March 14, 2019

Dear Shareholder,

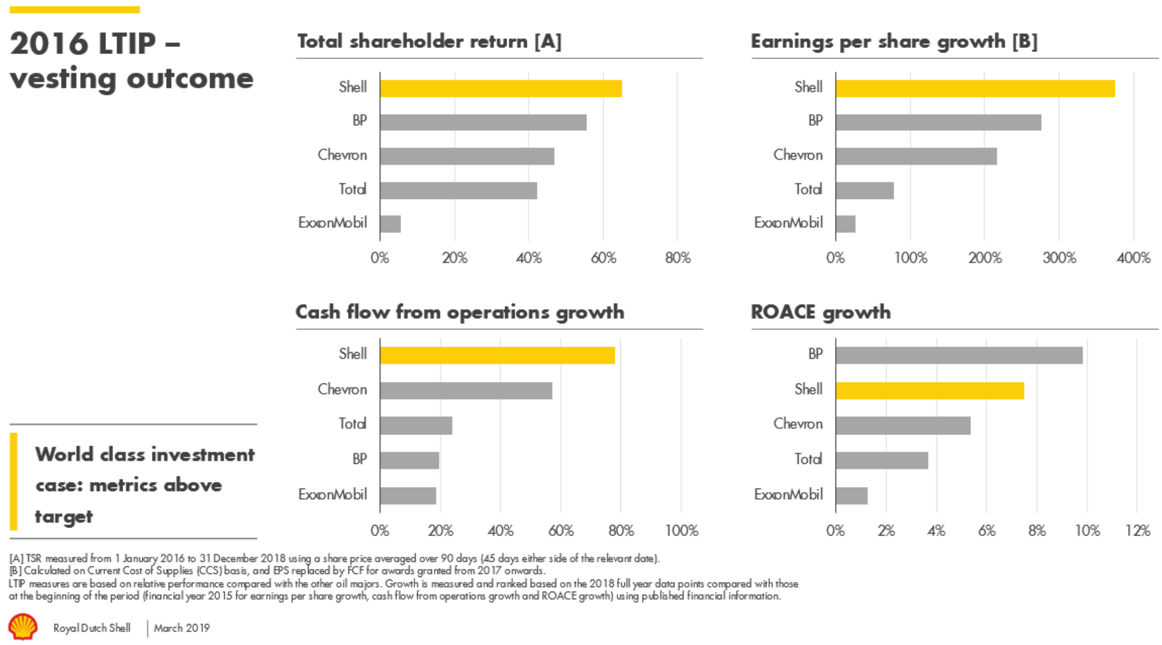
Today, we published our Directors' Remuneration Report as part of the 2018 Annual Report and Form 20F. I encourage you to read my full statement in that report as we have worked hard to improve the explanation of our decisions this year.

I would like to draw your attention to two items in particular:

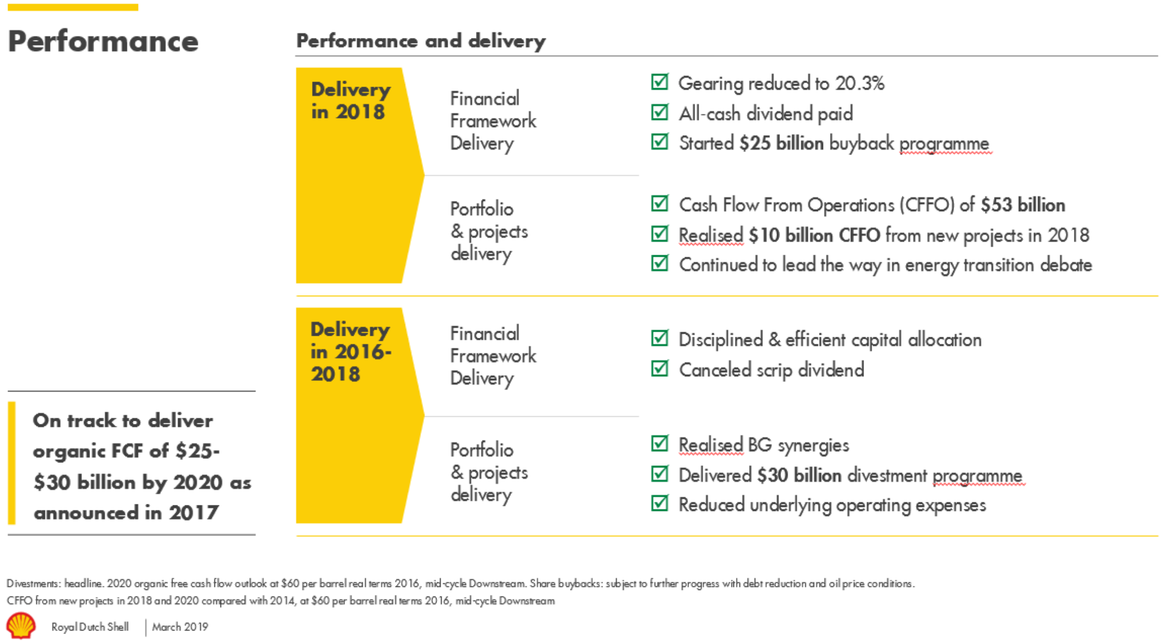
- Shell's recent performance and the resulting 2018 pay outcome for the Chief Executive Officer, Ben van Beurden.
- important changes we are making to remuneration for 2019.

Firstly, performance. Shell is a broad and complex organisation. Royal Dutch Shell Plc is the largest by market capitalisation on the FTSE100 and, we believe, for the third year in a row is the world's largest dividend payer.

2018 was a very strong year for Shell and the period from 2016 to 2018 was an outstanding one. Our performance reflects the success of our strategy and the progress we have made in building a world-class investment case. We outperformed our main competitors in three out of four key financial metrics.



We are delivering on our commitments. We completed the acquisition and integration with BG and our operating expenses today are lower than Shell's standalone costs in 2015, meaning we have fully absorbed the operating costs of BG and more.



As a result of this outstanding performance, the Long-Term Incentive Plan vests at 190%. This is only the third time in the last 10 years that the plan has vested above target, and the average vesting over the decade has been only 89%. Ben will have to hold onto the shares he receives to make sure that Shell's success is sustained. He has voluntarily committed to holding these shares for at least three years, in line with our latest retention policy.

With Ben's remuneration being so heavily weighted to performance over a three-year period, this latest vesting means there has been a significant shift in his 2018 single figure of remuneration to a total of 20.1 million Euros.

We are confident that this remuneration is firmly grounded in strong business performance and returns to shareholders. Nearly 20% of our employees have similar share awards and have also benefitted from Shell's success, as have the millions of people who benefit from Shell's dividend payments in their investments and pensions.

We are prudent on pay. Ben's base salary is only now reaching the level that the previous CEO started at, and his salary increases have been broadly aligned with relevant employee increases. His variable pay opportunity has remained broadly unchanged.

Therefore, as Chair of the Remuneration Committee, I am satisfied that these are rewards for exceptional performance within a prudent framework that shares success among Shell's employees.

Turning now to changes we will make for 2019. We have engaged extensively with our shareholders in the last year and have decided to accelerate three changes we had planned to make for the next Policy vote in 2020. These changes are possible under the existing approved Policy and there will of course still be a Policy vote next year.

So with immediate effect, we are simplifying our executive directors' bonus structure to remove the individual performance factor. We are also reducing Ben's target bonus so it is half of his maximum bonus opportunity which remains unchanged.

Finally, we are linking our first three-year target towards achieving our ambition to reduce the Net Carbon Footprint of the products we sell, to executive remuneration through our long-term incentive plan. This and other measures that help us achieve our ambitions in the longer-term, related to the growth of Shell's power business, opportunities in advanced biofuel technology and the development of systems to capture and store carbon, have been linked to the 2019 long-term incentive award made to around the top 150 executives in Shell. Subject to staff council consultation this will be extended to around 16,000 employees in 2020.

Investing in assets that will remain financially resilient in the energy system of the future is key to delivering a world-class investment case, and we purposely align our pay and investor interests. As I have said before, we are at the beginning of something ground-breaking that will go beyond the tenure of the current management team and many after that.

I encourage you to have a look at my full statement in the Directors' Remuneration Report and the other materials on our website. I look forward to my next engagements with shareholders in April and I welcome any feedback you may have. You can reach me via the Investor Relations team at IR-Europe@shell.com. Thank you.

Kind regards,

Gerard Kleisterlee
Chair of the Remuneration Committee and Senior Independent Director at Royal Dutch Shell plc.