

# ROYAL DUTCH SHELL PLC

## 2016 ANNUAL SOCIALLY RESPONSIBLE INVESTORS EVENT TRANSCRIPT

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BEN VAN BEURDEN, CHIEF EXECUTIVE OFFICER OF ROYAL DUTCH SHELL PLC,

AND HARRY BREKELMANS, DIRECTOR PROJECTS AND TECHNOLOGY.

### Ben van Beurden

Ladies and gentlemen, it's good to be here today, and to see so many of our investors present here in London. Firstly, the disclaimer statement.

This is my third year at this event, and Shell's tenth year of hosting this rather unique event, and I'm proud of our ongoing engagement with SRI investors. Last year at this event we had just announced our recommended combination with BG. That acquisition is now completed, and we are busy with combining the two companies. I am sure many of you may have questions on BG's assets. We can try to answer those questions, but please bear with us, since we've owned BG for a little under 3 months. The focus of this presentation is on Shell's existing portfolio before the acquisition and performance for 2015.



I'm pleased to welcome Hans Wijers to the event. Hans attended last year, and this is his first year presenting at this event in his role as chair of the Corporate and Social responsibility committee, and Hans is also our Deputy Chairman and Senior Independent Director. Also presenting in this plenary session is Harry Brekelmans, Director of Projects and Technology. Many of you will recognise Harry from last year, and he is here to talk about safety and research and development strategy, amongst other things. After these presentations we will have a Q&A session let's keep that at a high level, and there are plenty of opportunities for detailed questions in the breakout panels.

After a coffee break, we'll then move into those panels. For the breakouts Harry is joined in his panel by Matthew Tipper, our Vice President of Alternative Energies. They can answer your questions on HSSE performance, low-carbon R&D and some of our New Energies activity. Our second panel can talk to you about our conventional oil and gas portfolio. We have Bart van der Leemput, who runs our Upstream International Operated joint ventures. Bart can take questions on topics like Iraq, Brent decommissioning, North Sea asset integrity and the Netherlands gas. Bart is joined by Osagie Okunbor, our Managing Director of SPDC from Nigeria, and joining Bart and Osagie is Rupert Thomas, our Vice President Environment. Rupert can deepen on our environmental planning, as well as our flaring reduction programme. And

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for the third panel we have Jeremy Bentham who heads up our scenarios team and Angus Gillespie on Shell CO<sub>2</sub>. Also here today are Monika Hausenblas, head of HSSE and Social Performance, Guy Outen, Head of strategy, and Brian Davis from his team, and Peter Milhofer head of our sustainability reporting team. At the end of the panel sessions there will be a lunch, where you will have the chance to mingle with the team and they look forward to this chance to answer your questions.

This annual roundtable remains a cornerstone of our Socially Responsible Investor programme, which includes site visits to areas of interest - last year to Alaska and our Canada oil sands operations – and we also have a corporate governance programme under this ESG header. This includes our remuneration committee roadshows with Gerard Kleisterlee, chair of the Remuneration Committee, and ongoing roadshows with our chairman, Chad Holliday. And of course our annual AGM is an opportunity for all shareholders to engage with our full board.

Now let me update you on some of the sustainability topics that are on our radar at Shell. Firstly on transparency: Shell has a strong track record of transparency, and this is something we remain committed to, for example on revenue transparency. Shell was a founding member of the EITI in 2002. We believe that the EITI approach to engaging countries, civil society and companies remains an effective way of providing greater transparency in government revenues. We voluntarily published information on our payments to governments since 2012, and this year we reported our upstream payments to governments, by country and project, in line with the new UK reporting requirements. We have other, regular voluntary reporting, for example the sustainability report, Nigeria and oil sands reporting.

Let me update you on two upstream topics where we are managing complicated positions, Nigeria and Netherlands gas. Firstly on Nigeria. This is the SPDC joint venture for onshore oil and gas. It's an area with large reserves, and very challenging socio-economic conditions. This means criminal acts including shootings and kidnappings, widespread oil theft and pollution from that, and the security situation appears to be deteriorating in 2016. We have been reducing Shell's exposure there, with \$4.8 billion of asset sales since 2010. But the situation in Nigeria remains challenging. Sadly in 2015 we lost 7 staff and contractors in Nigeria. This tragedy underscores the difficulties we face there. But we simply must do better to protect our people. In 2015 we saw a reduction in the number and volume of spills, both from our own operations and from sabotage. This was in part due to divestments as we have reduced our onshore portfolio there. Sabotage does however remain a serious concern. We continue to work with our stakeholders in Nigeria on improving security, on remediation and on local community engagement.

Turning to the Netherlands. The Groningen gas field, which is operated by the NAM joint venture with Exxon, and partnered with the Dutch government, has been producing gas for decades. However, this has resulted in a large number of earth tremors in the area, as a result of the depletion and subsidence around the field. An independent entity called the Centrum Veilig Wonen has been set up to manage the claims arising from these earthquakes, with independent oversight from the government. In addition, in 2015, the government set up the National Coordinator Groningen, which has presented a multi-year plan, focusing on the residents of Groningen and its surrounding area, aimed at safety, damage repair, quality of life and also the local economic situation. We understand the concern among communities in the area and support the action the Dutch government and the NAM joint venture are taking.

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Now, turning to shareholder resolutions. In 2015 the board recommended that shareholders support the resolution that called for enhanced transparency on climate change. We felt we were doing a lot of that already, and much of the rest was planned. In 2016, we have a new resolution from Netherlands-based retail shareholders. This calls for an accelerated move into renewables. The risk of reduced returns to shareholders from an accelerated shift into renewables means it would be unwise for Shell to simply swap investment in oil and gas for renewables, and on a principles basis, we think it is unwise for the board to be tied to any particular strategy in this way, irrespective of what that strategy is. Therefore we are asking shareholders not to support this 2016 resolution. The 2015 Shareholder resolution asked for enhanced reporting in a number of areas, as part of on-going reporting, and we have implemented that as requested. Let me flag to you that we have published a new publication today called "Shell Energy transitions and portfolio resilience". This report – and I'll show you some of this in a moment – looks at portfolio resilience, and more fundamentally sets out Shell's thinking on energy transitions and strategy, which I think is really what the 2015 resolution was all about. Now, let me hand you over to Hans who will update you on some of the areas the CSRC. Hans.

#### Hans Wijers

Thanks Ben. I attended this event last year in "listening mode", and had the chance to speak to some of you and I look forward to chatting with more of you today. Now, let me explain the make-up and role of the CSRC. There are three of us on the committee – Myself, Sir Nigel Sheinwald, and Patricia Woertz – and we bring different and broad experiences with us, across oil, gas and chemicals, manufacturing as well as political and diplomatic services. We take an active role in advising the Board of directors as well as in reviewing Shell policies and conduct with respect to the Shell general business principles. This includes sustainable development, HSSE and social performance, along with the Shell code of conduct. We meet 4 or 5 times a year and look at areas with significant focus, our meetings give us the opportunity to get into questions with the subject matter experts.



As part of the wider Board agenda, the CSRC visits Shell locations with a particular focus on HSE. In 2015 we visited Brazil; this was part of a full board visit given the significance of Brazil in the combined Shell and BG portfolio. While in Brazil, the CSRC members visited a site from our Raízen biofuels joint venture and discussed a number of sustainability issues pertinent to the joint venture and the wider Brazil operating environment. We also visited our Gulf of Mexico deep water assets; the Moerdijk Chemicals plant in the Netherlands; and the Peterhead CCS project, which unfortunately was cancelled after the UK government withdrew their support for CCS. In 2016 we have visited Groningen where the NAM joint venture continues to work with the government around the earthquakes issue, and we will return to Nigeria, where significant socio-economic challenges remain.

The CSRC informs and advises the Remuneration Committee on sustainability metrics we consider appropriate. Targets are typically tightened each year to encourage long term improvements, and you can see the progress against these targets here. We continue to consider what metrics could be appropriate with the criteria of being simple and making sense to you, our shareholders, driving improvement over time, and accommodating portfolio changes.

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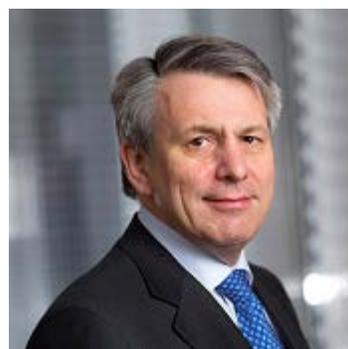
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Finally let me talk about some of the other bodies that we work at an operational level within Shell. We are proud of our long term relationships with a number of environmental NGOs, shown on the slide here, who we work with at a project level, where they can bring their specific expertise to our projects, and also use those projects to develop their own scientific and conservation skills. Rupert Thomas can talk in more detail on these. Shell is also proud to be a sponsor of the Energy Transitions Commission – a broad spectrum commission of cross-industry representatives – set up to look at some of the energy policy requirements of energy transitions. Chad Holliday, our Chairman, is one of the commissioners and we will be watching with interest to see their recommendations.

Another area I'd like to highlight to you is the work we do around social investment. Some \$120m per year is spent by Shell on social investment. We centre this investment around three key themes, access to energy, road safety, and employment within communities, as an example, cooking on wood or charcoal is responsible for some 4 million deaths annually. Both Shell and the Shell foundation partner the Global Alliance for Clean Cookstoves. Shell foundation has partnered with social enterprise Envirofit to supply clean cookstoves, reducing these harmful emissions by 80%, and 1 million of these have been sold in 45 countries around the world. With that update, now let me hand you back to Ben.

#### **Ben van Beurden**

Thanks Hans. We are in a very exciting and rapidly changing environment in the energy business. By 2050, many commentators expect an increase in population to more than 9 billion, around 2 billion than today, with aspirations in many countries for higher standards of living. 1.1 billion people today don't have access to electricity, meaning things that many of us take for granted, such as lighting, heating, air conditioning. We expect nearly a billion new vehicles on the road, a mixture of oil and other power sources, and all of this comes together in an expectation that energy demand will continue to grow, and perhaps double in the first half of this century.



Shell has long recognized the importance of climate change and the critical role energy must play in enabling a decent quality of life for people across the world. The big challenge, both for society and for a company like Shell, is how to provide much more energy while at the same time significantly reducing carbon dioxide emissions in a profitable way. This is the energy transition. We hear broadly two sets of questions from investors and commentators on this important topic: How does Shell see the energy transition to a low carbon future? And how is the company positioned for the changes that are to come?

We recently published a new scenario study that assesses plausible pathways that society could take to achieve net-zero CO<sub>2</sub> emissions, which looks at the first of these two questions. Jeremy Bentham, who produced that study, is here in the panel sessions and I encourage you to talk to him about this. In summary, a transition to a low carbon future is both desirable, and possible, however, this will need strong policy choices and actions, and there are questions for society today on if the pace of change is sufficient. In a second report, we address the second question, around Shell's approach and portfolio resilience to the energy transition, and our strategy to

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succeed through changing times. We also set out how Shell is investing in low-carbon energy- "new energies"- and reflect on the wide range of business choices we can make until 2035, and beyond. Energy transitions are not new. You can see the history, and the outlook on this chart, and the next energy transition will affect us all.

The sheer scale of the investment and changes that will be required to move to a low carbon energy world means that governments, businesses and society all have a significant part to play. Energy consumers will need to make substantial and lasting changes. Energy suppliers will need to adapt their business models, and the energy transition is embedded in Shell's strategy today. The conversation around energy and climate change in the public sphere can sometimes be oversimplified, although with clear ambitions and aspirations. These ambitions must be channelled to create pragmatic and realistic policies able to tackle one of the world's most complex challenges.

Let me give you some facts and figures around this. Oil, gas and coal today supply over 80% of primary energy world-wide. Renewables have grown quickly, this is wind, solar and hydro, but they are just 4% of primary energy supply. Low carbon power electricity from the combination of renewables and gas has enormous potential, but electricity today is 18% of energy consumption, and a lot of that is coal fired power. The energy system can't change quickly or easily. Nearly half of industry is powered by oil and gas – you need the high temperatures that come from hydrocarbons, to make iron, steel and petrochemicals. Over 90% of transportation is powered by oil. The world spends about \$1.6 trillion per year on energy today. That's already 2% of global GDP or around half the GDP of the UK. There are some \$55 trillion invested in the energy system today worldwide. Think about it. It's 70% of global GDP to replace all that. The energy system we have today has been built up over a period of 150 years, and can't simply be replaced overnight.

Coal accounts for 60% of the CO<sub>2</sub> that's embedded in energy reserves in the ground today, and the largest 20 private sector oil companies in the world account for just 2% of CO<sub>2</sub> in the ground. Shell's CO<sub>2</sub> in the ground, and our emissions, are just a small fraction of the total picture. Remember about a third of man made green house gas emissions come from outside the energy sector. Agriculture, land use change, cement production, no single company – or sector – can change the energy mix alone. This is something that needs action from all sectors of commerce, government and society.

Let me give you an impression of the scale of the issue. Much of the infrastructure and services for energy were designed with a long lifespan in mind: power plants – 40 years; the planes you fly on – 24 years; your car – 15 years or maybe longer. It will take time, investment, and different attitudes from consumers and suppliers to change all of this. Here are some examples of the scale of what would need to happen. If you look at the IEA 450 scenario, the two degree scenario, then CO<sub>2</sub> emissions from energy fall from 32 gigatonnes per year today by 13 gigatonnes to 19 gigatonnes by 2040.

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So what does it take to reduce emissions by just 1 gigatonne? 1 gigatonne will cost you the closure of one third of all the coal fired power plants in the United States and replacing them with zero emissions plants. That's 263 power plants closed. 1 gigatonne reduction means 275,000 wind turbines. That's double the number in the world today, with all of the permit challenges in that sector. And 1 gigatonne means removing over 200 million cars – basically twice as many as are driving in the United States today. And all three of those examples are just 1 of the 13 gigatonnes reduction you need in the 450 scenario.

None of this is to say that the energy transition is impossible, It can happen from a technological and economic perspective, although it will need more political and societal push than we see today – and we think Shell can thrive in this transition. At Shell, we believe that public policy should focus on the long term, access to cheap, clean and reliable energy. We see an opportunity in an expanded role for natural gas in the power sector, to displace coal. We look for governments to support this, and the deployment of carbon capture and storage facilities. And we believe that carbon pricing, led by governments, would be the most effective policy instrument for permanent reductions in emissions.

Shell allocates capital on behalf of shareholders to distinct strategic themes, such as downstream, deep water, LNG, conventional oil and gas, and new energies. As we allocate capital to these themes, and the assets within them, opportunities are assessed against both their attractiveness, and their resilience. This includes attractiveness of their financial returns, and the resilience to the risks and upsides, from changing oil and gas prices, regulatory regimes, geopolitical risks and carbon costs. Earlier this year, we completed the acquisition of BG. This significantly increases Shell's role in deep water and LNG, and creates a platform for a more significant shift in our portfolio, including an asset sales programme. As a result the company is better positioned for the energy transition than in the past.

Future decisions on asset sales, as well as FIDs, consider the potential CO<sub>2</sub> footprint, alongside other financial and strategic factors. Here's an example of how we look at portfolio resilience. The size of each box reflects our CO<sub>2</sub> emissions in each region, now and in the future, and the colour scheme reflects how we think CO<sub>2</sub> price could change over time. You can see we are expecting higher CO<sub>2</sub> prices sooner in Europe and North America than in other regions, and you can model the outcomes using our published sensitivities.

We have also assessed the sensitivity and resilience of our portfolio to changes brought about by an energy transition to a low carbon future. Down arrows represent trends signifying a more challenging future business environment, up arrows represent potential upside from these developments, should they be realised. We seek to balance our exposure to these trends through a portfolio approach. Demand patterns in Shell's markets today and in the future could impact the attractiveness of our products to our customers. Technology and innovation can have an important role to play.

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We're positioning for the energy transition and a lower carbon future in a number of ways. Managing our own emissions, investing in more gas, the cleanest out of oil, gas and coal, which has a major role to play in the power sector, and in the longer term investing in low carbon energy solutions, which we call new energies. Shell's direct GHG emissions, which we report on an operated basis in our sustainability report, fell in 2015 to 72 million tonnes of CO<sub>2</sub> equivalent. This is a reduction of 4 million tonnes from 2014, and 35% from the peak of our emissions in 2003. We want to do more.

In April 2015 we signed up to the world bank zero routine flaring initiative last year with a target of zero routine flaring by 2030. As an example, in Iraq, at the end of 2015 we achieved first commercial production of natural gas at our Majnoon field. Gas from Majnoon, which was previously flared, now provides power to the domestic market through the North Rumalia power station, and we expect further flaring reductions to come in 2016 as these and other gas gathering systems reach full capacity. Separately in Iraq Shell has an interest in Basrah Gas Company. This venture is the largest gas project in Iraq's history and the largest flare reduction project in the world. It gathers gas from Iraqi oil fields that would otherwise be flared, and processes it for use in the power market and for LPG.

Natural gas today is around half of Shell's production. Gas is the cleanest out of oil, gas and coal, and has an important role to play in the power sector, for example by displacing coal, and sitting alongside renewables to offset intermittency problems there. Shell is the leading IOC today in the global LNG industry. LNG links gas in remote locations to power markets world-wide, and particularly in Asia Pacific. The BG acquisition brings in a world-wide addition to our LNG business, and a growth position in new LNG in Queensland, Australia. And in 2016, we are expecting ramp up of the Chevron-operated Gorgon LNG project, in western Australia, and to see cash flows from Prelude floating LNG in 2018. OK. Those are some comments on emissions management and Shell's natural gas.

Now I want to turn to the third theme, which we are calling new energies. Shell has invested in renewables, such as wind, solar and biofuels for many years. But new energies is more than traditional renewables. The theme spans the digital revolution, more electrification, especially in transport, more customers with more choice on energy mix. It's an exciting and fast moving landscape. We've made the decision that Shell will build on its existing foundations in renewables, and put a lot more emphasis on New Energies going forward. We won't be in all the activities on this chart, and the question for us is where can Shell add value for our shareholders in new energies?

We've identified three areas in new energies as opportunities for Shell: new fuels for mobility, such as biofuels and hydrogen; integrated energy solutions, for example wind and solar energy which can be partnered with gas to handle intermittency; and connecting customers with new business models for energy, enabled by digitalisation, and decentralisation of energy systems, we can leverage our brand, reach and established customer base here.

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Shell's capital employed in New Energies activities is some \$1.7 billion today and we are currently spending around \$200m a year to explore and develop new energies opportunities. There is, we think, material upside in new energies for our shareholders, and we think that a position in new energies will be important for Shell and shareholders in the energy transition. But I want to stress that this will take time, this is one of our longer range, future opportunities, and we will be capping our exposure here from a financial perspective as we establish commercial potential at scale. Our focus will largely be on asset light plays, in areas that share aspects with our core businesses, such as location and ease of fit with existing infrastructure. These can be a key source of competitive advantage for Shell compared to specialist players in the renewables industry.

Let me talk to some of our existing operations in this area. In New fuels, our biofuels investments include Raízen, a joint venture in Brazil that produces ethanol from sugar-cane. This comes alongside continued efforts to commercialise new technology to make competitive low-carbon biofuels from sustainable, non-food sources, and Harry will talk to that. Hydrogen as a transport fuel can have close links to Shell's current downstream retail infrastructure, supply and distribution capabilities, and natural gas businesses. We are part of a joint venture in Germany with aims to grow a hydrogen network over the coming years, and we are exploring other opportunities in the UK and USA. Fuel cell electric vehicles have fast refuelling – around three minutes, great range – some 400-600km, and zero tail pipe emissions. The German joint venture includes vehicle manufacturers Daimler, which should help to align the vehicles that use hydrogen fuel with the fuel supply and infrastructure around it.

Turning to integrated energy solutions, in wind, we have half a gigawatt of wind power in the US and the Netherlands, and we are looking at new opportunities there including new technologies. In solar, Shell is exploring ways to deploy solar technologies to lower the carbon intensity of our operations. In Oman, Shell is an investor in Glasspoint. This uses solar power to make the steam that is used for enhanced oil recovery in the Oman onshore, which lowers the emissions footprint there and frees up the natural gas that would have been burnt for export as LNG. Glasspoint technology is proven and they are scaling up to 1GW of capacity in the Oman upstream.

The third area in new energies where we are already active is in the more customer-facing sectors. This is rather an emerging area for us. We are already busy with digital platforms for customers in downstream and Shell has a well-established business in power trading, especially in the US. We're interested to find other ways to expand our business in these themes and of course we have a globally respected brand. OK, those are some comments on new energies. Expect to see more activity from Shell in this in the future, and very much part of our longer term positioning around energy transition.

With that, let me pass you to Harry, and then Hans and I will come back at the end of this session for a Q&A. Over to Harry.

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#### Harry Brekelmans

Thanks Ben. Good to be here again to talk to you about just a few of the areas covered in my role as head of Projects and Technology at Shell, including as Ben mentioned our Research and Development, but also the Health, Safety, security, and environment- or HSSE - function of the Group.



Shell continues to maintain a strong focus on HSSE through its Goal Zero approach. This approach seeks to prevent harm to people or the environment from our operations. We take a bow tie approach to incidents – focusing on the prevention, but making sure we have detailed processes in place to mitigate events, and limit the impact of any incident. In advance of the completion of our acquisition of BG earlier this year, Shell carried out a high level review of the BG HSSE standards, as part of our integration planning, as well as a comparison of BG’s Life Savers with Shell Life Saving Rules. This review confirmed that the standards are materially aligned and allows BG assets to continue to apply the BG standards and BG Life Savers, with a managed transition to Shell standards and Life Saving Rules to be implemented by the end of this year.

Contractor management remains a focus area for HSSE at Shell. Our contractors represent a large proportion of our total working hours, and often operate in some of our higher risk activities. While our contractor safety has improved over the years, the fact that six contractors and one staff member did not make it safely home from work last year, means we have much progress still to make. We have a number of ongoing initiatives to address contractor safety, and I’d like to highlight two examples, the first is our efforts aimed at construction sites:

Where we have designed a roadmap of best practice safety activity, and a set of standard working practices focussed on areas where we have high risk, and high frequency of incidents. For example lifting and hoisting, or working at height. These standards build on our life-saving rules and drive to improve safety performance across Shell construction sites. A similar initiative is in place aimed at the shipyards in Korea. Here, Shell is working with other IOC and NOC operators in the region, as well as the yards, shipping companies and the Korean government, to drive the implementation of standard safety requirements across contractors operating in the region. This standardisation, should support a safety culture, and should drive safety in the region. Additional benefits of such a drive would be improved efficiency with reduced incidents having less impact on scheduling.

Our wider HSSE Performance continues to show improvement. On the slide here you can see some of the metrics that we track we are pleased with our progress, but cannot be complacent – especially as we go through a period of organisational change. Ben, myself and the rest of the executive team continue to express our focus on safety, most recently at our annual safety day events which are held across the company.

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Now moving to environment. In 2015 we celebrated the start-up of our Quest CCS project at our operated oil sands joint venture in Canada. Quest stored 370,000 tonnes of CO<sub>2</sub> in 2015, and is on track for its expected sequestration of 1.1 million tonnes per annum. A total net reduction of slightly under 1 million tonnes per annum. We also started up our co-generation unit at Bukom refinery in Singapore. This co-generation unit recovers waste heat from the gas turbines and uses it to make steam. Improving the energy use and efficiency of the plant. These are two of the technologies that we have running today.

Now turning to our research and development we have a variety of low carbon opportunities and assets in our portfolio. This spans new energies, wind, solar, batteries, biofuels, natural gas, and carbon capture and storage technology. Natural gas and CCS we see as having an increasingly important role alongside renewables to reduce carbon in the energy system and we take a portfolio approach here. Some projects progress through to commercial success – such as our Raízen joint venture, or our plans for our hydrogen network joint venture in Germany, and there are others that may not progress through to a commercial operation, where the technology or financial returns are not right.

We look at research and development across three time horizons, and over the last 6 years we have spent around \$1.1 billion in low-carbon R+D. In the near term we look at opportunities through our joint ventures and direct Shell investment that can support our business growth. In the medium term we invest directly – such as in our plans for commercialisation of advanced biofuels, or through a consortium of investors or our venture capital instrument - Shell Technology Ventures. For the longer term, we work on our own research – we have technology centres across the globe, in Bangalore, Amsterdam and Houston, and partnerships with technology pioneers and universities.

In advanced biofuels we have a number of projects at different stages of the development spectrum. At the Raízen joint venture in Brazil, the Costa Pinto mill uses the waste from the production of conventional ethanol, the pulp generated from crushing the sugarcane and the straw discarded during the harvest, to produce cellulosic – or “second generation” ethanol. Costa Pinto was commissioned last year and produced its first biofuels during the 2015 harvest. At our Houston technology centre we are working on our “RAPT” technology to produce cellulosic ethanol from grassy energy crops and agricultural residues. And at an early stage in demonstration we have IH squared, sponsored by our catalyst business that could produce drop-in fuels from wood chips. We see the commercial and scalable potential for these fuels and it will be interesting to see how these develop. With that, let me hand back to Ben.

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### Ben van Beurden

Thanks Harry. That's the presentation part of today's agenda complete. Now, Hans and I will take your questions on how we look at many of these topics from the Executive Committee and the Board, and Harry can take more detailed questions on safety, and low-carbon R&D - although you will have the opportunity to ask him questions in the panel sessions. Let's keep this session at a fairly high level. We have three panels after the coffee break for a much more detailed discussion later. Hans, and I will join those as well as it helps us to know what is on your mind.



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### DEFINITIONS AND CAUTIONARY NOTE

The New Lens Scenarios are part of an ongoing process used in shell for 40 years to challenge executives' perspectives on the future business environment. We base them on plausible assumptions and quantification, and they are designed to stretch management to consider even events that may be only remotely possible. Scenarios, therefore, are not intended to be predictions of likely future events or outcomes and investors should not rely on them when making an investment decision with regard to Royal Dutch Shell plc securities.

**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 2P and 2C 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.

**Resources plays:** our use of the term 'resources plays' 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 presentation "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 presentation 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.

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