

We are continuing to provide the energy the world needs today, while increasing our investments in cleaner energy.

GENERATING SHAREHOLDER VALUE

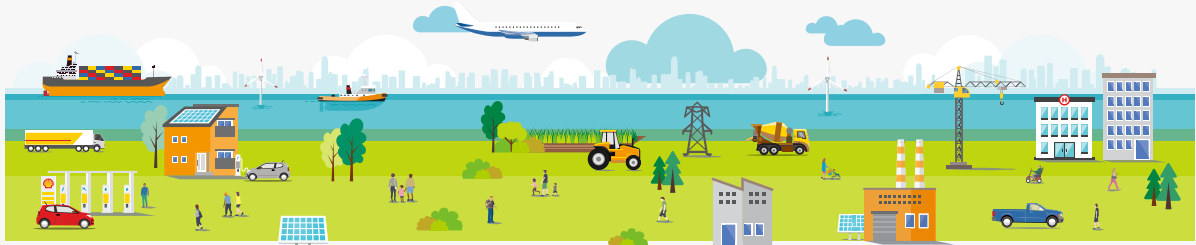
Our Powering Progress strategy generates value for our shareholders. It provides the financial strength to transform our company as the world makes the transition to cleaner energy.

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OUR BUSINESS ACTIVITIES

Energy use



Customer sectors



Mobility



Residential



Marine



Aviation



Agriculture
and forestry



Commercial
road transport



Industrial



Commercial

Energy solutions



Fuels



Lubricants



Chemicals



Biofuels



Electricity



Hydrogen



Natural gas



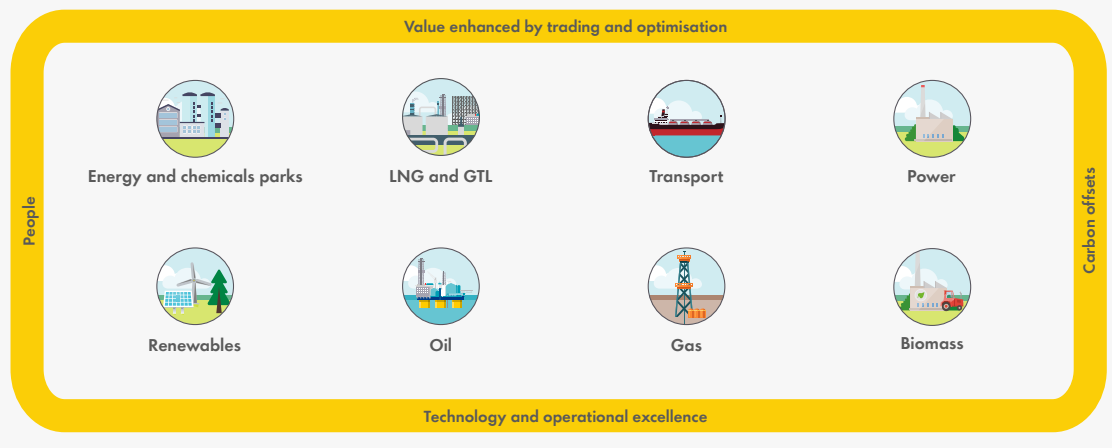
Liquefied
natural gas



Gas-to-liquids

SUPPORTING THE DELIVERY OF INTEGRATED ENERGY SOLUTIONS

Assets and capabilities



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EMBEDDING SUSTAINABILITY INTO PROJECTS

Safety and the impact of our activities on the environment and communities are vital considerations when we plan, design and operate our projects and facilities. The mandatory requirements in our Health, Safety, Security, Environment and Social Performance (HSSE & SP) Control Framework help to ensure projects and facilities are designed and constructed safely, responsibly and in a consistent way.

At a project level, assessing climate-related risks is an important part of making initial investment decisions. Projects under development that are expected to have a material greenhouse gas impact must meet our internal carbon performance standards or industry benchmarks. This indicates that they will be able to compete and prosper in a future where society aims to limit overall carbon emissions.

We require projects and facilities that we operate to have a greenhouse gas (GHG) and energy management plan in place if they are expected to produce, at peak, more than 50,000 tonnes of carbon dioxide equivalent emissions. We focus improvement efforts on the most carbon-intensive projects, monitoring performance against applicable standards and running carbon competitiveness reviews to help us continue to improve. We conduct impact assessments for every major project and consider the economic, social, environmental and health opportunities and risks.

Read more about how we embed sustainability into the life of a project at www.shell.com/sustainability.

Read about our major projects at www.shell.com/about-us/major-projects.

DECOMMISSIONING AND RESTORATION

Decommissioning is part of the normal life cycle of every oil and gas structure and we work hard to do it safely and responsibly. This includes restoring the surroundings of onshore and offshore platforms and facilities in line with relevant legislation, while taking our own environmental standards into account.

We have decommissioning activities under way in Brunei, India, Malaysia, the Netherlands, the UK and the USA. We seek to reuse, repurpose and recycle materials in decommissioning. At the end of 2021, we reported \$22.1 billion on our balance sheet for current and non-current decommissioning and other provisions, which is how we account for future decommissioning expenses (see our [Annual Report](#)).

Read more about Shell's approach to decommissioning at www.shell.com/sustainability/decommissioning-and-restoration.

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PRODUCING OIL AND NATURAL GAS

POWERING PROGRESS

We believe our annual oil production peaked in 2019, and we expect our total oil production to decline by 1-2% a year until 2030.

The most ambitious scenarios show that as the energy system transitions, the world will continue to need oil and gas for decades. We are focusing our Upstream activities on fewer, existing positions and on generating value over volume.

We expect an annual decline in oil production because we are reducing the level of our investment in Upstream production activities. Emissions from our Upstream operations make up a small proportion of our overall Scope 1 and Scope 2 emissions, and they have already reduced by more than 25% since 2016.

Natural gas, piped and liquefied natural gas (LNG), provides lower-carbon energy. The IEA estimates that global natural gas operations have an average methane leakage rate of 1.7%. At this rate, natural gas emits over its life cycle around 45% lower greenhouse gas emissions than coal when used to generate electricity. Natural gas can also make a significant contribution to lowering greenhouse gas emissions in industries, such as the iron and steel sector, where switching to natural gas from coal could lead to around 36% lower emissions.

Read more about our oil and gas production volumes in the [Annual Report](#).

Read about our major projects at www.shell.com/about-us/major-projects and deep-water production at www.shell.com/energy-and-innovation/deep-water.

Read more about natural gas at www.shell.com/energy-and-innovation/natural-gas.

SHALE OIL AND GAS

We work to unlock shale resources safely and responsibly through strict adherence to our Onshore Operating Principles of Safety, Air, Water, Footprint and Community. We conduct our operations in a manner that aims to protect air quality and reduce emissions. For example, we are implementing greenhouse gas abatement projects for existing and new facilities, such as using renewable power supply and energy efficiency improvement initiatives.

In September 2021, we reached an agreement for the sale of our [shales business in the Permian Basin, USA](#). The transaction was completed on December 1, 2021, transferring Shell's interest in the Permian to ConocoPhillips. As a result of this divestment, Shell's remaining activity in shales production is in Canada and Argentina.

Read more about our shale oil and gas production at www.shell.com/energy-and-innovation/shale-oil-and-gas.

ARCTIC

We do not plan to pursue new oil exploration leases offshore in the Arctic Circle. We hold interests in a small number of exploration licences in Arctic areas of the USA, Norway and Russia. We evaluate other opportunities on a case-by-case basis, in line with our strategic objectives.

We intend to exit our interest in the Gydan joint venture with Gazprom Neft (Shell interest 50%) to explore and develop blocks in the Gydan peninsula, in north-western Siberia. The project is in the exploration phase, with no production.

Read more about our activities at www.shell.com/sustainability.

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NON-OPERATED VENTURES

Shell often works in joint ventures with national and other international energy companies. More than half of Shell's joint ventures are not operated by Shell.

When entering into a venture operated by a partner, we require them to agree to and adopt key principles, policies and standards, including the Shell Commitment and Policy on Health, Safety, Security, Environment and Social Performance (HSSE & SP), or one equivalent to our own.

For more information about how we work with our joint ventures, see www.shell.com/sustainability.

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DIVESTED VENTURES

Responsible divestments are a key part of transitioning our portfolio to deliver upon our Powering Progress strategy. In 2021, total divestment proceeds were approximately \$15 billion. See the business sections in our Annual Report 2021 for details.

We carry out due diligence on potential buyers when divesting parts of our business. We collaborate with both in-house and external experts, where appropriate, to conduct checks and examine key attributes of potential buyers.

Find out more about how we divest at www.shell.com/sustainability.

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