



Remuneration

April 2017 Engagement

Royal Dutch Shell plc

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Chairman of the Remuneration Committee

Definitions & 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.

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.

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, 2016 (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, 3 April, 2017. 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.



Alignment with new strategy

Based on feedback:

- ✓ Absolute FCF metric
- ✓ LTIP holding period extended to 3 years

No changes to bonus and LTIP opportunity levels

Following consultation, key updates from 1.1.2017:

For alignment with new strategy:

- New emphasis on free cash flow
- Increased importance of LNG
- Inclusion of Greenhouse Gas management measures

For simplification and long term horizons:

- LTIP holding period extended to 3 years
- Bonus and LTIP holding periods aligned and remain in force beyond tenure

To strengthen governance:

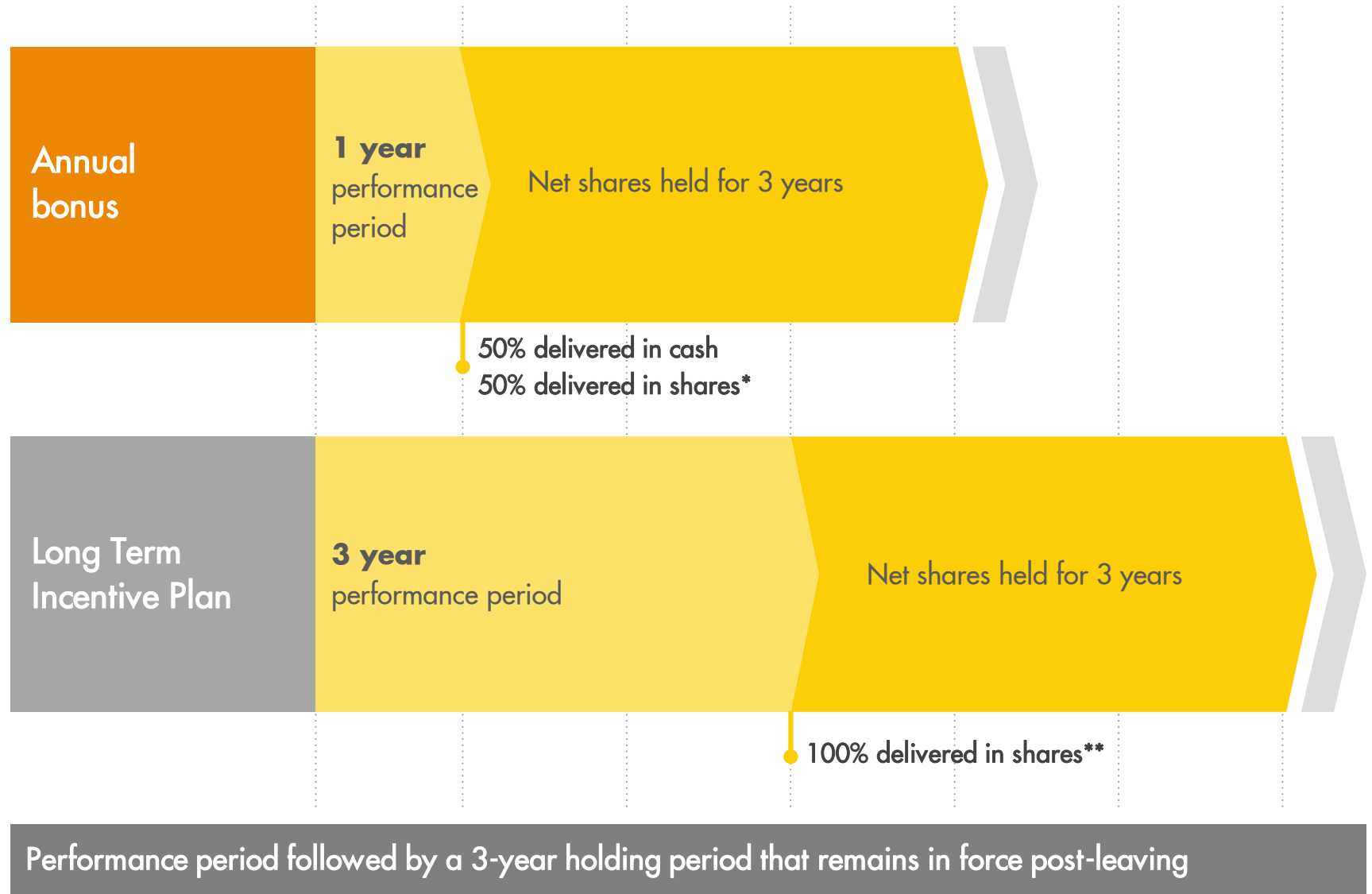
- Bonus removed from termination payment policy for future directors

Subject to shareholder approval at the 2017 AGM:

- The DBP will be removed - 50% of the annual bonus will be delivered in cash and 50% will be delivered in shares.



Shareholder alignment + longer time horizons



Bonus and LTIP holding period aligned – LTIP holding period extended from 2 to 3 years

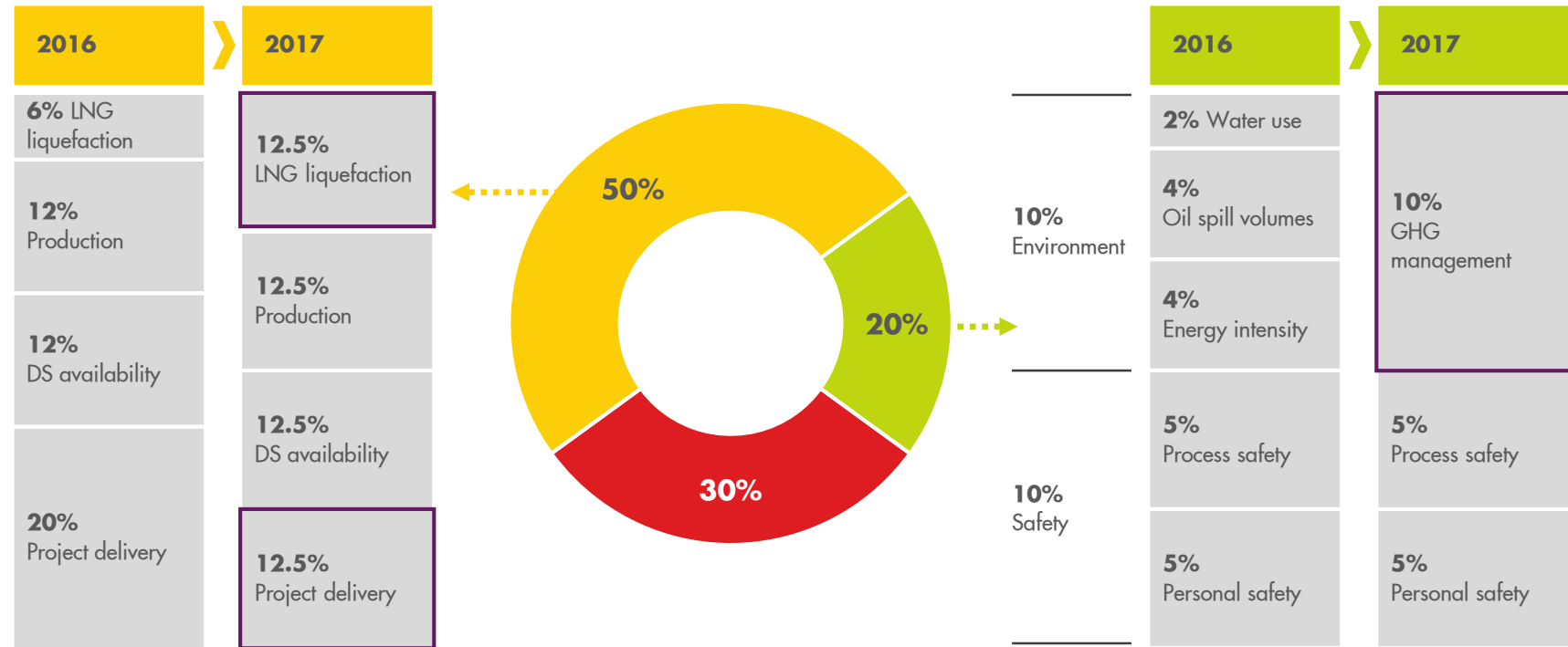
*Subject to shareholder approval at 2017 AGM

**Vesting subject to performance conditions



Annual bonus

Rewards the delivery of short-term operational targets as well as individual contribution to Shell



■ Cash flow from operations
 ■ Operational excellence
 ■ Sustainable development

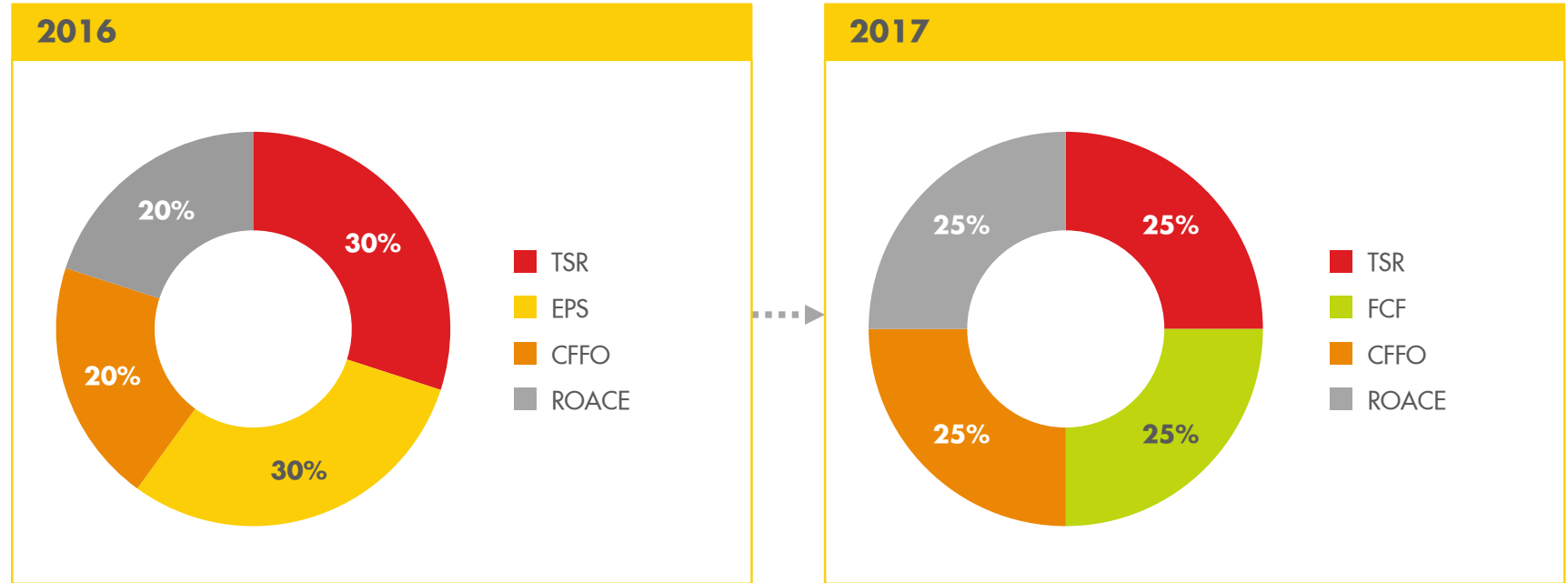
10% GHG management	<ul style="list-style-type: none"> ■ Refining GHG intensity: measured in tonne CO₂e per UEDC* ■ Chemicals GHG Intensity measured in tonne CO₂e per tonne of chemicals production ■ Upstream flaring in million tonnes CO₂e
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- Fewer projects + increased importance of LNG in light of BG acquisition
- New GHG measures reflect carbon aspirations

* Solomon's utilised equivalent distillation capacity

Long term incentive plan

Rewards longer-term value creation linked to Shell's strategy



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

Update

- Absolute FCF will be used initially given priorities as outlined during Capital Markets Day



Energy transition

Shell and the energy transition in 2016:

- Increased transparency around the Energy Transition
- Reduction of carbon intensity is one of the pillars of RDS strategy as set out during Capital Markets Day
- Set up New Energies division

Energy transition and remuneration:

- Bonus reflects GHG management in 3 key businesses (refineries, chemicals and upstream flaring)
- Energy transition included in CEO personal performance agreement
 - Evolve strategic intent for the New Energies business
 - Progress Shell's strategic aspirations on carbon-intensity

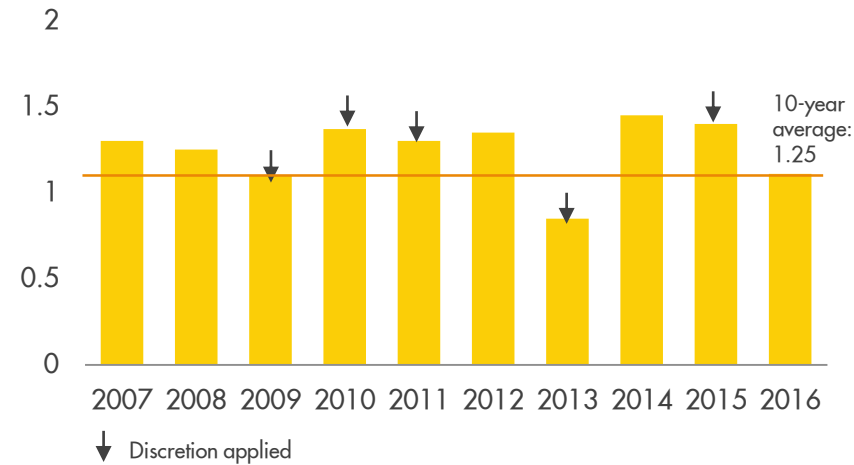
- Strategy drives change
- Remuneration follows and supports strategy



Historical bonus and LTIP outcomes

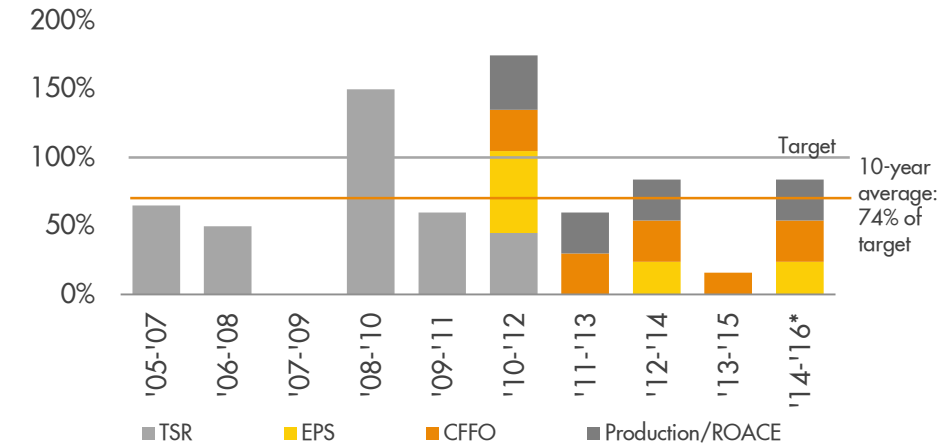
Responsible decision making

Annual bonus scorecard outcome



- 2015 scorecard: 1.55 mathematical outcome + 1.40 after REMCO discretion
- 2016 scorecard: 1.11 mathematical outcome
- 2016 Individual performance factor: 1.0

LTIP Vesting



- LTIP + DBP vesting of 2014 awards over 2014 - 2016: 84% of target (100%) and 42% of maximum (200%)

- Scorecard on average slightly above target
- LTIP vesting on average below target



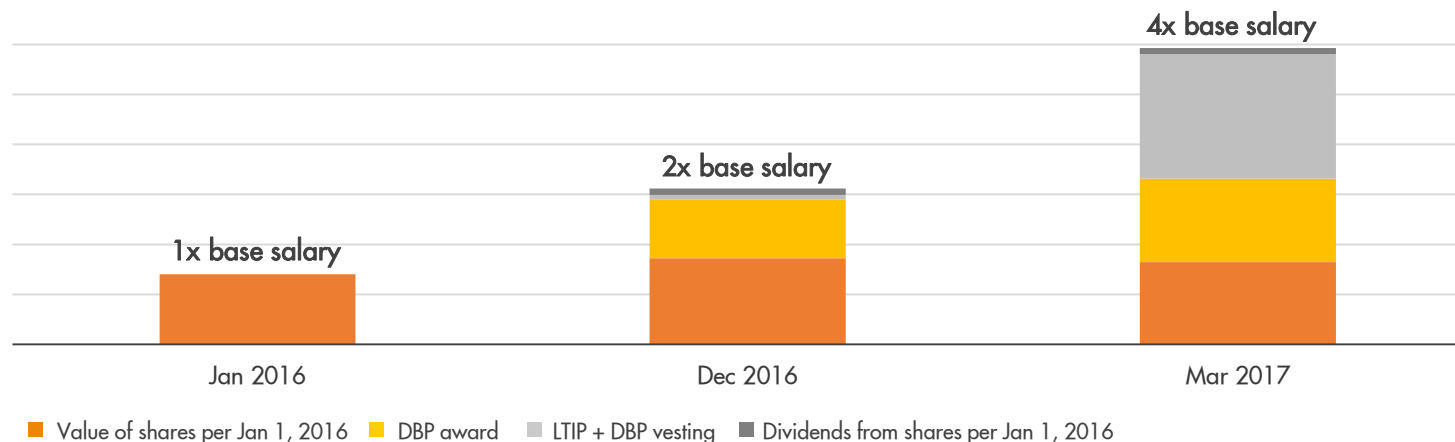
2016 CEO outcome

Total direct remuneration including pension

Fixed remuneration					€1,482,000*	
Annual bonus	Target bonus: €1,460,000 (base salary) x 150% = € 2,190,000	✗	2016 scorecard result = 1.11	✗	Individual performance factor = 1.0	€2,400,000** (164% of base salary)
LTIP and DBP***	Number of shares awarded 163,998 RDSA-LTIP 6,228, RDSA-DBP	✗	Vesting result 84%			€4,381,000 (84% of target)
Pension	Pension: 330,000					€ 330,000
Single Total Figure						€ 8,593,000

Shareholding

Shareholding: Movement Jan 2016-Mar 2017



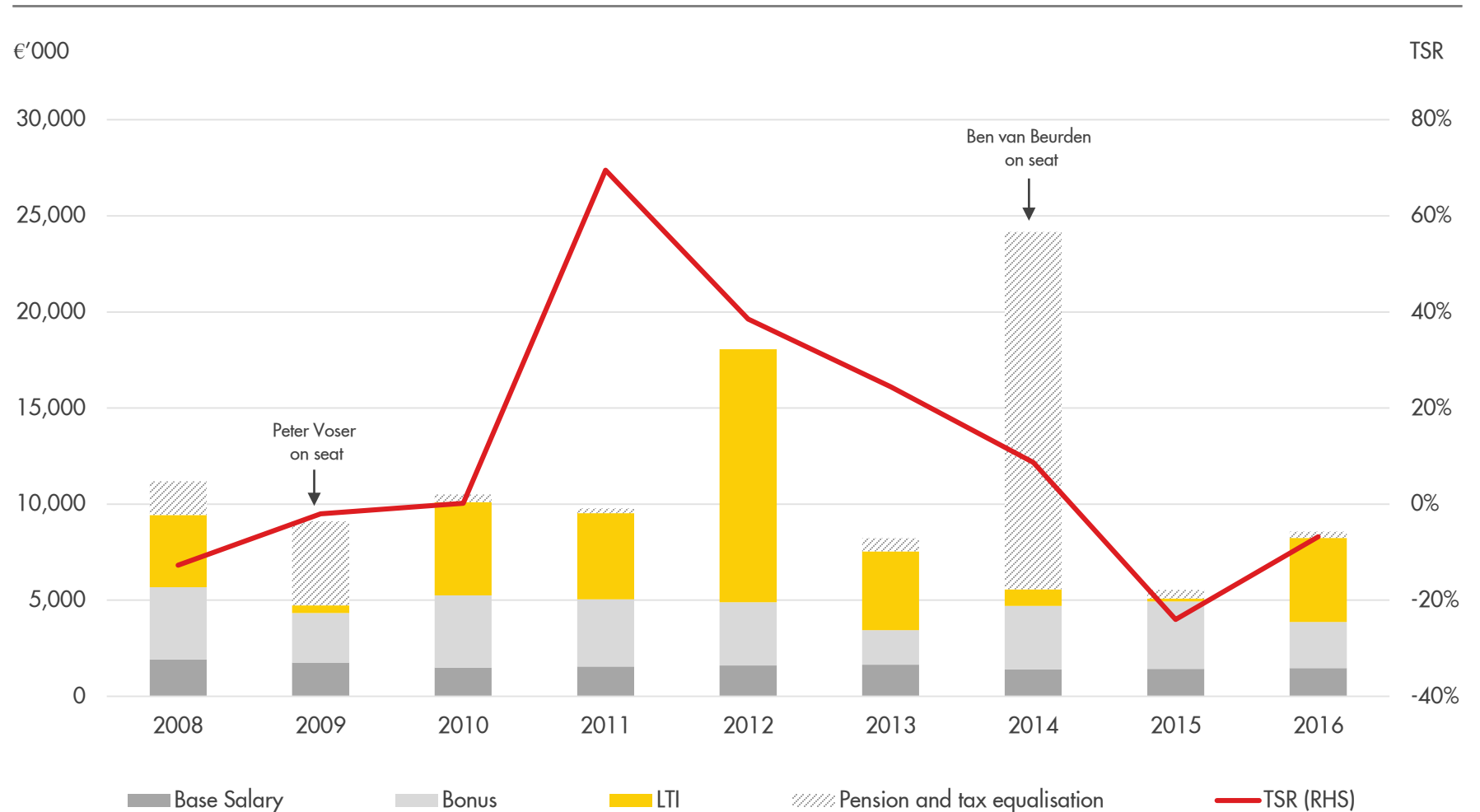
- Overall outcomes ~ target
- Increased shareholder alignment

*Fixed remuneration includes base salary and taxable benefits **50% of 2016 annual bonus deferred in shares ***DBP represents DBP performance matching shares only



Pay for performance

Responsible long-term decision making leads to CEO pay which is aligned with 3-year TSR



2009 is based on pro-rated CEO pay outcome for Jeroen van der Veer and Peter Voser. All figures are based on Single Total Figure methodology.

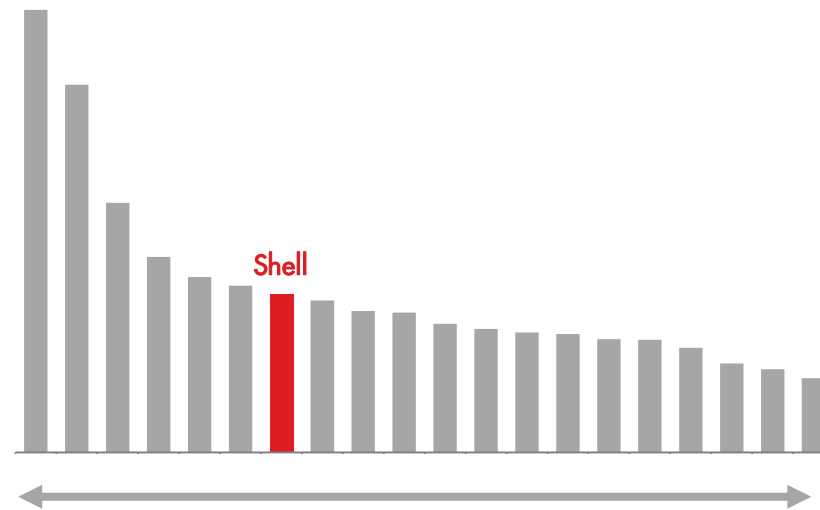


Pay levels

- Alignment: various pay ratio approaches indicate that Shell is in line with peers and FTSE 100 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

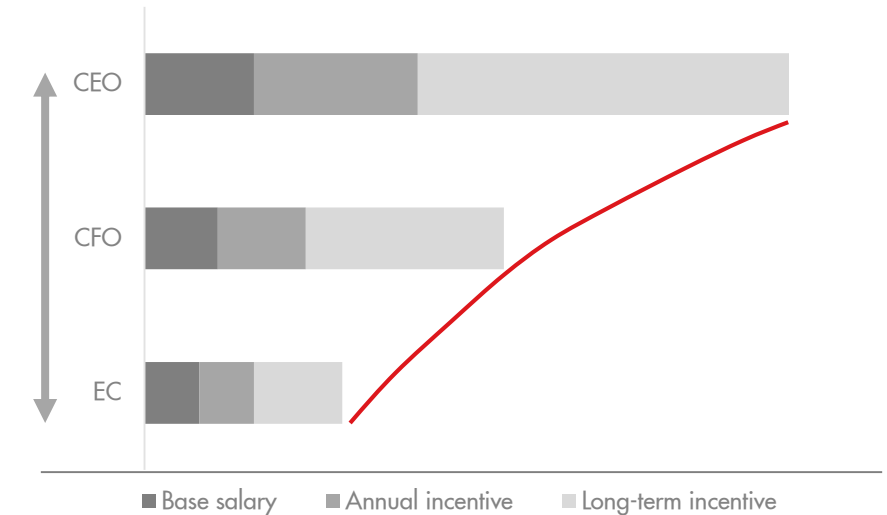
CEO: externally competitive

Base salary, plus on-target bonus and LTIP, benchmarked against the other oil majors and European comparator group



Internally proportionate

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



- Competitive in market
- Proportionate + consistent internally



CFO transition

Outgoing CFO

- Payment for loss of office: € 2,288,000 (1x base salary + target bonus)
- Phased in six equal monthly instalments, reduced by 50% if he resumes a full time executive role
- No 2017 salary increase + no 2017 LTIP award, outstanding LTIP awards will not vest early and are prorated for service

Incoming CFO

- Base salary: € 980,000
- Target bonus (120%), LTIP award (270%) and shareholding requirements (4x base salary) in line with outgoing CFO
- Pension in line with US employees, however, bonus is not pensionable to align with UK best practice

CFO leaving payment for mutually agreed succession timing - in line with policy



Summary for 2017 AGM Voting

Proposed remuneration policy:

- ✓ Increased alignment with refreshed RDS strategy:
 - Emphasis on absolute free cash flow, increased importance of LNG, inclusion of Greenhouse Gas management
- ✓ Emphasis on long-term horizon:
 - Best in class shareholding requirement
 - LTIP holding period extended to align with bonus delivered in shares, and remains in force beyond tenure
- ✓ No change to opportunity levels for base salary, annual bonus and LTIP

2016 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





Backup



Single total figure of remuneration

(€ Thousands)	Ben van Beurden		Simon Henry	
	2015	2016	2015	2016
Salaries	1,430	1,460	1,030	1,040
Taxable benefits	42	22	24	24
Total fixed remuneration	1,472	1,482	1,054	1,064
Annual bonus	3,500	2,400	2,050	1,350
LTIP and DBP	163	4,381	427	2,644
Total variable remuneration	3,663	6,781	2,477	3,994
Total direct remuneration	5,135	8,263	3,531	5,058
Pension*	441	330	428	524
Tax equalisation**	-	-	408	374
Total remuneration including pension	5,576	8,593	4,367	5,956
<i>in dollars</i>	<i>\$6,190</i>	<i>\$9,515</i>	<i>\$4,848</i>	<i>\$6,595</i>
<i>in sterling</i>	<i>£4,049</i>	<i>£7,046</i>	<i>£3,171</i>	<i>£4,884</i>

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

** As Simon Henry spent over 10 years in the Netherlands, tax relief on employee and employer contributions to the Shell Overseas Contributory Pension Fund under the terms of the UK/Netherlands double tax agreement ceased on May 1, 2014. Tax equalisation of the pension contributions for Simon Henry has applied since then.



2016 Annual Bonus

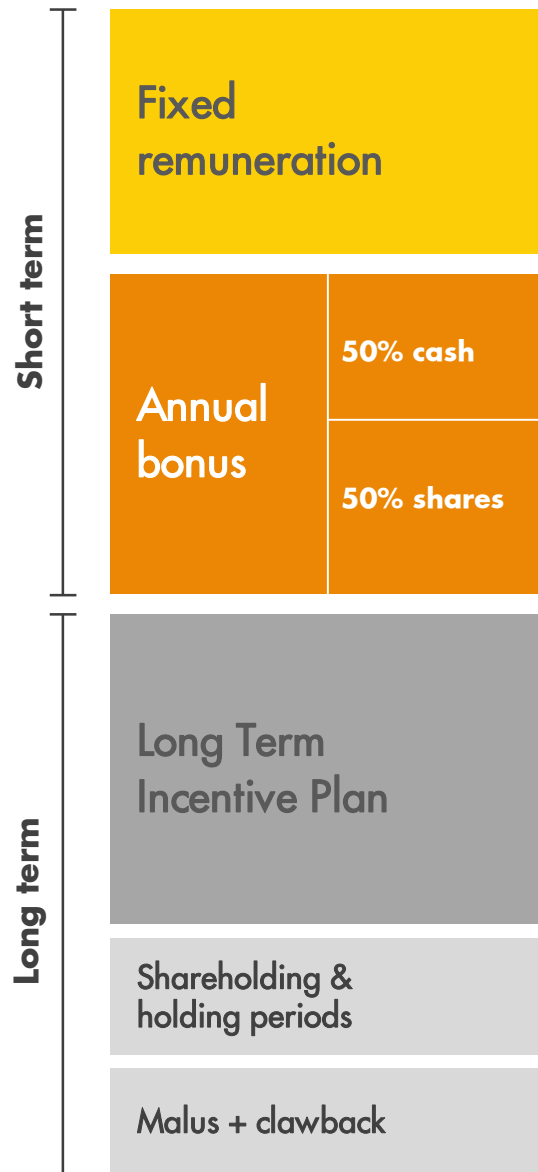
Measures	Weight (% of scorecard)	Target set	Result achieved	Score (0-2)
Cash flow from operating activities(\$ billion) [A]	20%	29	21.3	0
Synergies (\$ billion)	10%	1.4	2.8	2
Operational excellence	50%			1.44
Project delivery: identified projects on time and budget (%)	20%	80%	94%	1.7
Production (kboe/d)	12%	3,543	3,668	2
LNG liquefaction volumes (mtpa)	6%	30.5	30.9	1.42
Refinery and chemical plant availability (%)	12%	91.4	90.3	0.44
Sustainable development	20%			0.98
TRCF (incidents/million hours)	5%	0.96	1.00	0.83
Operational Tier 1 process safety events (number)	5%	54	39	2
Volume of operational spills (thousand tonnes)	4%	0.7	0.7	1
Refining Energy Intensity Index (indexed to 2002)	4%	92.2	95.4	0.31
Fresh water intensity (cubic metres per tonne of production) oil sands	2%	2.25	2.74	0.11
	100%			
Mathematical scorecard outcome				1.11
Final bonus [B]				€ 2,400,000 (164% of base salary)

[A] Excluding tax on divestments

[B] Annual bonus = (base salary x target bonus % x scorecard result)



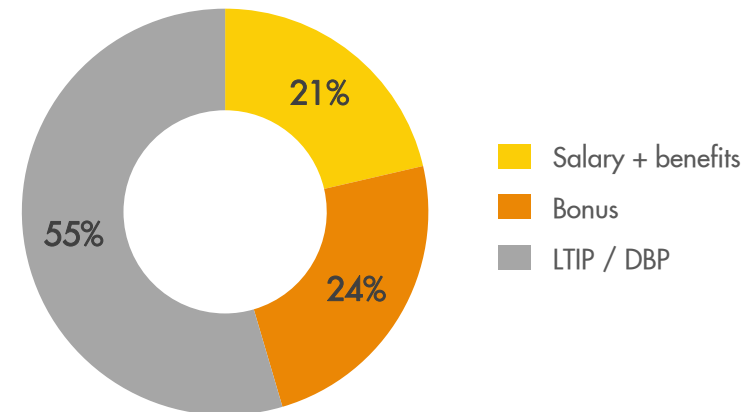
Current directors' remuneration



Key principles:

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

Target pay outcome: CEO



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	50% cash	<ul style="list-style-type: none"> Short-term operational delivery targets 50% bonus in shares, subject to 3-year holding period which remains in force post-leaving 	30% CFO	50% Operational excellence
50% shares		20% Sustainable development 10% Safety 10% GHG		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 + 3-year holding period which remains in force post-leaving 	25% TSR	25% FCF
	Shareholding & holding periods		<ul style="list-style-type: none"> Shareholding requirement: CEO: 7 x base salary; CFO: 4 x base salary 	25% ROACE	25% CFO
	Malus + clawback		<ul style="list-style-type: none"> Malus and clawback provision apply to bonus and LTIP 		



