



Remuneration

April 2018 Shareholder 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.

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.

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Alignment with strategy

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

Strategy



Target CEO pay mix

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 the scorecard. The measures are key building blocks to being a world-class investment case and support our journey to thrive in energy transition.

Fixed pay 21%

Variable pay 79%



Energy transition and remuneration for CEO and CFO

Resilient and relevant portfolio positioned long term

OPERATIONAL GHG MANAGEMENT

GHG measures focused on areas where we can take operational action:

- Refining, chemicals, Upstream and Integrated Gas intensity (close to 90% of the operated portfolio emissions)

FINANCIAL RESILIENCE OF PORTFOLIO TO ENERGY TRANSITION

Time

Bonus - successful delivery of operational excellence:

- 1-year performance period
- 50% delivered in shares and subject to 3-year holding period

LTIP - world class investment financial metrics:

- 3-year performance period
- 3-year holding period

High shareholding requirements

LONG-TERM GHG-MANAGEMENT

The vision for thriving in the Energy Transition are included in the CEO and CFO personal performance goals:

- Operationalise Net Carbon Footprint ambition
- Implement strategy for the New Energies business
- Progress climate change-related disclosures

Net Carbon Footprint ambition:

- Around 50% reduction of Net Carbon Footprint of our energy products by 2050, around 20% by 2035 (gCO₂e/MJ), in line with society
- Reporting and evaluation evolving



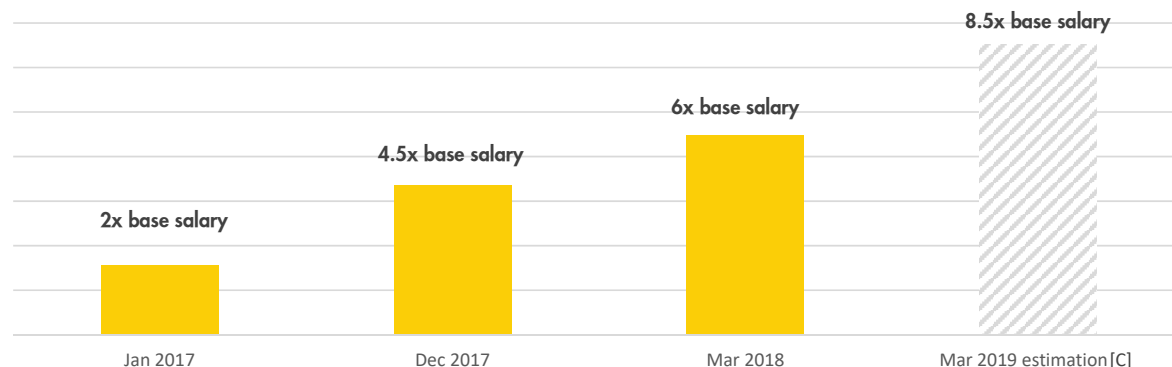
2017 CEO outcome

Total remuneration including pension

Fixed remuneration					=	€1,520,000 [A]
Annual bonus	Target bonus: €1,490,000 (base salary) x 150% = € 2,235,000	×	2017 scorecard result = 1.13	×	Individual performance factor = 1.2	= €3,000,000 [B] (201% of base salary)
LTIP	Number of LTIP shares awarded in 2015 180,575 RDSA	×	Vesting result 70%			= €4,021,000 (70% of target plus dividends)
Pension	Pension: 368,000					= € 368,000
Single Total Figure						€ 8,909,000

Shareholding

Shareholding: Movement Jan 2017-Mar 2018



- Overall outcomes below target
- Increased shareholder alignment

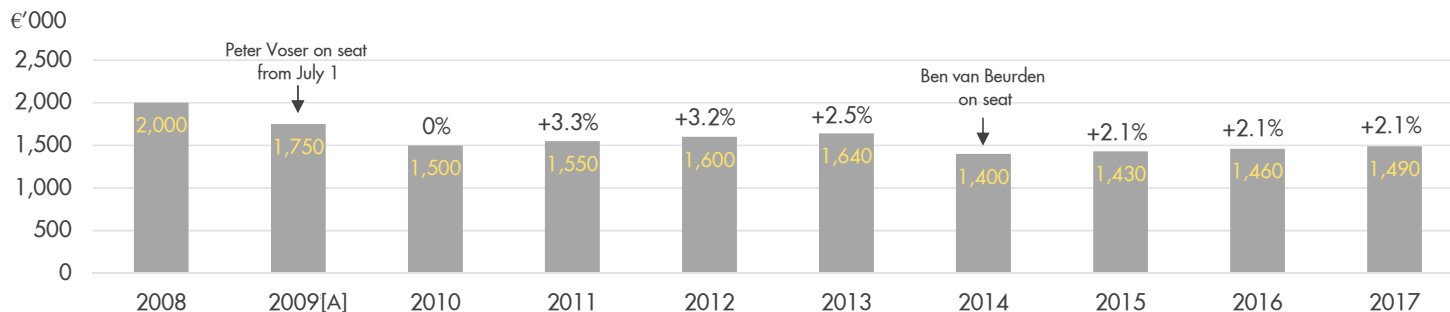
[A] Fixed remuneration includes base salary and taxable benefits. [B] The full value of the bonus, comprising both the cash and bonus delivered in shares (subject to a 3-year holding period). [C] Based on target bonus and LTIP vesting.



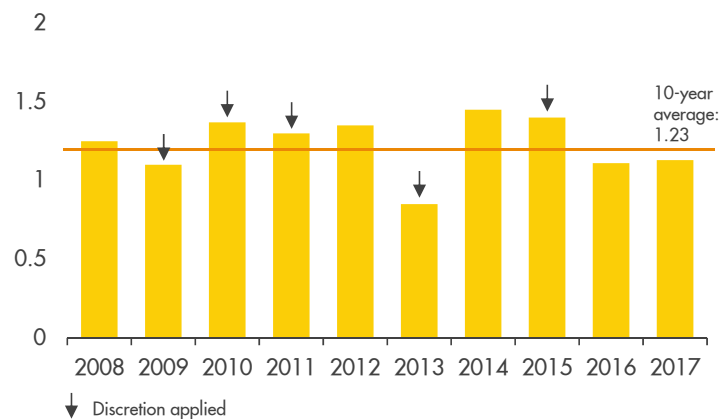
Historical Pay outcomes

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

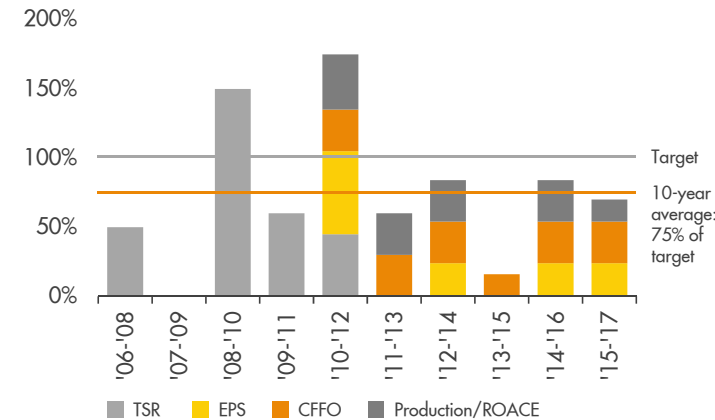
Base salary



Annual Bonus Scorecard outcome



LTIP Vesting



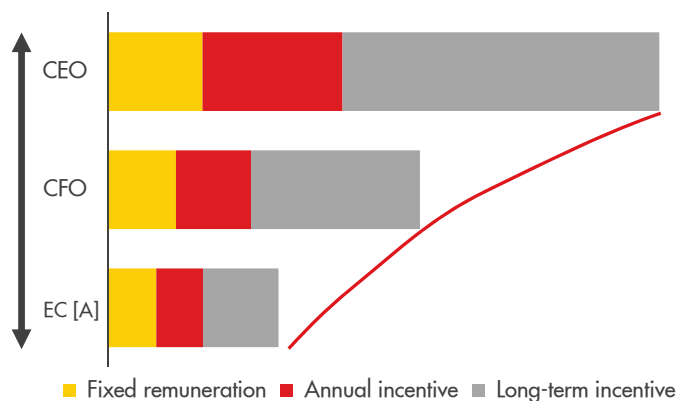
[A] Peter Voser on seat from July 1. Figure shown is the proration of salary for Jeroen van der Veer (€2 mln) and Peter Voser (€1.5 mln)

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

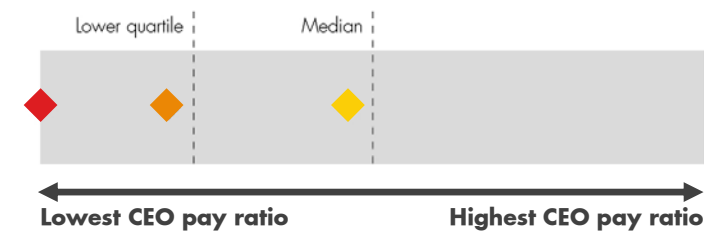
Internally proportionate

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]



- ◆ Shell minimum pay ratio [D]
- ◆ Shell 2016 CEO single total figure pay ratio [C]
- ◆ Shell maximum pay ratio [D]

- 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





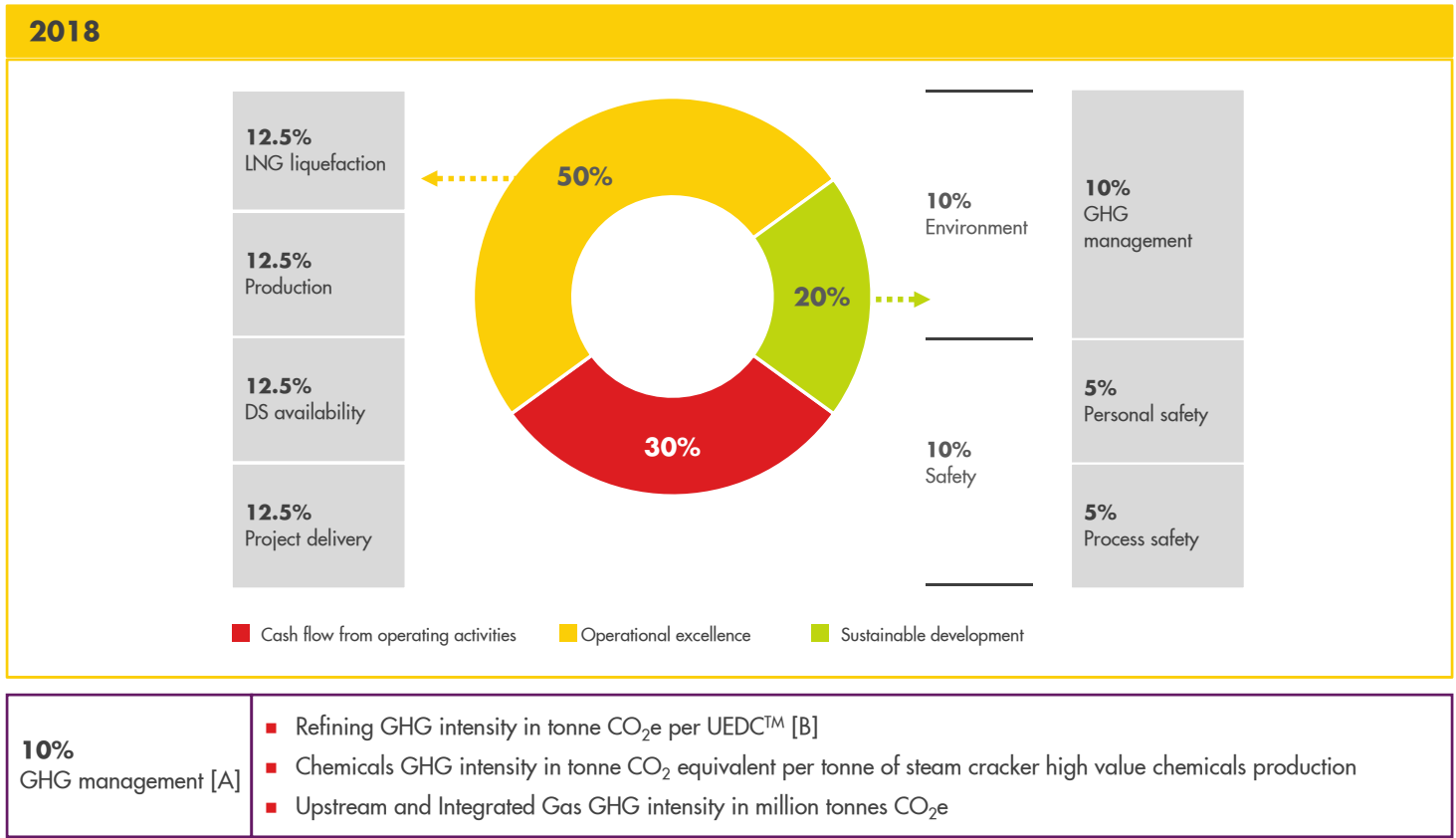
Directors' remuneration policy

Short term	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, subject to 3-year holding period which remains in force post-leaving 	50% cash 50% shares	<table border="1"> <tr> <td style="background-color: #FFA500; text-align: center;">30% CFO</td> <td style="background-color: #FFA500; text-align: center;">50% Operational excellence</td> </tr> <tr> <td style="background-color: #FFA500; text-align: center;">20% Sustainable development</td> <td style="background-color: #FFA500; text-align: center;"> 12.5% Project delivery 12.5% Production 12.5% LNG liquefaction volume 12.5% DS availability </td> </tr> <tr> <td style="background-color: #FFA500; text-align: center;">10% Safety 10% GHG</td> <td></td> </tr> </table>	30% CFO	50% Operational excellence	20% Sustainable development	12.5% Project delivery 12.5% Production 12.5% LNG liquefaction volume 12.5% DS availability	10% Safety 10% GHG
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10% Safety 10% GHG									
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 	<table border="1"> <tr> <td style="background-color: #A9A9A9; text-align: center;">25% TSR</td> <td style="background-color: #A9A9A9; text-align: center;">25% FCF</td> </tr> <tr> <td style="background-color: #A9A9A9; text-align: center;">25% ROACE</td> <td style="background-color: #A9A9A9; text-align: center;">25% CFO</td> </tr> </table>	25% TSR	25% FCF	25% ROACE	25% CFO		
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	25% ROACE	25% CFO							
Shareholding & holding periods	<ul style="list-style-type: none"> Shareholding requirement: CEO: 7 x base salary; CFO: 4 x base salary 								
Malus + clawback	<ul style="list-style-type: none"> 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



[A] GHG metrics have evolved in 2018 [B] Solomon's utilised equivalent distillation capacity.

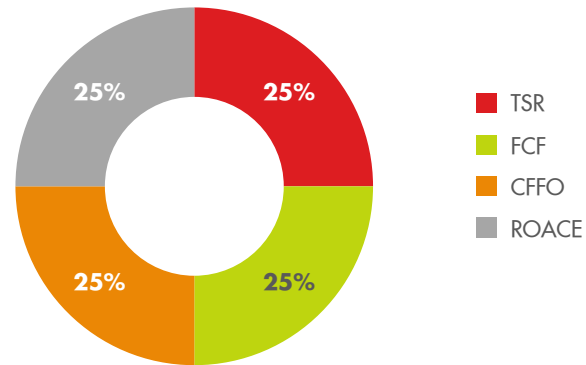


Long term incentive plan

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

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

2018



- 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

[A] Vesting subject to performance conditions.



Single total figure of remuneration for Executive Directors

(€ Thousands)	Ben van Beurden		Jessica Uhl [A]
	2017	2016	2017
Salaries	1,490	1,460	796
Taxable benefits	30	22	44
Total fixed remuneration	1,520	1,482	840
Annual bonus [B]	3,000	2,400	1,050
LTIP and DBP [C]	4,021	4,381	623
Total variable remuneration	7,021	6,781	1,673
Total direct remuneration	8,541	8,263	2,513
Pension [D]	368	330	287
Tax equalisation [E]	-	-	194
Total remuneration including pension	8,909	8,593	2,994
<i>in dollars</i>	<i>\$10,067</i>	<i>\$9,515</i>	<i>\$3,383</i>
<i>in sterling</i>	<i>£7,811</i>	<i>£7,046</i>	<i>£2,625</i>

[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

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

