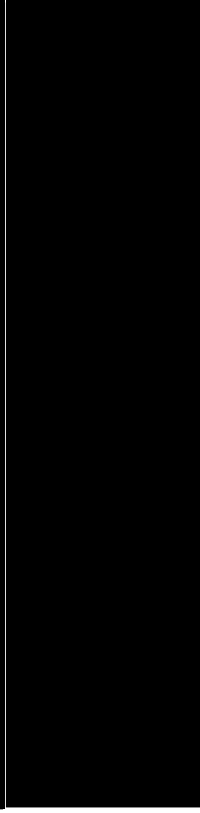


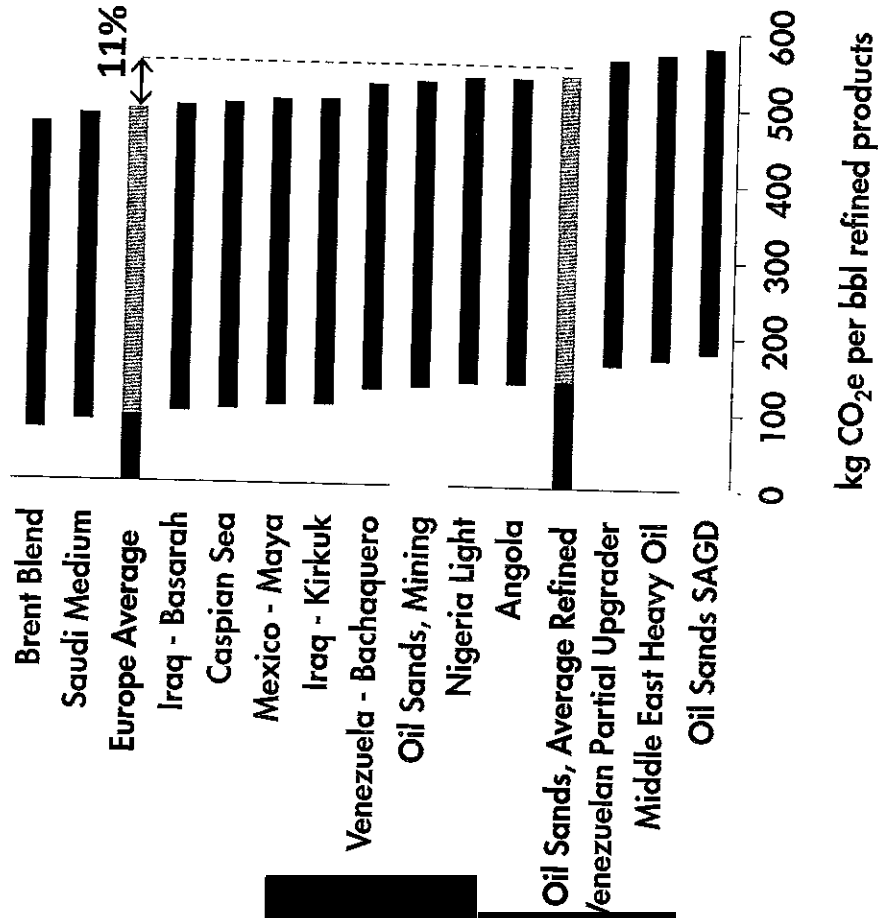
Oil sands development cycle



- Industry GHG intensity reduced by 29% since 1990
 - within the same range or lower than other crude oils used in Europe.
 - Technological innovation and CCS will achieve further reductions.



- Development subject to strict environmental regulation
 - GHG emissions



Fuel Quality Directive

Shell believes it is not justified to subject oil sands or oil shale to a separate regulatory regime for the following reasons:

- Environment
 - most recent studies estimate that oil sands have a well-to-wheel GHG intensity within the same range or lower than some other crude oils processed in the EU.
- Trade:
 - application of a separate regulatory penalty on oil sands on the grounds of GHG emissions would be discriminatory and possibly non-compliant with international trade law, exposing the EU to legal challenge
 - A separate default value would impose a significant burden of chain of custody reporting into the crude and fuel s supply chain

FQD - elements for a possible compromise

Review Clause including a mandate to review and, if appropriate, propose how to address high GHG intensity sources, based on:

1. Scientific evaluation of the GHG intensity of the sources of transport fuels used in the EU.
2. Assessment of impact of the proposal on:
 - GHG emissions reductions

[REDACTED]

- Accuracy and reliability of GHG emissions data

[REDACTED]

Recognises political intent to establish a closer association of individual crudes and their GHG intensity, and sets out criteria to update methodology, if feasible and justified on GHG grounds.