SHELL’S EXPERIENCE IN DEVELOPING AND APPLYING AN INTERNAL CO\textsubscript{2} PROJECT SCREENING VALUE

UNFCCC TEM

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Royal Dutch Shell plc

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Reserves: Our use of the term “reserves” in this presentation means SEC proved oil and gas reserves.

Resources: Our use of the term “resources” in this presentation includes quantities of oil and gas not yet classified as SEC proved oil and gas reserves. Resources are consistent with the Society of Petroleum Engineers 2P and 2C definitions.

Organic: Our use of the term Organic includes SEC proved oil and gas reserves excluding changes resulting from acquisitions, divestments and year-average pricing impact.

Shales: Our use of the term ‘shales’ refers to tight, shale and coal bed methane oil and gas acreage.

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MANY YEARS WITH A CO₂ PROJECT SCREENING VALUE (PSV)

A journey… with lessons


- Internal trading
- Regional values
- Single value
- Shared publicly
- Tax treatment
- Defined sensitivities

Coordinated process

- Domestic gas PSVs
- Electricity PSVs
- Coal PSV
- Operating cost outlook
- Capital cost outlook
- Upstream PSVs
- Inflation and exchange rate
- Downstream DSVs

CO₂ PSV is an input  Team interactions
$40/TONNE CO₂ PSV KEY TO CO₂ RESILIENT PORTFOLIO

Intent is to:

• Quantify long-term explicit and implicit cost signals from governments.
• Prompt a deeper discussion on risk with most exposed projects.
• Drive design choices to develop a resilient portfolio.

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