

ROYAL DUTCH SHELL PLC

REMUNERATION COMMITTEE

TERMS OF REFERENCE

Purpose

The Board of Directors of Royal Dutch Shell plc (the “**Company**”) has constituted a Remuneration Committee (the “**Committee**”) the purpose of which is to:-

- determine and agree with the Board of Directors of the Company (the “**Board**”) the remuneration policy for the Company Chair, Executive Directors and Executive Committee of the Company;
- within the terms of such agreed policy, and any other relevant policy, determine the individual remuneration package for the Company Chair, Executive Directors and Senior Management¹; and
- monitor the structures and levels of remuneration for other senior executives and make recommendations if appropriate.

The remuneration of the Non-Executive Directors shall be a matter for the Board within the limits set out in the Articles of Association and will not include performance related elements.

Membership and Independence

The Committee shall be composed of at least three independent Non-Executive Directors. In addition, the Company Chair may also be a member of, but not chair, the Committee provided they were independent on appointment. Members shall be appointed by the Board, at the recommendation of the Nomination and Succession Committee, and taking into account the views of the Chair of the Committee (the “**Committee Chair**”).

The Board shall also appoint one Committee member to be the Committee Chair at the recommendation of the Nomination and Succession Committee.

If a regular member of the Committee is unable to act due to absence, illness or any other cause, the Committee Chair, or in his absence the Board, may appoint another independent Non-Executive Director of the Company to serve as an alternate member.

Appointments of each Committee member shall be for a period of up to three years, which may be extended for up to two further three-year periods, provided the Committee member remains independent.

Authority

The Board has constituted the Committee with the authorities necessary to perform the duties set out in these Terms of Reference.

The Committee, within the scope of its assigned duties, is authorised to seek any information it requires from employees, company officers and external parties.

In connection with its duties, the Committee is authorised by the Board, at the expense of the Company, to engage remuneration consultants and other advisers or otherwise obtain such independent legal or other professional services as it requires; and to commission or purchase any relevant reports, surveys or information which it deems necessary to help fulfil its duties.

¹ Defined in accordance with the UK Corporate Governance Code as the Executive Committee and the Company Secretary. Note that the Company Secretary is a senior executive for internal purposes.

The Board will provide the Committee with sufficient resources to undertake its duties, including access to the company secretariat.

Secretary

In consultation with the Committee Chair, the Company Secretary shall be responsible for the designation of a secretary to the Committee (the “**Committee Secretary**”).

Quorum

The quorum necessary for the transaction of business shall be two members (one of whom must be the Committee Chair or their nominee). A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

Meeting Frequency

The Committee shall meet at least five times a year and as frequently as required to perform the duties set out in these Terms of Reference.

Meeting Attendance

Only the Committee Chair and members shall be entitled to participate at Committee meetings. Any Non-Executive Director who is not a member of the Committee shall be entitled to attend Committee meetings. At the invitation of the Committee, others, including the Chief Executive Officer, Chief Human Resources and Corporate Officer and Executive Vice President Remuneration, Benefits and Services may also attend Committee meetings, unless there is a conflict of interest.

In the absence of the Committee Chair the remaining members present shall elect one of their number present to chair the meeting, however if the Company Chair is a member of the Committee he shall not be eligible for such election.

No director, officer or senior executive shall be involved in any decisions as to their own remuneration.

Notice of Meetings

Meetings of the Committee shall be arranged by the Committee Secretary at the request of the Committee Chair or any other member of the Committee.

Unless otherwise agreed, notice of each meeting confirming the venue, time and date shall be forwarded to each Committee member and other attendees (as appropriate) in advance of each scheduled meeting date together with an agenda and supporting papers. The Committee Secretary shall ensure that agenda and supporting papers are received in a timely manner to enable full and proper consideration.

Training

The Committee members shall, if required, be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members as requested.

Meeting Minutes

The Committee Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.

The Committee Secretary shall promptly circulate draft meeting minutes to the Committee Chair for review and subsequently to all members of the Committee. Meeting minutes shall be confirmed at the next meeting of the Committee and shall be available on request from the Company Secretary to all Non-Executive Directors.

Annual General Meeting

The Committee Chair shall respond to any questions relating to the Committee's activities at the Annual General Meeting.

Duties

1. Remuneration Policy, Governance and Risk Management

The Committee shall:

- determine and agree with the Board the framework remuneration policy for the Company Chair, the Executive Directors and the Executive Committee.
- determine and agree the Annual Bonus Scorecard ("Scorecard") for the Executive Directors and Executive Committee. Determining each year the performance measures and targets to be used and the subsequent Scorecard outcome;
- determine and agree the Long-Term Incentive arrangement for the Executive Directors and Executive Committee. For any such plans, exercise the discretion granted to it and determine each year whether awards will be made, the performance targets to be used and the vesting outcome;
- approve pension arrangements for the Executive Directors and major changes to employee benefit arrangements applicable to them;
- review and approve shareholding guideline policies for Executive Directors and the Executive Committee;
- determine and agree with the Board an appropriate performance framework for the Executive Directors and Executive Committee and, endorse its application in setting performance targets for remuneration and assessing their performance against such targets;

In determining such arrangements, give due regard to:

- relevant legal and regulatory requirements and published rules and guidance including the provisions of the UK Corporate Governance Code;
- workforce remuneration and related policies and the alignment of incentives and awards with culture;

The Committee shall also:

- review annually the remuneration trends across the Company including the relationship between executive remuneration and the remuneration of other employees;
- monitor structures and levels of remuneration for other senior executives and make recommendations if appropriate to ensure consistency with the Company's remuneration objectives;
- consider the engagement with the workforce that takes place to explain how executive remuneration aligns with Company pay policy;

2. Board and Executive Remuneration

The Committee shall:

- within the terms of the agreed framework and, if relevant, the approved Directors' Remuneration Policy, and, in consultation with the Company Chair and / or Chief Executive Officer (as appropriate and ensuring that no individual is involved in any decisions as to their own remuneration) determine individual remuneration packages for the Company Chair, Executive Directors, and Senior Management;
- when setting and reviewing remuneration for Executive Directors and Senior Management, have regard to the balance of fixed and variable remuneration, immediate and deferred, and have regard to remuneration and conditions for employees across the Company exercise its powers in relation to malus and clawback where appropriate;
- consider and advise on the terms and material changes thereto of any contract to be offered to an Executive Director, taking into account legal and regulatory requirements and ensuring that contractual terms on termination and any payments made are fair to the individual and the Company, and that poor performance is not rewarded;

3. Operation of the Committee

The Committee shall:

- be responsible for selecting, appointing, reviewing and setting the terms of reference for any remuneration advisor;
- review, at least once a year, its own performance, constitution and Terms of Reference and recommend any changes it considers necessary to the Board for approval;

4. Reporting Requirements

The Committee shall:

- report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities;
- prepare a Directors' Remuneration Policy (subject to a binding shareholder vote) and an Annual Report on Remuneration (subject to an advisory shareholder vote) as required by the relevant regulations, and ensure that all required disclosures on matters within its remit are properly made, including in the Annual Report of the Company and on the Company's website in relation to the particulars of any payment for loss of office made or to be made to a person ceasing to be a Director of the Company;

5. Other

The Committee shall:

- make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed; and
- perform such further functions as the Board may from time to time request.