in our energy supply.
4. Separate measures in the transport sector such as vehicle efficiency standards; vehicle/road use programmes for modal switch and reduction of vehicle kilometres travelled; and broadening the fuel pool by incentivising the use of fuels based on their ability to deliver reductions in CO₂ based on 'well-to-wheels'.
5. A series of robust energy standards for buildings and appliances with incentives to retrofit existing infrastructure.



6 is for the Shell reduction pathways

We will play a part in enabling a Blueprints approach by working on six reduction pathways:

1. Increasing the efficiency of our operations, seeking to be first quartile.
2. Establishing a substantial capability in CO₂ Capture and Storage (CCS).
3. Continuing to research and develop technologies that increase efficiency and reduce emissions in hydrocarbon production.
4. Aggressively developing low-CO₂ sources of energy, including natural gas and low-CO₂ fuel options.
5. Helping manage energy demand by growing the market for products and services – that help customers use less energy and emit less CO₂.
6. Working with governments and advocating the need for more effective CO₂ regulation.