



ROYAL DUTCH SHELL PLC

Annual General Meeting 2021 - Opening Remarks

The following text is based on speeches delivered by Charles O. Holliday and Ben van Beurden at the Annual General Meeting of Royal Dutch Shell plc, in The Hague on May 18, 2021.

CHARLES O. HOLLIDAY, CHAIR OF THE BOARD OF DIRECTORS OF ROYAL DUTCH SHELL PLC

Today is my last day as part of Shell – and my last day as your Chair.

And I wish I could talk to you in person... because throughout my career... it is the connection with people that I have valued most.

The questions... the challenges... the ideas!

In fact, I remember a conversation I had just before I became Chair, six years ago.

I was travelling to sites across the world to see Shell people in action – it was a very different time back then...

I was in Singapore having dinner... sitting around a picnic table, rotating, meeting people.

I said to one colleague: "I am going to be Chair of Shell. What should I do?"

Now, I asked this question many times over my three months of travel to see the "real" Shell in 2015.

And it was this colleague's answer that stayed with me.

It was very simple.

He said: "I have a 13-year-old daughter and when she goes to school... she will not tell her friends where I work! She is embarrassed. I want her to be proud of what I do... proud of Shell. And..." he said, "I want you to change that."

Now that is what I call a conversation!

In fact, I made his challenge a personal goal I would take on as Chair.

And now... I ask myself: "Have I achieved this goal?"

Well, in my ten years on the board, and six years as Chair, I have seen Shell evolve in many ways – our strategy, our portfolio, our products... and I have never felt as great a sense of purpose and pride in the organisation as I do today.

I only need think of how our teams stepped up when the COVID-19 pandemic hit.



Again and again, I heard stories of retail sites finding safe ways to stay open during lockdown... Fuelling vehicles, offering fresh produce, helping to keep communities going. I have also seen how other teams kept assets running, delivered products and helped many others where they could.

As I recounted in my letter in the Annual Report...

Earlier this year, I spoke to a shift superintendent at Shell's regasification plant in India.

We spoke again last week, as India confronts a second wave of COVID-19... and lockdowns are in force again.

He is one of many taking extra precautions... going the extra mile... and keeping the site running safely.

He is providing an essential service, but I asked him, how does his family feel about him going to work?

He said he told his 11-year-old son: "If I don't go to the facility, our gas can't get to those who need it."

Our teams across the world have helped to keep the lights on during some very dark times – and they continue to do so today.

Those are all reasons for great pride, but there is more.

It is tied to my own proudest moment, 18 months ago.

And I am proud of it because I knew it was the start of something big.

That was when your Board and the Executive Committee decided to reshape Shell's strategy.

The question was how do we accelerate the transformation of Shell?

How do we become a net-zero emissions energy business?

And that led us to where we are today...

Becoming the first energy business to give its shareholders an advisory vote on its energy transition strategy.

And I want to thank Ben and Shell's key leaders for their exceptional work in bringing the Powering Progress strategy to life.

Ben will talk more about how we have developed our plans... taken action... made change.

I want to emphasise that the publication of our strategy is about broadening the debate... exchanging ideas...

We may not be face-to-face, but this is a dialogue.

We want you with us as we go on this journey... understanding how Shell is managing the risks... and moving to take the opportunities ahead.



And it makes me proud that all the work Shell has done means we can publish a detailed strategy, like this, and submit it to you.

Now, to be clear, this vote is purely advisory. It will not be binding.

We are not asking you to take responsibility for our strategy.

Your Directors continue to take full responsibility.

And we are determined to ensure Shell changes... in a way that sets up Shell's businesses... to succeed as the world moves to a low-carbon future.

But... if I'm proud of this... does it also make Shell's younger generations proud?

And what about the 11-year-old... and the 13-year-old who might join them at Shell one day?

I wanted to test how close I was to achieving my personal goal.

So, a few weeks ago, I organised a virtual meeting with what you might call "the future of Shell".

Eight of our people from five countries...

Four women and four men...

And they worked in areas as diverse as hydrogen, polymers, exploration, wind operations, R&D and blockchain applications.

They were young! They had an average of eight years' service across the businesses.

Our strategy is not an academic exercise for them... it is their careers, it is their working lives!

And they could still be with us when Shell gets to net zero.

I asked them to discuss Shell's future and our ability to deliver the Energy Transition Strategy.

They challenged me - of course. They said they wanted Shell to move even faster, be even bolder!

They all had different views, but they all agreed on one thing.

The Shell Energy Transition Strategy is what we need now to truly transform Shell.

One said, and I'm quoting: "This is an audacious plan. It has unlocked a passion in our people... The team is fired up like never before."

Another said: "If we don't do this now, we will lose the opportunity."

It was a video call, so I could see in her eyes that she was telling me... if we do not do this now, we are going to lose her!

We want to keep all of our talented teams with us as we go on this journey... We want to make every employee and their families proud to be part of Shell.

And we want to take you... and our customers... and wider society with us as we make change.

Even the teenagers!



To do this, we have to show the kind of change we are making... measure progress as we go... challenge ourselves to do even better.

That is why, today, we are asking you to support the approach described in the Shell Energy Transition Strategy.

The Board recommends that you vote in favour of Resolution 20.

Supporting this resolution will help us ensure that Shell can continue to focus on delivering our business transition plans.

This means we also recommend a vote against Resolution 21, the Follow This resolution.

Given Shell's more comprehensive strategy and the actions we have set out, we consider Resolution 21 unnecessary.

Shell has set out the path we plan to take...

We want you with us on this journey...

And we want you... just like our staff... to challenge us all the way!

The Board believes that the publication of the Shell Energy Transition Strategy - and the advisory vote - is the best way for you to do this.

A positive vote for Resolution 20 will send a powerful message to the eight people I talked to - and the tens of thousands of people at Shell. Believe me, they pay attention to what you say.

A positive vote for this strategy will be a positive vote for their futures.

And with the actions we are taking today... and the changes laid out in the strategy, I hope, that in just a few years' time...

My colleague's daughter will not just be very proud of her father...

She might join him at Shell and play her part in the transformation.

Thank you.

BEN VAN BEURDEN, CHIEF EXECUTIVE OFFICER OF ROYAL DUTCH SHELL PLC

Thank you, Chad.

Ladies and gentlemen,

Thank you for joining us today at our AGM... and I am glad technology means we can all be together again...

Today... I really just want to say one thing.

And that one thing... is that I am truly excited for the future of your company.

Today... I can tell you about the direction we have set... some first steps we have taken... the strategy that will guide us in the years to come. But the future... the future is all about the



progress we make... the projects we undertake... the targets we hit. That is why I am excited about it... and why I think you should be too.

Our eyes are on that future for Shell. And we are already making confident strides towards it. Of course, even as we do so, safety remains our first priority. And that is why I am so pleased that 2020 was Shell's safest year ever. It has now been more than 650 days since anyone died during our operations. We also achieved the strongest ever process safety performance at Shell-operated ventures last year.

Hard-earned achievements, however, can be easily undone. And we must always look to improve further. That is why we are now using a new approach on safety. This has a more complete focus on the way people, culture, equipment, work systems and processes all interact. This approach means a close look at how we expect work will be safely carried out... and what happens in reality.

People make mistakes and processes fail... but our new approach is designed to accept that mistakes will happen... and allow us to still operate safely. Part of that is creating a psychologically safe environment in which staff can speak up... and another part is in building a learner mindset which allows us to do even better with the lessons we take from both successes... and failures.

And there will be failures. We will be tested. So our vigilance must, and will, remain.

But it is through being tested that we know ourselves... through being tested that we can hope to improve. And this is not just true of HSSE performance...

Without testing it, you cannot truly know the resilience of anything... from the strength of steel... to a person's courage. In the same way... without testing you cannot know the core of a company.

And, make no mistake, we were tested in 2020. Shell stood up to it. Shell was... and is... strong, solid, secure.

I do not need to remind you of the challenges of 2020. Yet 2020 was still a year of delivery from Shell. Not just on safety performance, but in our operations and in our financial results too.

2020 showed us that Shell has a resilient portfolio, steadfast people and a depth of capability that saw us through the worst of times. We also made the tough decisions where we had to... on spending... on write-downs... and on the dividend.

And despite everything the year threw at us... and the headline loss of \$21.7 billion... our cash flow from operations continued to lead the industry... standing at \$34 billion ... and adjusted earnings were almost \$5 billion.

We not only delivered our cost reduction targets for the year... we exceeded them. Our performance on organic free cash flow was excellent... at around \$18 billion... close to 2019 levels. And we reduced net debt by almost \$4 billion.



Against the odds, we came out of 2020 with a stronger balance sheet. We came through it. We were... and are... resilient.

And today, as you know, there are promising signs towards the future. Our first quarter results represent the first page of a new chapter for Shell.

We generated \$8 billion of cash in the quarter. We increased the dividend per share by around 4%, in line with our progressive dividend policy. And we reduced net debt, in the first quarter alone, by more than \$4 billion... pushing towards the \$65 billion milestone at which we have said we will further increase shareholder distributions.

So Shell, your company, has been tested.

We have been tested... so we know we are strong. That strength is on show for all to see.

And the work to make Shell even stronger is well under way.

In February we set out our Powering Progress strategy for you. We explained its four goals... generating shareholder value... achieving net zero emissions... powering lives... and respecting nature. We outlined our approach on capital... and carbon. And we detailed how all that fits with our three business pillars of Growth... Transition... and Upstream.

In its essence, Powering Progress is a strategy to accelerate the transition of your business... and to do so with purpose... and with profit. It is how we will build a yet stronger... yet more resilient company... by putting customers at the centre of everything we do... as they... and we... move together... into a low-carbon future.

Overall, Powering Progress captures Shell's role in society... what we do, should continue to do... and, ultimately, the case for Shell as an investment. The four goals of Powering Progress are all critical to Shell's future. They are founded upon our core values of honesty, integrity and respect for people. They are secured through our determined focus on safety and our commitment to doing business in a transparent way. And together, the four goals weave sustainability... and our purpose... throughout our business strategy.

There is a huge amount happening in Shell, right now, towards our Powering Progress goals. I will briefly highlight three things.

First... to embed our strategy throughout Shell, we are currently in the process of reshaping your company.

When our reorganisation appears in the media, it is often in the context of job cuts. And, indeed, reducing costs is an important part of it... we have to be competitive. But it is about much more than that.

It is about putting Shell into a structure which matches our strategy... that allows us to be bold in driving forward the change that must happen... and that makes us more customer-focused than we have ever been before.



All of this will help maximise the advantages we already have... from our ability to innovate and bring new products to market... through our trading and optimisation capabilities... to our global reach and leading brand.

In a very different way, you can see the influence of our Powering Progress strategy in the stance we have taken in Nigeria, which we outlined at our ESG Update last month.

Of course, as you all know, in Nigeria we have faced a consistent environmental challenge... mainly because of leaks caused by sabotage and theft in areas where security is a serious problem.

We have been reviewing positions that continue to be challenged from an environmental perspective... and a particular point of attention has been onshore oil in Nigeria.

Over the last 10 years we have reduced the total number of licences in onshore Nigeria by half. But unfortunately, our remaining onshore oil operations continue to be subject to sabotage and theft... despite our efforts to limit and respond to this illegal activity.

This means that the balance of risk and reward associated with our onshore oil portfolio in Nigeria is no longer compatible with our strategic ambitions. Because of this, we have started discussions with the Nigerian government to align on a way to move forward.

Even so, Nigeria continues to be an important heartland for Shell. Our intent is to focus our investment on our deep water and gas positions.

The third thing I want to highlight... is our publication of the Shell Energy Transition Strategy... which is at the core of Resolution 20... and which I encourage you to support.

This publication also springs from Powering Progress. Because Powering Progress is ultimately about transforming Shell... and the Shell Energy Transition Strategy gives you detail about how we plan to do that.

It is not our last word on how we aim to get there – our strategy will evolve and grow over time. But we are talking about a long-term transformation. So, it is only right that you, as our shareholders, have our detailed strategy for that transformation set down in writing. It is only right that you, our shareholders, have the chance to vote on that.

The scale of the transformation involved means it is more important than ever for our shareholders to understand and... we hope... support our approach.

Why should you give that support?

I will give you three reasons.

One... the Shell Energy Transition Strategy is comprehensive. Two... it is rigorous. Three... it is ambitious.

Our target is to be a net-zero emissions energy business by 2050, in step with society's progress towards Paris. It is a comprehensive target that includes all the emissions from all our energy products. This means net-zero emissions from our operations – our Scope 1 and 2



emissions – and also net zero from the end use of all the energy products we sell – our Scope 3 emissions.

Including Scope 3 is critical... because these emissions... created by the end use of our energy products... account for over 90% of our total emissions.

We are also comprehensive in how we define Scope 3.

We could limit the definition to the oil and gas we produce ourselves. But we believe that definition is too narrow... so we do not use it.

We sell far more energy than we produce ourselves... around three times as much. So when Shell talks about Scope 3, we mean all the emissions from the energy we produce ourselves... and also... all the emissions from the oil and gas that others produce... which we then sell to customers in our energy products.

And, finally, we are comprehensive because when we say net zero... we mean net zero. We measure our progress towards our target by using a carbon intensity metric. But it is critical to note that achieving net zero on carbon intensity... is exactly the same... as achieving net zero on absolute emissions.

As I said at Strategy Day... we believe our absolute emissions... across scopes one, two and three... reached a high point in 2018 at 1.7 gigatonnes. Now we are working to bring them down.

That is what I mean when I say the Shell Energy Transition Strategy is comprehensive. It is also rigorous.

We have carbon intensity targets for the short, medium and long term.

We believe these targets are aligned with the 1.5 degrees Celsius scenarios used in the IPCC Special Report on Global Warming... and we have set out... on page nine of the Shell Energy Transition Strategy... why we believe this is the case.

We are also transparent about the accounting methods we are using. We measure our carbon intensity using an approach we developed ourselves... our Net Carbon Footprint methodology. The details of how it is calculated are available on our website.

So, our Shell Energy Transition Strategy is both comprehensive and rigorous. It is also ambitious.

Achieving our target would mean massive change for Shell... far more than we have achieved already. I have called it a transformation... and it would be exactly that.

There is a chart on page 15 of the Shell Energy Transition Strategy which gives you an idea of the change that could be in store for the business over nine years.

Oil production falling by 1-2% a year... methane emissions intensity at below 0.2%... no new frontier exploration entries after 2025.



Producing eight times more low-carbon fuels than today... storing away up to 25 million tonnes of carbon dioxide each year through CCS... with another 120 million tonnes mitigated each year through independently-verified, nature-based projects.

Selling double the amount of electricity compared to today... delivering the equivalent of more than 50 million households with renewable power... operating around 2.5 million electric vehicle charge points.

That is a lot of change in nine years. That is rapid change. And it would be only the beginning if we are to achieve our net-zero target. Indeed... after 2030... Shell would be looking to accelerate even more.

Ultimately, achieving that level of change... means changing demand. Because it is demand for energy that is key... not restricting supply... which would just come from elsewhere.

Changing demand is a huge and complex task... a task that will take many years... and one that is well beyond any one company... industry... or even country. But it must be done... and Shell's ambition extends to doing everything we can to help get it done.

So we will work with others... sector-by-sector... to find, agree and implement decarbonisation pathways for hard-to-abate areas of the economy. And we have already started our work on that.

The Shell Energy Transition Strategy.

Comprehensive.

Rigorous.

Ambitious.

It is our strategy for success.

It is an agenda for the transformation of Shell.

It is the setting of our compass... towards a bright future... with Shell as a critical part... of a net-zero emissions world.

Shell stands as the first of its peers to put an energy transition strategy up for a shareholder advisory vote.

Our decision to do so was a crucial step in making ourselves transparent... to you, our shareholders.

I ask you to vote for it. To vote for Resolution 20.

Because it is a vote for the future of your company... a future I am excited about... and a future I believe you should be excited about too.

And next year... when we meet again for the AGM... I hope you will be excited to hear more... of all the steps we have taken... towards that bright future... that is ours for the taking.

Thank you.



Royal Dutch Shell plc

May 18, 2021

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DEFINITIONS AND CAUTIONARY NOTE

Adjusted Earnings is the income attributable to RDS plc shareholders for the period, adjusted for the after-tax effect of oil price changes on In this presentation, "operating expenses", "costs" and "underlying costs" refer to "Underlying operating expenses" unless stated otherwise. Underlying operating expenses represent "operating expenses excluding identified items". Operating expenses consist of the following lines in the Consolidated Statement of Income: (i) production and manufacturing expenses; (ii) selling, distribution and administrative expenses; (iii) and research and development expenses. Cash flow from operating activities excluding working capital movements is defined as "Cash flow from operating activities" less the sum of the following items in the Consolidated Statement of Cash Flows: (i) (increase)/decrease in inventories, (ii) (increase)/decrease in current receivables, and (iii) increase/(decrease) in current payables. In this presentation, "capex" refers to "Cash capital expenditure" unless stated otherwise. Cash capital expenditure comprises the following lines from the Consolidated Statement of Cash Flows: Capital expenditure, Investments in joint ventures and associates and Investments in equity securities. Free cash flow is defined as the sum of "Cash flow from operating activities" and "Cash flow from investing activities". In this presentation, "divestments" refers to "divestment proceeds" unless stated otherwise. Divestment proceeds are defined as the sum of (i) proceeds from sale of property, plant and equipment and businesses, (ii) proceeds from sale of joint ventures and associates, and (iii) proceeds from sale of equity securities. Reconciliations of the above non-GAAP measures are included in the Royal Dutch Shell plc Unaudited Condensed Financial Report for the first quarter ended March 31, 2021.

This presentation contains the following forward-looking non-GAAP measures: Cash capital expenditure, Underlying operating expenses, Net debt and Divestments. We are unable to provide a reconciliation of the above forward-looking non-GAAP measures to the most comparable GAAP financial measures because certain information needed to reconcile the above non-GAAP measures to the most comparable GAAP financial measures is dependent on future events some of which are outside the control of the company, such as oil and gas prices, interest rates and exchange rates. Moreover, estimating such GAAP measures consistent with the company accounting policies and the required precision necessary to provide a meaningful reconciliation is extremely difficult and could not be accomplished without unreasonable effort. Non-GAAP measures in respect of future periods which cannot be reconciled to the most comparable GAAP financial measures are calculated in a manner which is consistent with the accounting policies applied in Royal Dutch Shell plc's financial statements. The companies in which Royal Dutch Shell plc directly and indirectly owns investments are separate legal entities. In this presentation "Shell", "Shell Group" and "Group" are sometimes used for convenience where references are made to Royal Dutch Shell plc and its subsidiaries in general. Likewise, the words "we", "us" and "our" are also used to refer to Royal Dutch Shell plc and its subsidiaries in general or to those who work for them. These terms are also used where no useful purpose is served by identifying the particular entity or entities. "Subsidiaries", "Shell subsidiaries" and "Shell companies" as used in this presentation refer to entities over which Royal Dutch Shell plc either directly or indirectly has control. Entities and unincorporated arrangements over which Shell has joint control are generally referred to as "joint ventures" and "joint operations", respectively. Entities over which Shell has significant influence but neither control nor joint control are referred to as "associates". The term "Shell interest" is used for convenience to indicate the direct and/or indirect ownership interest held by Shell in an entity or unincorporated joint arrangement, after exclusion of all third-party interest.

As used in this presentation, "Accountable" is intended to mean: required or expected to justify actions or decisions. The Accountable person does not necessarily implement the action or decision (implementation is usually carried out by the person who is Responsible) but must organise the implementation and verify that the action has been carried out as required. This includes obtaining requisite assurance from Shell companies that the framework is operating effectively. "Responsible" is intended to mean: required or expected to implement actions or decisions. Each Shell company and Shell operated venture is responsible for its operational performance and compliance with the Shell General Business Principles, Code of Conduct, Statement on Risk Management and Risk Manual, and Standards and Manuals. This includes responsibility for the operationalisation and implementation of Shell Group strategies and policies.

Shell's operating plan, outlook and budgets are forecasted for a ten-year period and are updated every year. They reflect the current economic environment and what we can reasonably expect to see over the next ten years. Accordingly, Shell's operating plans, outlooks, budgets and pricing assumptions do not reflect our net-zero emissions target. In the future, as society moves towards net-zero emissions, we expect Shell's operating plans, outlooks, budgets and pricing assumptions to reflect this movement.

This presentation contains forward-looking statements (within the meaning of the U.S. Private Securities Litigation Reform Act of 1995) concerning the financial condition, results of operations and businesses of Royal Dutch Shell. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are statements of future expectations that are based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. Forward-looking



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