Remuneration
April 2018 Shareholder Engagement

Royal Dutch Shell plc

Gerard Kleisterlee
Chairman of the Remuneration Committee
Reserves: Our use of the term “reserves” in this presentation means SEC proved oil and gas reserves.

Resources: Our use of the term “resources” in this presentation includes quantities of oil and gas not yet classified as SEC proved oil and gas reserves. Resources are consistent with the Society of Petroleum Engineers (SPE) 2P + 2C definitions.

Discovered and prospective resources: Our use of the term “discovered and prospective resources” are consistent with SPE 2P + 2C + 2U definitions.

Organic: Our use of the term “Organic” includes SEC proved oil and gas reserves excluding changes resulting from acquisitions, divestments and year-average pricing impact.

Shales: Our use of the term “shales” refers to tight, shale and coal bed methane oil and gas acreage.

Underlying operating cost is defined as operating cost less identified items. A reconciliation can be found in the quarterly results announcement.

Also, in this presentation we may refer to “Shell’s Net Carbon Footprint”, which includes Shell’s carbon emissions from the production of our energy products, our suppliers’ carbon emissions in supplying energy for that production and our customers’ carbon emissions associated with their use of the energy products we sell. Shell only controls its own emissions but, to support society in achieving the Paris Agreement goals, we aim to help and influence such suppliers and consumers to likewise lower their emissions. The use of the terminology “Shell’s Net Carbon Footprint” is for convenience only and not intended to suggest these emissions are those of Shell or its subsidiaries.

The companies in which Royal Dutch Shell plc directly and indirectly owns investments are separate legal entities. In this presentation “Shell”, “Shell group” and “Royal Dutch Shell” 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.

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 statements include, among other things, statements concerning the potential exposure of Royal Dutch Shell to market risks and statements expressing management’s expectations, beliefs, estimates, forecasts, projections and assumptions. These forward-looking statements are identified by their use of terms and phrases such as “aim”, “ambition”, “anticipate”, “believe”, “could”, “estimate”, “expect”, “goals”, “intend”, “may”, “objectives”, “outlook”, “plan”, “probably”, “project”, “risks”, “schedule”, “seek”, “should”, “target”, “will” and similar terms and phrases. There are a number of factors that could affect the future operations of Royal Dutch Shell and could cause those results to differ materially from those expressed in the forward-looking statements included in this presentation, including (without limitation): (a) price fluctuations in crude oil and natural gas; (b) changes in demand for Shell’s products; (c) currency fluctuations; (d) drilling and production results; (e) reserves estimates; (f) loss of market share and industry competition; (g) environmental and physical risks; (h) risks associated with the identification of suitable potential acquisition properties and targets, and successful negotiation and completion of such transactions; (i) the risk of doing business in developing countries and countries subject to international sanctions; (j) legislative, fiscal and regulatory developments including regulatory measures addressing climate change; (k) economic and financial market conditions in various countries and regions; (l) political risks, including the risks of expropriation and renegotiation of the terms of contracts with governmental entities, delays or advancements in the approval of projects and delays in the reimbursement for shared costs; and (m) changes in trading conditions. No assurance is provided that future dividend payments will match or exceed previous dividend payments. All forward-looking statements contained in this presentation are expressly qualified by the cautionary statements contained or referred to in this section. Readers should not place undue reliance on forward-looking statements. Additional risk factors that may affect future results are contained in Royal Dutch Shell’s 20-Form for the year ended December 31, 2017 (available at www.shell.com/investor and www.sec.gov). These risk factors also expressly qualify all forward-looking statements contained in this presentation and should be considered by the reader. Each forward-looking statement speaks only as of the date of this presentation, 01 May 2018. Neither Royal Dutch Shell plc nor any of its subsidiaries undertake any obligation to publicly update or revise any forward-looking statement as a result of new information, future events or other information. In light of these risks, results could differ materially from those stated, implied or inferred from the forward-looking statements contained in this presentation.

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Alignment with strategy

No changes to Policy
2017 AGM support:
92.3% Policy
93.2% Report

Target CEO pay mix
Fixed pay 21%
Variable pay 79%

Strategy

- Thrive in the energy transition
- World-class investment case
- Strong licence to operate

How the strategy links to the CEO’s variable pay elements

CEO INDIVIDUAL PERFORMANCE
The vision for thriving in the energy transition is led by the CEO and embedded in his individual performance targets.

LONG-TERM INCENTIVE PLAN
World-class investment metrics such as cash generation and capital discipline, as well as value created for shareholders, are included in the LTIP.

ANNUAL BONUS
Licence to operate measures such as operational excellence and sustainable development are included on the scorecard. The measures are key building blocks to being a world-class investment case and support our journey to thrive in energy transition.
## Energy Transition and Remuneration for CEO and CFO

### Resilient and Relevant Portfolio Positioned Long Term

<table>
<thead>
<tr>
<th>Operational GHG Management</th>
<th>Financial Resilience of Portfolio to Energy Transition</th>
<th>Long-Term GHG-Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>GHG measures focused on areas where we can take operational action:</td>
<td></td>
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<tr>
<td>- Refining, chemicals, Upstream and Integrated Gas intensity (close to 90% of the operated portfolio emissions)</td>
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<tr>
<td>Bonus - successful delivery of operational excellence:</td>
<td></td>
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<tr>
<td>- 1-year performance period</td>
<td></td>
<td></td>
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<tr>
<td>- 50% delivered in shares and subject to 3-year holding period</td>
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<td></td>
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<tr>
<td>LTIP - world class investment financial metrics:</td>
<td></td>
<td></td>
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<tr>
<td>- 3-year performance period</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- 3-year holding period</td>
<td></td>
<td></td>
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<tr>
<td>High shareholding requirements</td>
<td></td>
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<tr>
<td>Net Carbon Footprint ambition:</td>
<td></td>
<td></td>
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<tr>
<td>- Around 50% reduction of Net Carbon Footprint of our energy products by 2050, around 20% by 2035 (gCO$_2$/MJ), in line with society</td>
<td></td>
<td></td>
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<tr>
<td>- Reporting and evaluation evolving</td>
<td></td>
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<tr>
<td>The vision for thriving in the Energy Transition are included in the CEO and CFO personal performance goals:</td>
<td></td>
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<tr>
<td>- Operationalise Net Carbon Footprint ambition</td>
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<tr>
<td>- Implement strategy for the New Energies business</td>
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<td></td>
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<tr>
<td>- Progress climate change-related disclosures</td>
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</tbody>
</table>
### Total remuneration including pension

<table>
<thead>
<tr>
<th>Component</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed remuneration</td>
<td>Target bonus: €1,490,000 (base salary) x 150% = €2,235,000</td>
<td>€1,520,000 [A]</td>
</tr>
<tr>
<td>Annual bonus</td>
<td>2017 scorecard result = 1.13</td>
<td></td>
</tr>
<tr>
<td>LTIP</td>
<td>Number of LTIP shares awarded in 2015: 180,575 RDSA</td>
<td>€4,021,000 (70% of target plus dividends)</td>
</tr>
<tr>
<td>Pension</td>
<td>Pension: 368,000</td>
<td>€368,000</td>
</tr>
</tbody>
</table>

**Single Total Figure:** €8,909,000

### Shareholding: Movement Jan 2017-Mar 2018

- Jan 2017: 2x base salary
- Dec 2017: 4.5x base salary
- Mar 2018: 6x base salary
- Mar 2019 estimation [C]: 8.5x base salary

[A] Fixed remuneration includes base salary and taxable benefits. [B] The full value of the bonus, comprising both the cash and bonus delivered in shares (subject to a 3-year holding period). [C] Based on target bonus and LTIP vesting.
Historical Pay outcomes

- Base salary developed at consistent pace
- Scorecard on average slightly above target
- LTIP vesting on average below target

**Annual Bonus Scorecard outcome**

- Discretion applied

**LTIP Vesting**

- 10-year average: 75% of target

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[A] Peter Voser on seat from July 1. Figure shown is the proration of salary for Jeroen van der Veer (€2 mln) and Peter Voser (€1.5 mln)
Pay levels

- Alignment: various pay ratio approaches indicate that Shell is in line with peers and FTSE 30 companies
- Consistency: jobs at all levels in Shell are benchmarked externally
- Competitiveness: packages are set in the context of the relevant market to ensure we attract and retain talent

Internally proportionate

Base salary, plus on-target bonus and long-term incentive, benchmarked externally against relevant market

CEO: pay ratio

2016 FTSE 30 CEO single total figure against actual average global employee costs [B]

- Competitive in market
- Proportionate and consistent internally

[A] Executive Committee excluding CEO and CFO. [B] Based on average global employment cost using employee numbers and staff costs (excluding social security costs) as disclosed in the financial statements (n.b. this is not a CEO pay ratio defined under any UK requirement). [C] See “Single total figure of remuneration for Executive Directors’ on page 101 of the 2017 Annual Report. [D] Calculated based on CEO pay scenarios as illustrated on page 114 of the Annual Report against 2016 actual average global employee costs.
Summary for 2018 AGM Voting

Changes in 2018 Remuneration

- No changes to the Policy
- The GHG metrics in the 2018 scorecard have evolved and coverage has increased to close to 90% of the operated portfolio emissions, compared to 60% in 2017
- No change to opportunity levels for annual bonus and LTIP

2017 Remuneration

- Bonus payouts for the year are consistent with the performance as measured and reported
- Full bonus range for targets retrospectively disclosed
- LTIP based on multiple metrics and payout reflects relative performance versus peers
- Majority of the package is delivered through variable pay elements tied to stretch targets
Questions & Answers
### Directors' Remuneration Policy

#### Short Term

<table>
<thead>
<tr>
<th>Annual bonus</th>
<th>50% cash</th>
<th>50% shares</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tr>
</tbody>
</table>

- **50% cash**
- **50% shares**

- **Short-term operational delivery targets**
- **50% bonus in shares, subject to 3-year holding period which remains in force post-leaving**

#### Long Term

<table>
<thead>
<tr>
<th>Long Term Incentive Plan</th>
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</tbody>
</table>

- **World-class investment financial metrics**
- **3-year performance + 3-year holding period which remains in force post-leaving**

#### Shareholding & Holding Periods

- **Shareholding requirement: CEO: 7 x base salary; CFO: 4 x base salary**

#### Malus & Clawback

- **Malus and clawback provision apply to bonus and LTIP**

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**Fixed Remuneration**

- Benchmarked against 4 oil majors and 15 European companies

**Annual Bonus**

- 50% cash
- 50% shares

**Long Term Incentive Plan**

- 30% CFFO
- 50% Operational excellence
- 20% Sustainable development
- 10% Safety
- 10% GHG

**Key Performance Indicators**

- **Operational excellence**
  - 30% CFFO
  - 50% Operational excellence
- **Sustainable development**
  - 20% Sustainable development
  - 10% Safety
  - 10% GHG
- **Financial metrics**
  - 25% TSR
  - 25% FCF
  - 25% ROACE
  - 25% CFFO

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**World-class investment financial metrics**

| Shareholding requirement: CEO: 7 x base salary; CFO: 4 x base salary |
| Malus and clawback provision apply to bonus and LTIP |

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**Malus and Clawback**

- Malus and clawback provision apply to bonus and LTIP
Annual bonus
Rewards the delivery of short-term operational targets as well as individual contribution to Shell.

2018

- 12.5% LNG liquefaction
- 12.5% Production
- 12.5% DS availability
- 12.5% Project delivery

10% Operational excellence
50% Sustainable development
30% Operational excellence
20% Sustainable development

10% Environment
10% GHG management
5% Personal safety
5% Process safety

10% Safety

Cash flow from operating activities
Operational excellence
Sustainable development

10% GHG management [A]
- Refining GHG intensity in tonne CO₂e per UEDC²⁹⁷⁶ [B]
- Chemicals GHG intensity in tonne CO₂ equivalent per tonne of steam cracker high value chemicals production
- Upstream and Integrated Gas GHG intensity in million tonnes CO₂e

[A] GHG metrics have evolved in 2018 [B] Solomon’s utilised equivalent distillation capacity.
Long term incentive plan
Rewards longer-term value creation linked to Shell’s strategy

- ROACE + FCF emphasised in strategy
- Key drivers for TSR for world class investment case

FCF is an absolute metric, others are relative to performance of industry peers (Exxon, Chevron, Total, BP)
Shareholder alignment + longer time horizons

3 year bonus and LTIP holding periods

Annual bonus

1 year performance period

Net shares held for 3 years

50% delivered in cash
50% delivered in shares

Long Term Incentive Plan

3 year performance period

Net shares held for 3 years

100% delivered in shares [A]

Performance period followed by a 3-year holding period that remains in force post-leaving

[A] Vesting subject to performance conditions.
### Single total figure of remuneration for Executive Directors

<table>
<thead>
<tr>
<th></th>
<th>Ben van Beurden</th>
<th>Jessica Uhl [A]</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2016</td>
</tr>
<tr>
<td>Salaries</td>
<td>1,490</td>
<td>1,460</td>
</tr>
<tr>
<td>Taxable benefits</td>
<td>30</td>
<td>22</td>
</tr>
<tr>
<td><strong>Total fixed remuneration</strong></td>
<td>1,520</td>
<td>1,482</td>
</tr>
<tr>
<td>Annual bonus [B]</td>
<td>3,000</td>
<td>2,400</td>
</tr>
<tr>
<td>LTIP and DBP [C]</td>
<td>4,021</td>
<td>4,381</td>
</tr>
<tr>
<td><strong>Total variable remuneration</strong></td>
<td>7,021</td>
<td>6,781</td>
</tr>
<tr>
<td><strong>Total direct remuneration</strong></td>
<td><strong>8,541</strong></td>
<td><strong>8,263</strong></td>
</tr>
<tr>
<td>Pension [D]</td>
<td>368</td>
<td>330</td>
</tr>
<tr>
<td>Tax equalisation [E]</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total remuneration including pension</strong></td>
<td><strong>8,909</strong></td>
<td><strong>8,593</strong></td>
</tr>
<tr>
<td>in dollars</td>
<td>$10,067</td>
<td>$9,515</td>
</tr>
<tr>
<td>in sterling</td>
<td>£7,811</td>
<td>£7,046</td>
</tr>
</tbody>
</table>

[A] Jessica Uhl was appointed as an Executive Director with effect from March 9, 2017 and her remuneration for 2017 is pro-rated accordingly. [B] The full value of the bonus, comprising both the cash and bonus delivered in shares. [C] Remuneration for performance periods of more than one year, comprising the value of released LTIP awards and DBP performance matching shares (in respect of 2016). [D] The accrual for the period (net of inflation) multiplied by 20 in accordance with UK reporting regulations. [E] includes tax equalisation of pension contributions to foreign pension plan(s), when they are taxable above a certain pensionable salary threshold or once double tax treaty exemption ceases, under Dutch law. Tax equalisation is applied for the loss of pension relief for members of a foreign pension plan(s) in their host country.
## 2017 Annual Bonus

<table>
<thead>
<tr>
<th>Measures</th>
<th>Weight (% of scorecard)</th>
<th>Target set</th>
<th>Result achieved</th>
<th>Score (0-2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow from operating activities ($ billion) [A]</td>
<td>30%</td>
<td>34</td>
<td>36</td>
<td>1.32</td>
</tr>
<tr>
<td>Operational excellence</td>
<td>50%</td>
<td></td>
<td></td>
<td>1.11</td>
</tr>
<tr>
<td>Production (kboe/d)</td>
<td>12.5%</td>
<td>3,687</td>
<td>3,664</td>
<td>0.79</td>
</tr>
<tr>
<td>LNG liquefaction volumes (mtpa)</td>
<td>12.5%</td>
<td>32.1</td>
<td>33.2</td>
<td>2.00</td>
</tr>
<tr>
<td>Refinery and chemical plant availability (%)</td>
<td>12.5%</td>
<td>92.7</td>
<td>90.7</td>
<td>0.00</td>
</tr>
<tr>
<td>Project delivery on schedule (%)</td>
<td>6.25%</td>
<td>80</td>
<td>86</td>
<td>1.30</td>
</tr>
<tr>
<td>Project delivery on budget (%)</td>
<td>6.25%</td>
<td>100</td>
<td>93</td>
<td>2.00</td>
</tr>
<tr>
<td>Sustainable development</td>
<td>20%</td>
<td></td>
<td></td>
<td>0.89</td>
</tr>
<tr>
<td>Total recordable case frequency (injuries/million hours)</td>
<td>5%</td>
<td>0.9</td>
<td>0.80</td>
<td>1.50</td>
</tr>
<tr>
<td>Operational Tier 1&amp;2 process safety events (number)</td>
<td>5%</td>
<td>130</td>
<td>166</td>
<td>0.00</td>
</tr>
<tr>
<td>Refining GHG intensity (tonnes CO₂ equivalent per UEDC[TM] [B])</td>
<td>4%</td>
<td>1.15</td>
<td>1.14</td>
<td>1.17</td>
</tr>
<tr>
<td>Chemicals GHG intensity (tonnes CO₂ equivalent per tonne production)</td>
<td>3%</td>
<td>0.45</td>
<td>0.46</td>
<td>0.80</td>
</tr>
<tr>
<td>Upstream flaring (million tonnes CO₂ equivalent)</td>
<td>3%</td>
<td>8.1</td>
<td>8.0</td>
<td>1.05</td>
</tr>
</tbody>
</table>

100%

Mathematical scorecard outcome: 1.13

Final bonus [C]

**CEO**: €3,000,000 (201% of base salary)

**CFO**: €1,050,000 (107% of base salary)

[A] Excluding tax on divestments. [B] Solomon’s Utilised Equivalent Distillation Capacity. [C] Annual bonus = (base salary x target bonus % x scorecard result x individual performance factor).

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