



Logistics/Material Management optimisation Initiatives (Stephane Lecrivain – Logistics Strategic Contracts)



1. Aims

- To provide a summary of some of the initiatives Shell has been involved either as a participant or leading with other O&G operators and our key suppliers

2. Initiative Overview

In the last 5 years, the Logistics Fit for Future (FFF) journey to date has involved a re-thinking of the way in which we work internally and how we collaborate externally with the rest of the supply chain.

The total Shell Logistics cost has decreased by a factor 2 thanks to the following initiatives:

- **Internal:** review fit for purpose specification for vessels, aggregate demand into integrated planning for Projects, Wells and Production helping to improve Logistics asset utilization
- **External:** sharing agreements in place for Marine (ERRVs and PSVs), Aviation fixed wing and Warehousing with other O&G operators.
- **Contracting:** develop further output based contracting with fair risk allocation and performance incentive scheme.

3. Impact/Discussion Points

- The challenge is to bring collaboration across the industry to the next level under the banner of ETF Logistics. The following initiatives will be pursued among others:
 - UKCS PSV marine pooling
 - Program to reduce Logistics GHG emissions including LNG bunkering
 - Technology - Digital supply chain – now starting to replicate best practices from other Shell operating units and implement in UK. It will include Track and Trace and End to End Supply Chain Visibility.
 - Systematic value/waste mapping to instil a culture of continuous improvement and holistic thinking across the supply chain

Total hours saved

N/A

Total savings achieved

> 50 mln USD