



REMUNERATION

Q4 2015 ENGAGEMENT

ROYAL DUTCH SHELL
December 1-4, 2015



CAUTIONARY NOTE



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REMCO ACTIVELY MANAGE PAY FOR PERFORMANCE



- Performance measures + targets for annual bonus and LTIP
 - REMCO has evolved measures + targets
 - Addition of process safety in bonus
 - Addition of ROACE
 - Increased thresholds for project delivery and safety measures

- REMCO ensures appropriate pay outcomes
 - Rewarded strong operational outcomes
 - Applied downwards discretion to bonus
 - Reviews LTIP vesting in view of broader underlying performance

STRATEGY AND DIRECTORS' REMUNERATION POLICY



Balancing growth and returns

Financial performance

Capital efficiency

Project delivery

Strategy and delivery underpin remuneration

Fixed remuneration

- Benchmarked against 4 oil majors and 20 European companies

Annual bonus

- Short-term strategic targets
- Individual achievement
- 50% deferred in shares for 3 years

30% weight CFO	50% weight Operational excellence
20% weight Sustainable development	

Long term incentive plans

- Relative to other oil majors
- 3 yr performance + 2 year holding period

30% weight TSR	30% weight EPS growth
20% weight ROACE growth	20% weight CFO growth

- Shareholding requirement: CEO: 7x base salary; CFO: 4x
- Malus (reducing unvested awards) and clawback (reclaiming paid awards) apply to bonus and LTIP

2015 UPDATES TO REMUNERATION



No changes to Policy as approved by shareholders in 2014

2015 updates to remuneration, disclosed in 2014 20-F:

- Dutch Pension changes
- Updated sustainable development measures for 2015 annual bonus scorecard
 - Addition of process safety metric and increased weight of spill volumes metric
- Charles Holliday became Chairman from the 2015 AGM



EXPECTATION FOR 2016



- No changes to Policy as approved by shareholders
- No changes to Scorecard metrics or LTIP metrics
- Engagement in 2016 on potential policy changes

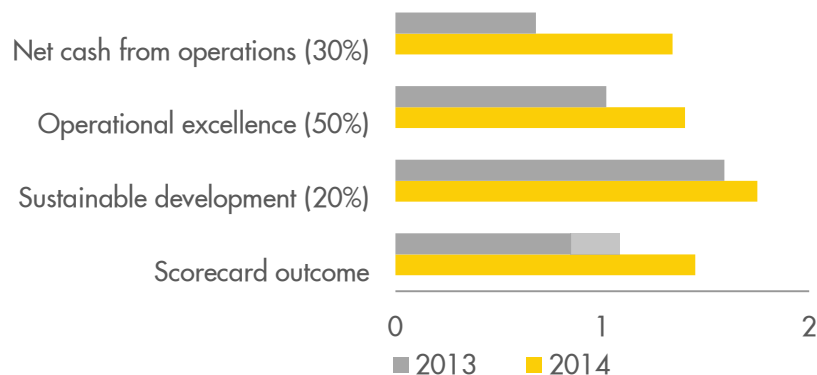
- Policy to be reviewed in 2016 prior to being put to a vote at the 2017 AGM (as required)



ANNUAL BONUS – 2015 SCORECARD UPDATE

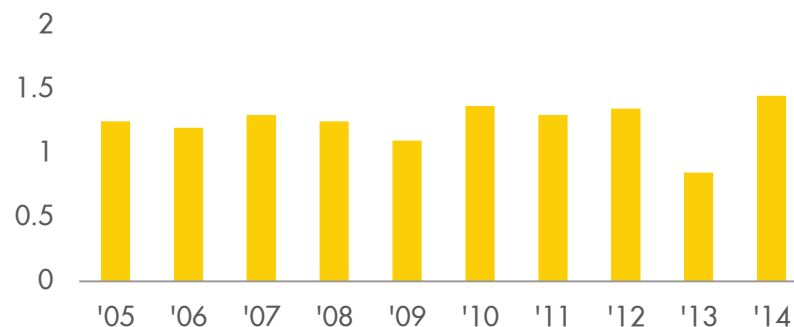


Outcome for scorecard measures

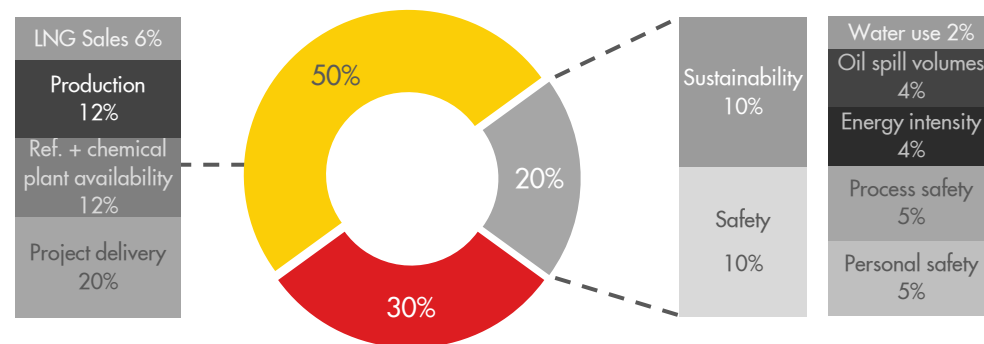


Overall annual scorecard outcome

After REMCO discretion



Scorecard structure



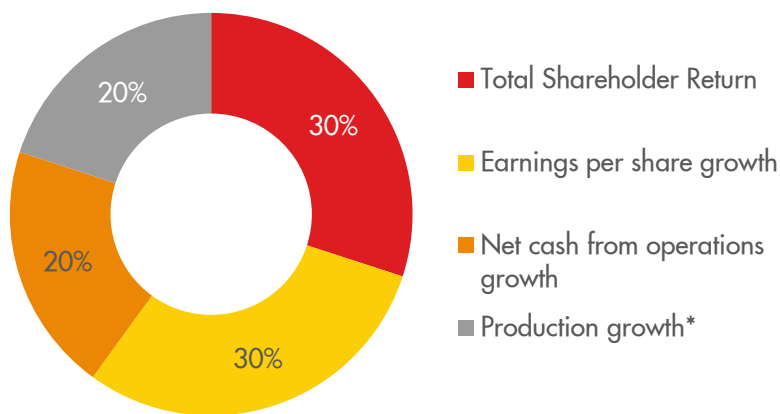
■ 2015 scorecard tracking above target at the end of Q3

■ Operational excellence ■ Net cash from operations ■ Sustainable development

LTIP AND DBP UPDATE

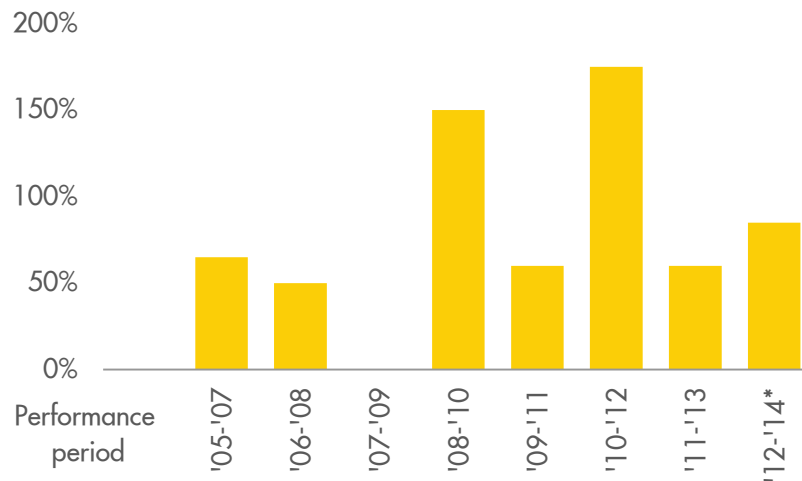


LTIP growth measures 2013- 2015



* Production has been replaced with ROACE from 2014 onwards

Historical vesting of LTIP / DBP awards



* Ranking: TSR 4th, EPS 3rd, Production 2nd, Cash from operations 2nd

Vesting based on relative ranking against peer group (BP, Chevron, ExxonMobil, Total)

- 1st 200% initial award
- 2nd 150% initial award
- 3rd 80% initial award
- 4th or 5th Nil

- LTIP/DBP vesting of 2013 awards (performance period '13- '15) tracking below target (as of end of Q3)

UPCOMING REMCO DETERMINATIONS + MILESTONES



- December 2015: REMCO determines 2016 salaries
- January 2016: 2015 bonus determination
- January/February 2016: LTIP and DBP awards
- February/March 2016: vesting of the conditional share awards made in 2013 under LTIP for CEO (vesting of award made prior to his appointment to the Board) and LTIP + DBP for CFO
- March 2016: Annual report and form 20-F
- 2016 AGM





QUESTIONS & ANSWERS

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