



MAYOR'S OFFICE

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The City of Victoria
1 Centennial Square
Victoria, BC V8W 1P6

Attention: Mayor Lisa Helps

Dear Ms Helps,

Thank you for your recent letter to the Chief Executive Officer of Royal Dutch Shell. I am responding on behalf of Shell Canada Limited.

Shell has been operating in Canada for over 100 years and employs more than 4,000 people across the country. Our business is providing energy to Canadians and people around the world, and we are one of the few truly integrated oil and gas companies in Canada. We have engaged and will continue to work closely with the Government of Canada to ensure all Canadians realize the benefits of a vital, innovative energy sector.

I would like to share with you the Shell Group's intent to move in step with society towards a lower carbon future, including some of the actions we are taking, both independently and working with others, to achieve this ambition.

Shell's position on climate change has been publicly documented for more than two decades through publications such as our Annual Report and Sustainability Report. We have long recognized the climate challenge and the essential role of energy in sustaining and driving the world's economy, raising living standards and improving lives. There are still over one billion people in the world without safe, reliable access to energy or the basic benefits it provides. With energy demand projected to increase as the world's population continues to grow, society therefore faces a dual challenge of meeting growing demand, while at the same time transitioning to a lower carbon world.

Shell welcomes and strongly supports the goals of the Paris Agreement. We agree on the objective of a transition towards a net-zero emission energy system and a world where temperature increases are limited to less than 2°C. Shell has taken an industry-leading approach in this area, as demonstrated through a number of different actions, such as our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD); and our inclusion of the Company's emissions management performance in our executive annual bonus scorecard. We have also made clear our ambition to reduce the Net Carbon Footprint of the energy products we sell to be in line with society – estimated at halving by 2050 - which will necessitate changing the portfolio of products we sell. This means providing the mix of products our customers need as the energy system evolves.

The Paris Agreement sent a signal: the energy system must change if society intends tackle climate change in a meaningful way. Shell's latest scenario, *Sky* – published in March this year – illustrates a technically possible, but challenging pathway for all of society to achieve the goals agreed in Paris. Over the course of 50 years, *Sky* sees a complete transformation in the way society uses and produces energy. Critically, this scenario relies on a complex combination of mutually reinforcing actions by society, markets and governments. No one organisation or industry or government can achieve this transformation alone. All will face tough choices and everyone has a role to play. While *Sky* is neither a prediction nor Shell's business plan, it offers a potential pathway to meet the goals of Paris and we hope it contributes to the effort to find solutions to this global issue.

In early April we published the Shell Energy Transitions (SET) report which outlines our intent to move towards a lower-carbon future. You can read more about this at: www.shell.com/energytransitionreport.

Although Shell is still primarily an oil and gas company, and we expect global demand for oil and gas to continue to grow, we have invested billions of dollars in a range of low-carbon technologies, including Carbon Capture and Storage (CCS), biofuels, hydrogen, solar, and wind power. In 2016, we established a New Energies business, to better focus these efforts and explore new commercial opportunities. We previously announced our plan to step up our New Energies investment to on average \$1-2 billion per year to 2020. As an example, in June of this year, Shell and Hydrogen Technology & Energy Corporation (HTEC) opened Canada's first retail hydrogen refueling station in Vancouver, the first of three sites that Shell and HTEC plan to open in the city.

As part of our commitment to develop Carbon Capture and Storage technology, our Quest project, launched in 2015 near Edmonton, reduces CO₂ emissions from oil sands operations by more than 1 million tonnes a year – equivalent to taking 250,000 cars off the road. We make our engineering designs for Quest freely available to help other companies develop similar CCS projects at less cost.

More widely, for decades, Shell has called for effective government-led carbon pricing mechanisms, which would incentivise all sectors of industry and consumers to improve energy efficiency and reduce carbon emissions. Shell companies have participated in a wide range of activities in support of such a mechanism, such as the Carbon Pricing Leadership Coalition whose long-term objective is a government-led carbon price throughout the global economy.

These are a few examples of the actions we are taking today, recognising that the global energy transition will span decades, moving at different paces and producing different outcomes in different countries depending on local factors. We welcome efforts toward constructive, collaborative action as we collectively attempt to address this complex global challenge.

If you'd like to learn more about the Shell Group of companies and the active role those companies are playing in a number of places throughout the world, we encourage you to visit our website: www.shell.com, in particular the Energy and innovation and Sustainability pages.

Yours sincerely,



Michael Crothers
President & Country Chair