



Remuneration

Q4 2016 Engagement

Royal Dutch Shell plc
October 2016

Gerard Kleisterlee
Chairman of the Remuneration Committee

Cautionary note

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.

Resources and potential: Our use of the term “resources and potential” 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.

The companies in which Royal Dutch Shell plc directly and indirectly owns investments are separate legal entities. In this release “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 subsidiaries in general or to those who work for them. These expressions are also used where no useful purpose is served by identifying the particular company or companies. “Subsidiaries”, “Shell subsidiaries” and “Shell companies” as used in this release refer to companies 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 a venture, partnership or company, after exclusion of all third-party interest.

This release contains forward-looking statements 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 “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 release, 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. There can be no assurance that future dividend payments will match or exceed previous dividend payments. All forward-looking statements contained in this release are expressly qualified in their entirety 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-F for the year ended December 31, 2015 (available at www.shell.com/investor and www.sec.gov). These risk factors also expressly qualify all forward looking statements contained in this release and should be considered by the reader. Each forward-looking statement speaks only as of the date of this release, October, 2016. 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 release.

With respect to operating costs synergies indicated, such savings and efficiencies in procurement spend include economies of scale, specification standardisation and operating efficiencies across operating, capital and raw material cost areas.

We may have used certain terms, such as resources, in this release that United States Securities and Exchange Commission (SEC) strictly prohibits us from including in our filings with the SEC. U.S. Investors are urged to consider closely the disclosure in our Form 20-F, File No 1-32575, available on the SEC website www.sec.gov.



Recommendations by REMCO to shareholders

Maintain and re-inforce existing pay structure,
with the changes as proposed:

For alignment with new strategy:

- New emphasis on free cash flow
- Increased importance of LNG
- New metrics for Green House Gas management

For simplification and long term horizons:

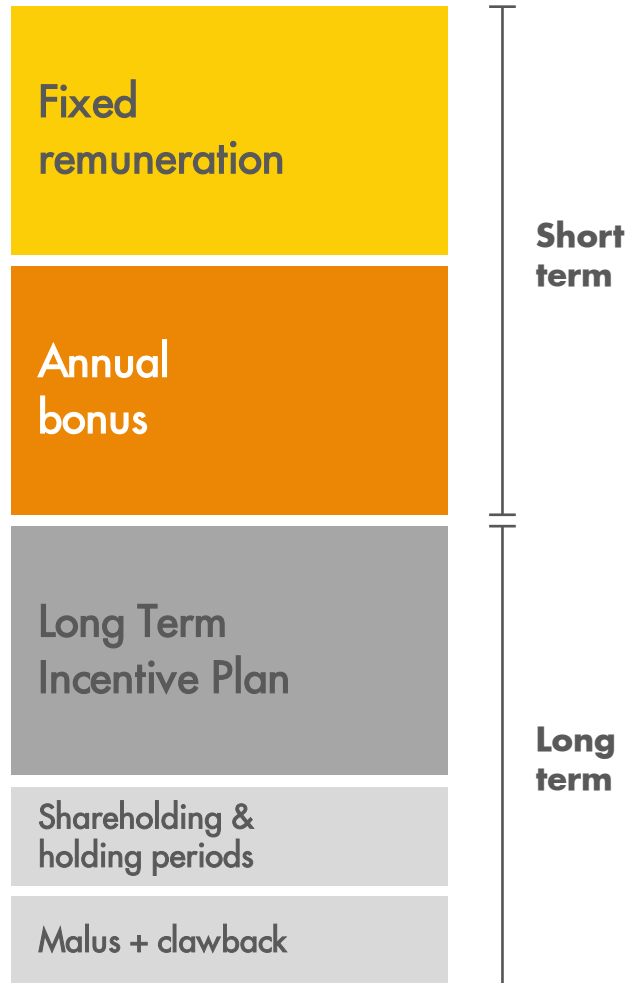
- Bonus and LTIP holding periods approach aligned and remain in force beyond tenure

To strengthen governance:

- Bonus removed from termination payment policy for future directors



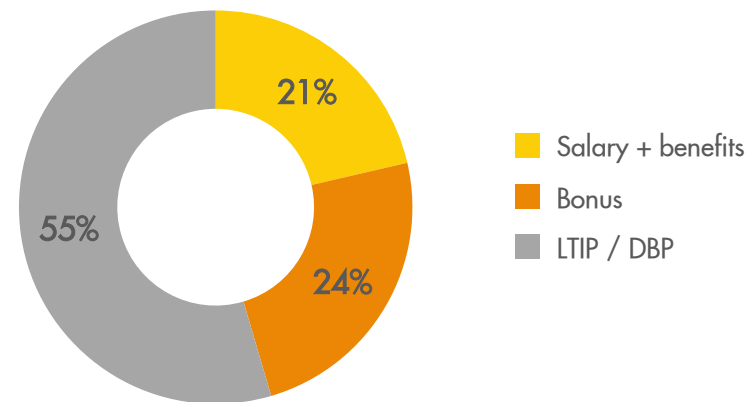
Current directors' remuneration



Key principles:

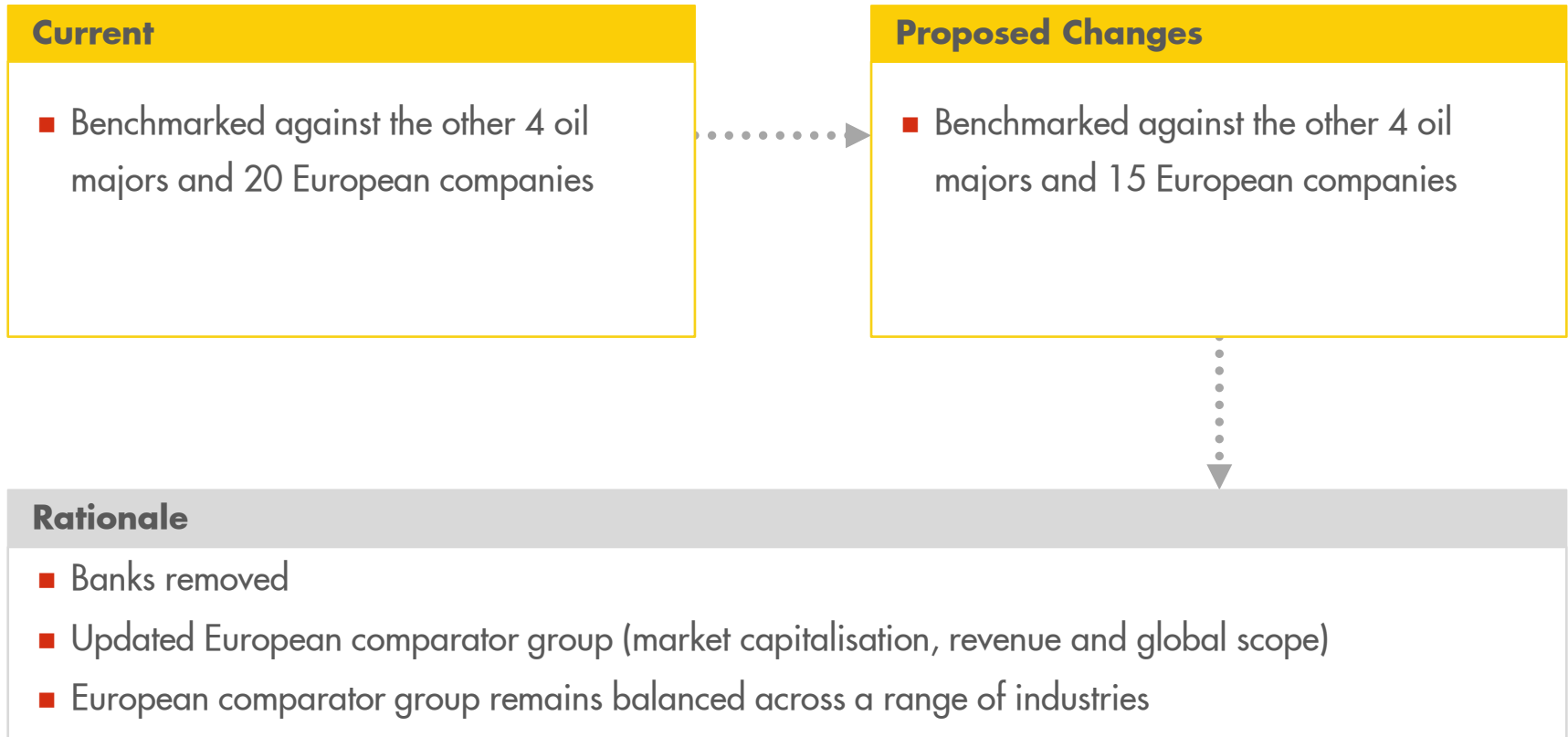
- Alignment with strategy and shareholder value
- Competitive and performance linked
- Consistent policies

Target pay outcome: CEO



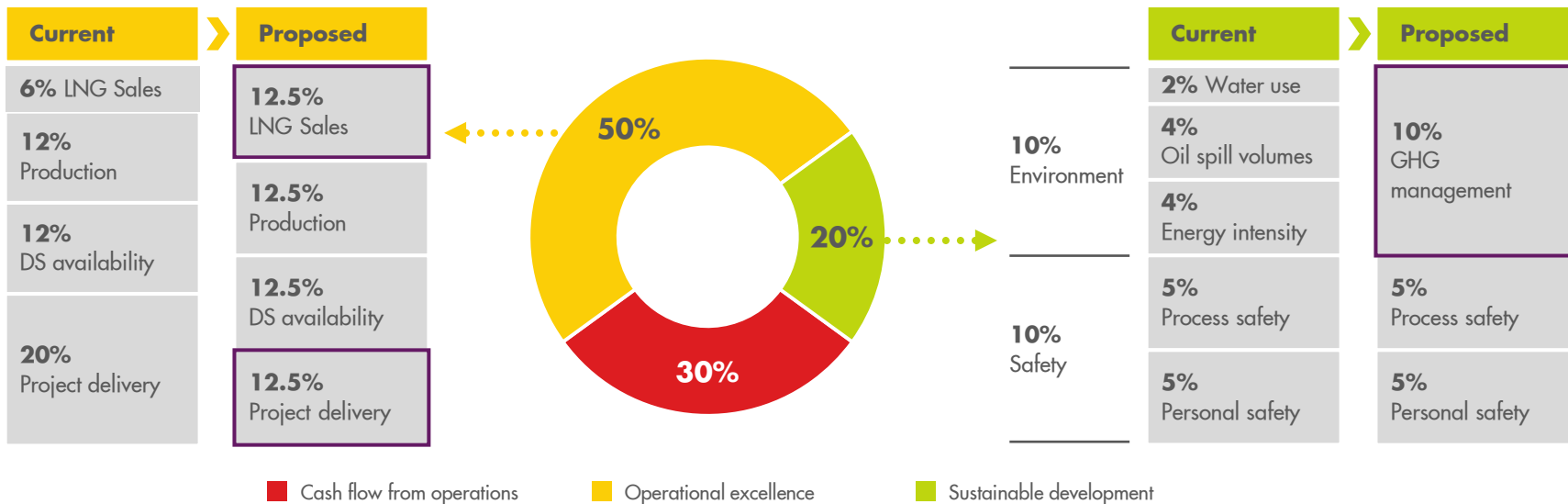
Remuneration levels

Determined by a number of factors, including benchmarking comparator group



Annual bonus

Rewards delivery against a scorecard of operational targets



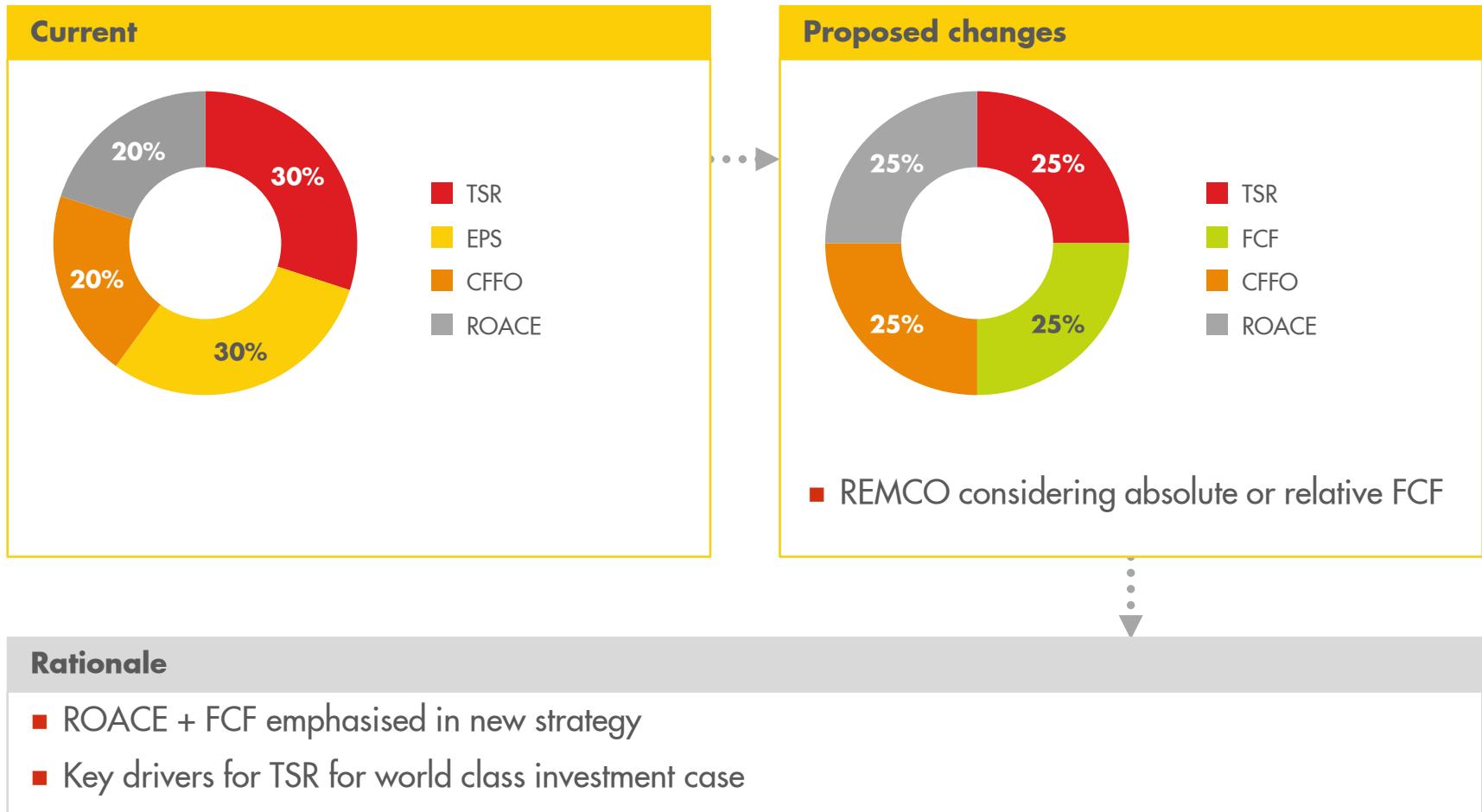
Rationale

- Fewer projects + increased importance of LNG in light of BG acquisition
- New measures proposed to reflect carbon aspirations



Long term incentive plan

Rewards medium to long term financial outperformance relative to peers



Revised termination arrangements and shareholding requirements

Current

- Salary + bonus included in termination payments
- Malus and clawback provision apply to bonus and LTIP
- Shareholding requirement:



7x base pay



4x base pay

Proposed additions

- Bonus removed from termination payment policy for future directors
- Bonus and LTIP structures aligned - performance period followed by a holding period that remains in force post leaving

Rationale

- Reflects best practice and corporate governance developments
- High shareholding requirement supports continuous focus on competitive outcomes
- Post-holding requirements beyond tenure supports long term time horizons



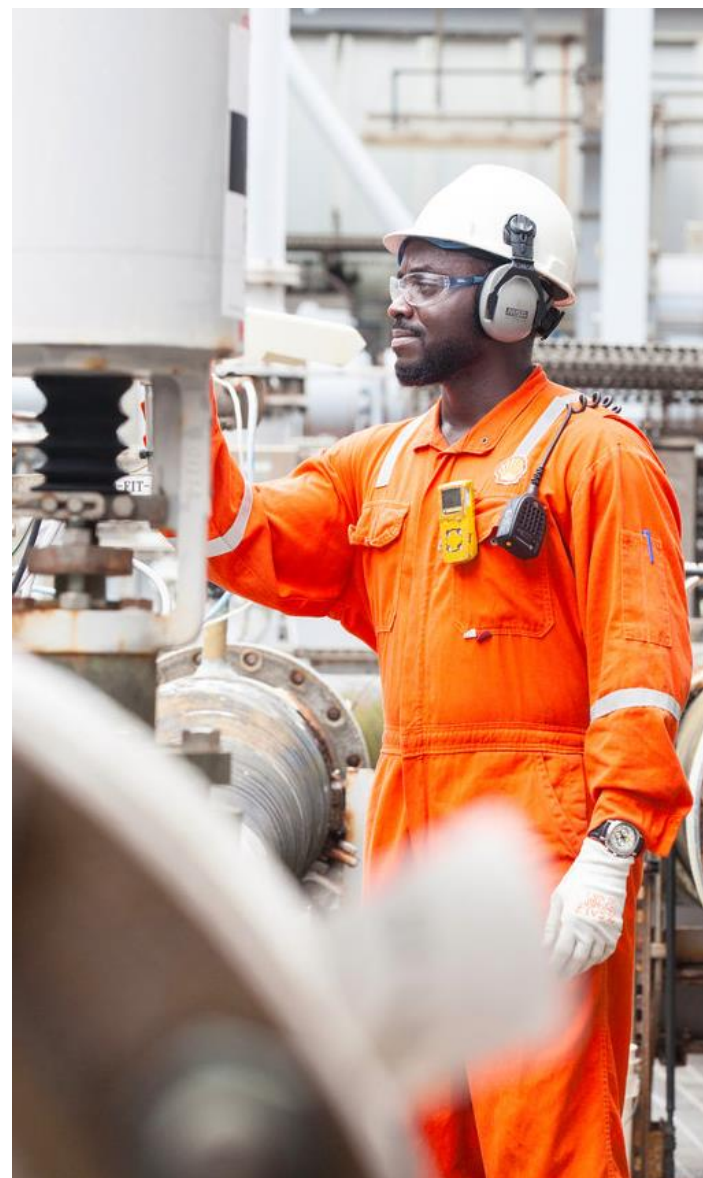
Proposed directors' remuneration policy 2017

Short term	Fixed remuneration	<ul style="list-style-type: none"> Benchmarked against 4 oil majors and 15 European companies 		
	Annual bonus	<ul style="list-style-type: none"> Short-term operational delivery targets 50% bonus in shares and subject to 3 year holding period which remains in force post-leaving 	30% CFO 20% Sustainable development 10% Safety 10% GHG	50% Operational excellence 12.5% Project delivery 12.5% Production 12.5% LNG sales 12.5% DS availability
Long term	Long Term Incentive Plan	<ul style="list-style-type: none"> World class investment financial metrics 3 year performance + 2 year holding period which remains in force post-leaving 	25% TSR 25% ROACE	25% FCF 25% CFO
	Shareholding & holding periods	<ul style="list-style-type: none"> Shareholding requirement: CEO: 7x base salary; CFO: 4x base salary 		
	Malus + clawback	<ul style="list-style-type: none"> Malus and clawback provision apply to bonus and LTIP 		



Upcoming REMCO milestones

- 28 November 2016: ESG Board engagement
- December-March 2017: REMCO determines
 - 2017 salaries
 - 2016 bonus + 2017 LTIP awards
- February/March 2017: vesting of the conditional share awards made in 2014
- March 2017: Annual report and form 20-F
- April 2017: further shareholder engagements
- 2017 AGM + remuneration policy vote





Questions & Answers



Single total figure of remuneration

(€ Thousands)	Ben van Beurden		Simon Henry	
	2014	2015	2014	2015
Salaries	1,400	1,430	1,010	1,030
Taxable benefits	35	42	32	24
Total fixed remuneration	1,435	1,472	1,042	1,054
Annual bonus	3,300	3,500	1,900	2,050
LTIP and DBP	-	163	2,857	427
PSP	863	-	-	-
Total variable remuneration	4,163	3,663	4,757	2,477
Total direct remuneration	5,598	5,135	5,799	3,531
Pension*	10,695	441	442	428
Tax equalisation**	7,905	-	244	408
Total remuneration including pension	24,198	5,576	6,485	4,367
<i>in dollars</i>	<i>\$32,158</i>	<i>\$6,190</i>	<i>\$8,619</i>	<i>\$4,848</i>
<i>in sterling</i>	<i>£19,510</i>	<i>£4,049</i>	<i>£5,229</i>	<i>£3,171</i>

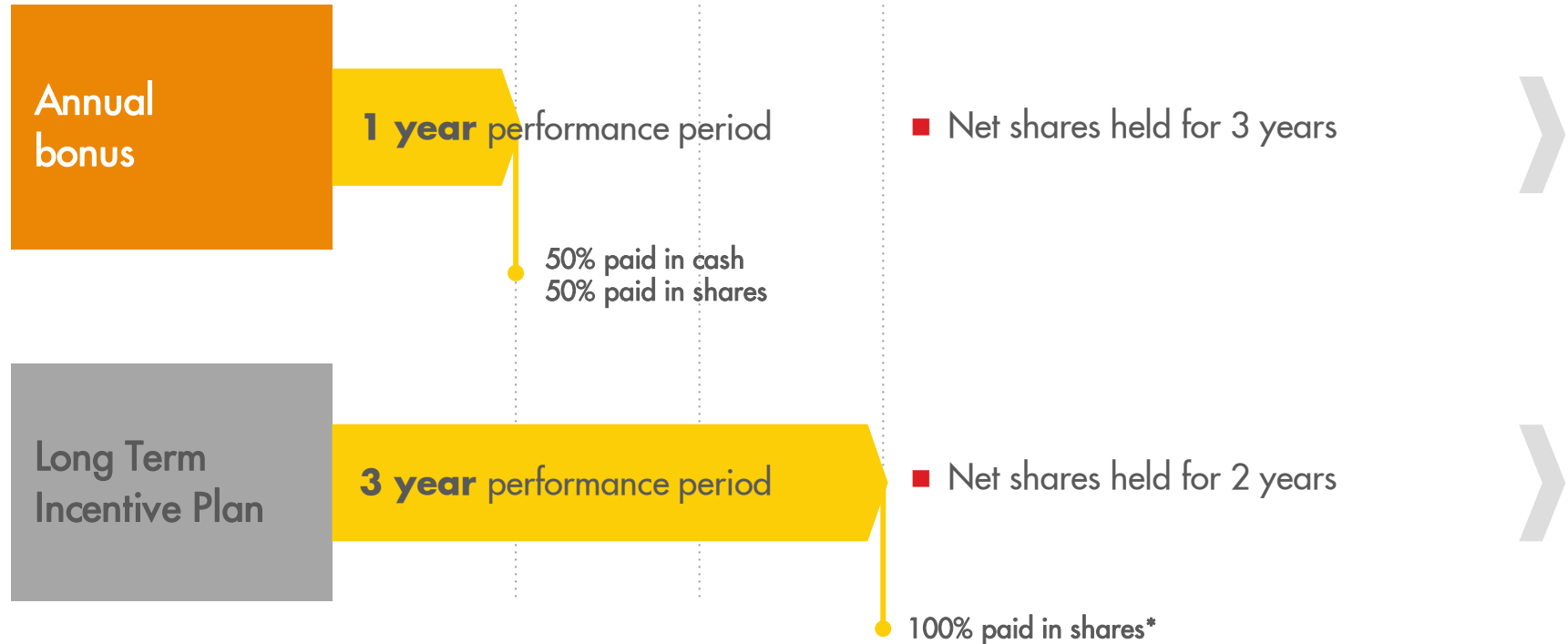
* The accrual for the period (net of inflation) multiplied by 20 in accordance with UK reporting regulations.

** This arose in 2014 as a result of the impact of the promotion and relocation and is related to the increase in pension accrual. For Simon Henry, the amount is in respect of the length of time he has been resident in the Netherlands and contributing to a foreign pension plan.



Shareholder alignment + longer time horizons

Bonus and LTIP holding period approach aligned



Performance period followed a holding period that remains in force post leaving

*Vesting subject to performance conditions

