ROYAL DUTCH SHELL PLC
2017 ANNUAL SOCIALLY RESPONSIBLE INVESTORS EVENT

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Ben van Beurden

Ladies and gentlemen, welcome to our annual SRI roundtable. It's good to be here today, and to see so many of our investors present here in London. Before we get started, let me remind you of our cautionary note. Moving on to the agenda. We start with a Group presentation. Donny Ching, our Legal director is here this morning, and will provide an update on OPL 245. I'm pleased to also introduce Hans Wijers. As you know Hans is our Deputy Chairman, senior independent director, and chair of the Corporate and Social Responsibility Committee. And also presenting this morning is Guy Outen. Guy is EVP Strategy and Portfolio and will talk to you about how our strategy is resilient to the changing energy landscape. We will have a plenary Q&A session following the presentations. This will be an opportunity to ask Hans and myself any questions you have on the topics covered, or other matters. We will then have a short break while the panel rooms are arranged where we will break into three groups. Before I introduce the panellists, we have non-executive directors and members of the executive committee in attendance today, so let me take a moment to introduce them. Our Chairman Chad Holliday who I'm sure you all know is here, Sir Nigel Sheinwald a non-executive director and also a member of the CSRC, and Ronan Cassidy our Chief Human Resources and Corporate Officer are also attending.

Moving on to introduce our panellists, Harry Brekelmans our Director of Projects and Technology is joined by Sami Iskander our EVP Joint Ventures. Harry and Sami can talk about how we manage our projects, the work we are doing in HSSE, and working with our partners in non-operated businesses. And Sami of course can talk to you about his personal observations of the BG integration. The second panel has Babs Omotowa our VP of Safety and Environment for our Upstream business, the Managing director of our SPDC joint venture in Nigeria, and Shell country chair Osagie Okunbor is able to join us again, and Babs and Osagie are joined by Rupert Thomas our VP Environment. This panel can talk to you about how safety and environment is managed across our upstream business. Particularly on some of the challenges in Nigeria, but also about some of the positive examples we have - for example our flare reduction programme, and water management. Moving on to the third panel, Guy Outen will be part of our third panel and is joined by Angus Gillespie our VP CO_2, and David Hone our Chief Climate Change advisor. This panel can discuss how we inform our strategy – including new energies, our CO_2 management processes, work we are doing on methane, as well as how we use scenarios. Everyone will get the opportunity to join each panel, and Cerys will take us through the logistics of that after our Q&A session. Now over to Donny

Donny Ching

Thanks Ben. I would like to share with you the history of Shell's involvement in Oil Prospecting Licence (OPL) 245 offshore Nigeria. There has been a lot of media coverage recently on OPL 245 but the focus has been on the 2011 settlement and not the history and events leading up to the settlement. I will take you through a summary of facts and events relating to Shell's involvement. Given that this matter is currently under investigation by various authorities, I will not comment on the specifics and regret that I cannot answer any questions on this today. However, I hope the information I share will help to clarify why certain Shell companies entered into the 2011 settlement and why we believe there has been no inappropriate conduct by any Shell company or its staff in this matter.

The history of block OPL 245 involves a series of complex transactions and disputes over 10 years among the Federal Government of Nigeria, Nigerian National Petroleum Corporation (NNPC), Malabu Oil and Gas Ltd. (Malabu) and a number of subsidiaries of Royal Dutch Shell. We can divide these transactions and disputes roughly into 4 phases, starting in 1998: when the then Minister of Petroleum Resources, Dan Etete, allocated OPL 245 to Malabu. Etete left office later that year. In late 2000, Malabu approached SNEPCO, offering to sell an interest in the block. There were rumours about the involvement of Dan Etete and a relative of former President Sani Abacha in Malabu but these could not be verified. We therefore obtained written representations from the registered shareholders of Malabu that they were the only two shareholders of Malabu and that Etete and Abacha had no ownership of Malabu. We also obtained assurances from the Nigerian Government that it had no intention to revoke the block from Malabu and that it consented to Shell Nigeria Ultra Deep (or "SNUD") acquiring a 40% interest in the Block. SNUD signed agreements in March 2001.

In the second phase, in June 2001, the Nigerian Government revoked the licence from Malabu. The Nigerian Government then invited SNUD to participate in a competitive tender for the Block and SNUD was awarded the Block in May 2002. SNUD negotiated a Production Sharing Agreement with NNPC, which was the licence holder. It was signed in December 2003. Malabu was not involved and was not a party to this agreement. A signature bonus of $210mln was due, however by then various disputes had arisen, as I will describe in the next slide. So we agreed with the Nigerian Government that only $1mln was payable immediately and the rest would be placed in escrow until all disputes were resolved. We placed it in an escrow account with JP

Morgan, and, as disputes continued, it remained there until 2011. In May 2002, SNUD commenced International Chamber of Commerce arbitration proceedings against Malabu. In November 2004, the ICC panel found in favour of SNUD. It noted that the actions of the Nigerian Government in revoking the Malabu licence were lawful. It decided that SNUD did not procure the wrongful revocation of Malabu's licence and it also decided that the subsequent bidding process was lawful. In August 2002, Malabu commenced proceedings in New York federal court against the Nigerian Government, SNEPCO, SNUD, and other Shell parties. In May 2003 and following a petition by Malabu, the Nigerian House of Representatives issued a report in favour of Malabu. It concluded that OPL 245 was legally awarded to Malabu, that the revocation of Malabu's licence should be set aside, and finally that SNUD should pay $550 million dollars compensation to Malabu. SNUD appealed these findings to the Court of Appeal in Abuja. Shortly afterwards, in September 2003, Malabu commenced proceedings in Nigeria against the Nigerian Government, NNPC, and SNUD for a declaration that the award of OPL 245 to Malabu was valid, a declaration that the award to SNUD was invalid, and for damages of $100 million dollars.

The 3rd Phase of this history started in 2006 when, out of the blue, the Nigerian Government advised that it had settled its legal cases with Malabu by reallocating OPL 245 to Malabu. This meant that the Nigerian Government had, in fact, awarded the Block to two different parties, SNUD and Malabu. These competing legal claims are central to the disputes that followed and to the 2011 settlement. Given the exploration investment made by SNUD to date, SNUD held urgent meetings with the Nigerian Government and Malabu. By April 2007, no progress was made and so SNUD commenced Bilteral Investment Treaty arbitration, where SNUD claimed wrongful expropriation of OPL 245 by the Nigerian Government. During 2008, the Nigerian Government urged the parties to find a solution and we began to explore possible settlement with the Government and Malabu. Our objective was to enable the development of OPL 245, which had stalled. Talks occurred involving the Nigerian Government and Malabu over the ensuing 2 years, at times with the participation of Dan Etete, but no settlement was agreed. As negotiations continued, in June 2010, the Nigerian Government issued a letter re-confirming its 2006 allocation of OPL 245 to Malabu. Factually, it was very clear to us that the outstanding dispute could not be settled without Malabu being involved. The Nigerian Government needed to be part of the settlement. It was the appropriate governing authority. It had issued rights to the Block to both SNUD and Malabu. SNUD and the Government were in arbitration proceedings with a great deal at stake for both sides. The Government was also in a position to reach settlement with Malabu and to deal with the risk of further disputes about the Block among Malabu and its various purported shareholders.

During Phase 4 Eni entered the negotiations as the potential purchaser of Malabu's interest in the block. Negotiators for the Nigerian Government included the Attorney General, the Minister of Petroleum and the Minister of Finance. Negotiations led ultimately to the agreements that concluded in April 2011. In reaching this settlement, our objective was to move forward as co-owner of the block with Eni, free of further disputes with the Nigerian Government and Malabu, and to realise the investment already made in exploring this Block. To enable this, Malabu was required to give up its rights in the Block and for this it demanded compensation from the

Nigerian Government, as it was the Government that had awarded the Block to Malabu. The key terms of the settlement are noted here. Contributions from Shell companies amounted to just under $320 Million dollars, including release of the signature bonus from the 2003 escrow. Eni contributed the remainder, a little over $980 Million dollars. In total the Nigerian Government received 1.3 billion dollars in return for allocation of the Block, settlement of claims on the block, and indemnification against future claims on the Block. This slide sets out the various agreements signed. I draw your attention particularly to two of these: The Nigerian Government signed a Resolution Agreement with Malabu, in which the Nigerian Government agreed to pay Malabu just under $1.1 Billion dollars and Malabu agreed to relinquish all claims on the Block. There was a submission to the Court of Appeal in Abuja withdrawing appeals by SNUD and SNEPCO against the findings of the 2003 House of Representatives Report. Malabu was party to that court case and this court document is the only document which Malabu and the Shell companies signed together. The settlement result is that Shell and Eni each own 50% of OPL 245; Eni is the development operator.

The Shell Group retained Debevoise & Plimpton LLP, a highly experienced international law firm, to look into the Shell companies' involvement in the OPL 245 settlement. Debevoise conducted and led an investigation with support from Shell's Business Integrity Department. Shell's senior management, the Audit Committee and the RDS Board were briefed regularly during the conduct of the investigation. The findings were presented to the RDS Board in July 2016. During the second half of 2016, we voluntarily shared the investigative findings with relevant authorities, and we produced a voluminous set of documents, illustrating our cooperation with them.

Based on the Debevoise investigation and all other information and facts available to Shell, including review of the Prosecutor of Milan's file, we do not believe that there is any basis to prosecute any Shell company. Furthermore, we are not aware of any basis for a case against any former or current Shell employee. Shell had no visibility into, or control over, what Malabu did with the compensation sums paid to it by FGN. If any improper payments were made by Malabu or others to then-current government officials, it is Shell's position that no such payments were made with its knowledge or authorization, or on its behalf. And with this, let me hand you back to Ben.

Ben van Beurden

Thanks Donny. Shell is proud of our ongoing engagement with our ESG community of investors. Today's event, is the cornerstone of our ESG programme and has been running for over a decade. We engage our investors through roadshows and conferences, and we hold investor site visits. In our Governance programme we have ongoing Chairman and Remuneration engagement programmes. Our AGM remains of course an opportunity for all investors to ask questions of our entire Board, and last year we had an additional governance event with our non-executive chairs of our Board committees. Feedback was positive from this event and we are assessing the appropriate frequency for this type of event going forward.

2016 was a transition year for Shell. We completed the acquisition and integration of BG, and set out our strategy to you, our shareholders, at our Capital Markets Day. This strategy is based on four aspirations – becoming a world-class Investment case; maintaining our leadership position in value and influence; sharing value with the societies we operate in – through job creation, supply chain, and engagement with local communities; and reducing our CO_2 intensity. Creating a world-class investment case is about delivering higher, more predictable returns and growing free cash flow per share, and underpinning all of that with a conservative financial framework. And we made progress on that in 2016 with cost reductions and strong cashflow in the second half of the year, and we will further update on delivery of the other elements of our strategy as our plans in these areas mature.

Shell is committed to transparency where data is meaningful. Shell has supported greater transparency in payments from the extractive industries to governments as a means to build trust and strengthen governance, Shell is reporting in line with the mandatory requirements set out by the UK Regulations, and is a founding member of the Extractive Industries Transparency Initiative, whose coordinated approach with countries, civil society, and companies is an effective way of ensuring transparency. Looking forward, we have been engaging with the Taskforce on Climate-related Financial Disclosures, the TCFD, on their recommendations for reporting on climate-related financial disclosures.

Now let me talk about Health, Safety, Security, and Environment or HSSE. Shell places a strong emphasis and focus on HSSE through our Goal Zero approach. We are committed to prevent harm to people or the environment during our operations. This is critical for the responsible delivery of energy, and it is what society expects of us. While we focus on prevention, we also have detailed processes in place to mitigate events to limit the impact of any incident. In addition, we place an emphasis on areas where we see exposure, and that is road transport and contractors. Let me first reflect on our HSSE performance. On the slide you will see some key metrics we monitor, with BG assets included from February 1, 2016. We are on a path of continuous improvement in our metrics. We are positive about these results but cannot be complacent in this space as there is room for improvement before we achieve our Goal Zero of no harm and no leaks. We continue to have a focus on safety leadership. We are committed to work collaboratively with our staff and contractors, our JV partners, and the communities we operate in, to improve the collective safety performance. We place an emphasis on care in our safety culture, we are working to improve the human experience for our staff and contractors, because it's the right thing to do.

Now let me share an example: in Brazil, we shared our responses to the Gulf of Mexico Macondo incident with Petrobras. We offered them our assurance tools and systems and jointly implemented this in a matter of months on Petrobras' rigs and wells. We believe this significantly reduces the exposure. Road Transport is integral to the running of Shell and a recognised area of exposure - whether it be delivering fuels, transporting equipment, or travelling to meetings. It's something which we constantly focus on. In Australia, we utilise drones to monitor some operations remotely. In the US at our Permian asset, infrastructure investment has significantly reduced the trucks required to haul oil and water from well sites. Here we are eliminating some of the trips which is the best solution to reduce our exposure, all while improving operational efficiencies. Some of you may know that the Middle East is a region with some of the most difficult road conditions. We invited PDO to see the journey control room in one of our joint venture's in Abu Dhabi. We have similar rooms in Nigeria and Iraq which have helped monitor and improve adherence to life saving rules. We helped PDO to implement this.

Now, let me talk about contractors and contractor management. Contractors are key in delivering our projects and often execute some of the higher risk activities. We are working hard to evolve our contractor management strategy, recognizing those with best in class procedures and placing the accountability with them. Across our businesses we partner with our contractors to discuss how to work better together to achieve goal zero, while we see improvements over the years, we still have a long way to go because sadly in 2016 three contractors lost their lives while working for us.

Our operated emissions reduced slightly in 2016, despite the inclusion of BG. The additional emissions from BG were offset by adjustments like divestments and mitigation activities. In 2016, we had a 35% reduction in flaring in our Integrated Gas and Upstream businesses. The start-up of gas capture facilities in Iraq and Malaysia towards the end of 2015 were key milestones. Flaring intensity levels in SPDC decreased by about 35% in 2016 compared with 2015, due to improvements in asset reliability, but also due to production outages. Progress was also made on several gas-gathering projects, however, the planned start-up dates for two other gas-gathering projects continued to be delayed by security issues throughout 2016 and a lack of adequate joint-venture funding from our government partner for most of the year.

Moving to Nigeria, we have multiple businesses in Nigeria, but the SPDC joint venture for onshore oil and gas is the most challenging one. We have reduced Shell's exposure there, with around $5 billion of asset sales since 2010. It's an area with very challenging socio-economic conditions. This means criminal acts including shootings and kidnappings, widespread oil theft and pollution from that, the security situation also deteriorated through 2016, I would like to stress that Shell's priority is safe operations for our people. We saw another reduction in the number and volume of spills in Nigeria in 2016, both from operational spills and those caused by sabotage, sabotage does however remain a serious concern. The reduction is due to continued improvements in oil spill prevention, production outages, and divestments. We continue to work with key stakeholders in Nigeria on improving security, on remediation and on local community engagement. Over 2016 we also saw some progress in the government-led United Nations Environmental Program clean-up, which is encouraging. This included the set-up of the Integrated Contaminated Soil Management Centre, which will help create employment opportunities in Ogoniland and provide skills in remediation, as well as the SPDC JV making a payment for the take-off fund as part of our commitment towards funding our share of the Ogoni restoration fund recommended by UNEP. With that I'll handover to Hans, Hans.

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Hans Wijers

Thanks Ben. I attended this event last year in and had the chance to speak to some of you during the Board Engagement day last November, and I look forward to engaging with you today. Let me start today by explaining the role of the CSRC. The CSRC takes an active role in advising the Board of directors and 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. In addition to regular formal meetings, where we engage subject matter experts, the CSRC also visits Shell operations and meets local staff and external stakeholders to observe how Shell's HSSE standards are being implemented in practice. In 2016 we visited Karachaganak in Kazakhstan, a former BG asset operated by KPO (Karachaganak Petroleum Operating), as well as Groningen in the Netherlands operated by the NAM joint venture, where we look to understand further induced seismicity, both from a global risk perspective but also within the local setting there. The CSRC also did a deep-dive on Nigeria discussing key issues in an open manner. Nigeria continues to be a focus area going into 2017.

Let me also say something about the energy transition a topic regularly discussed in the Board. Shell has long been encouraging policy makers for a long-term perspective and government-led Carbon pricing mechanisms. Action needs to be taken at the Government level, as the energy transition involves many players from across different business segments and society - not just oil and gas companies. Switching from coal to gas in power generation is one of the simplest policy choices that can reduce CO_2 emissions. The use of gas in combination with wind and solar, is a possible route towards sustainable energy use. One of the other key technologies in a lower-carbon energy system will be CCS or CCUS storing CO_2 safely underground. Follow This, as you know, is an initiative by shareholders who believe that Shell needs to take the lead role in this transition. When you look at energy transition, you are talking about a transition path of several decades. There are so many things that need to change across the entire energy system. A power plant being built now has an expected economic life of 40 years; your car might last 15 years if you buy it now. Shell is already taking action in many of the ways it can – looking to manage its own emissions, supplying gas globally, at scale CCS projects, and lower emissions fuels such as biofuels and hydrogen. We also engage with governments to help them work to a lower-carbon future. In other words: we are a partner, when it makes commercial sense we want to be - and we are already being - part of the solution for this lower carbon world.

The CSRC also informs and advises the Remuneration Committee on sustainability metrics. 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. For this year we have recommended to include greenhouse gas management as metrics in the bonus scorecard, this will cover a large part of our operated business and will cover CO_2 intensity of refineries, chemical plants, and upstream flaring. Altogether this metric will cover about 60% of Shell's total GHG emissions. We will retrospectively disclose scorecard targets when they are no longer deemed to be commercially sensitive. Oil spills remain important and are still covered as process-safety incidents in the scorecard.

I would like to say something more about how the board works, the board seeks to get information on the changing external environment and global trends that are occurring. We use rich and stretching content like the Shells Scenarios, but also look at specific business context for themed reviews that could support portfolio decisions. Also we discuss things like emerging disruptive events or significant developing trends such as digitalisation. All these inputs stretch our thinking and inform decision making.

Moving to some of the topics that show why I, as a board member, am proud to work with Shell. We have an extensive range of activities where we achieve extraordinary things. When we visited Kazakhstan, a country in which our footprint was almost doubled with the BG acquisition, I saw what Shell - who became the joint operator of one of the world's largest gas condensate development ventures - could contribute. I was encouraged to see that Shell is working to raise the safety and environmental performance of the acquired BG fields to Shell standards. Another example is our advanced biofuels programme. Here you see only one example, IH squared (IH^2), developed with the US-based Gas Technology Institute. This demonstration technology, being built at Shell's technology centre in Bangalore will allow waste (everything from bits of plants to standard domestic garbage) to be converted into a biofuel that can be used in normal cars, vans or trucks. The last one I wanted to mention is hydrogen mobility, that produces no tailpipe emissions, other than water. In Germany, we are part of a joint venture that is helping solve the "chicken and egg" situation that new fuels can otherwise find themselves faced with. Shell has partnered with gas manufacturers, car makers, and other oil and gas companies to develop a network of 400 hydrogen refuelling stations by 2023. The German government and the EU are also funding part of the initiative. Now, let me hand you back to Ben.

Ben van Beurden

Thanks Hans. There are ongoing long term changes in society that impact the energy landscape, increasing population and urbanisation, rising living standards, and additional vehicles, and all this adds up to increasing energy demand that could double from 2000 to 2050. At the same time, the world is taking action to reduce greenhouse gas emissions, so energy efficiency and growth in renewables will impact the pace of energy demand growth and the sources of energy supply. Shell is taking action to prepare for the energy transition – not just in its own activities but also working with others. I wanted to highlight some of the work we are doing to encourage the energy transition. In China, we have been working with the Development Research Centre (DRC) on energy policy for a number of years, initially on the country's energy system, and recently to assess the role gas could play in the energy system ahead of their 13th five-year plan. The work offers insights on how best to increase the share of gas in the energy mix while balancing energy security, energy affordability, and the environment. The DRC and Shell worked hard together to map out the different factors which drive the increasing share of gas in the global energy system; and how to apply these to determine the potential for gas in China. The work has resulted in robust and pragmatic policy recommendations, including supply-side measures to accelerate domestic gas production, and demand measures to promote gas usage in China. Our collaboration with the DRC demonstrates how Shell can work with governments effectively on energy and climate challenges.

Moving to shareholder resolutions. In 2015 the Board supported the Aiming for A resolution. Many of you were a part of that, and Shell continues to progress its work in this area, most recently, as Hans discussed, with the inclusion of the GHG metrics in our executive remuneration. Last year we had the Follow This resolution led by Mark van Baal asking for us to become a renewable energy company. Most shareholders agreed with us that such a step was not sensible for Shell. This year Follow This has come back asking for absolute emissions reduction targets for scope 1, 2 and 3 emissions. I know many of you have strong opinions on targets – but we have long felt that absolute emissions targets are not appropriate for a Group like Shell. Portfolio activity can make a significant difference without improving the overall energy landscape, for example, divesting energy intense operations reduces Shell's emissions, but doesn't impact the overall emissions if those operations continue to be operated by someone else. But we continue to discuss how best to reduce our emissions intensity within the Group. The targets Follow This ask for, not least the inclusion of scope 3 - our customers' emissions – targets would limit our ability to participate in the energy system, reduce our competitive positioning, and by targeting only one single actor, would not enable the energy transition to occur any quicker; instead they would just allow our competitors to benefit, and may even have an adverse effect on overall GHG reductions.

Our decision not to have absolute emissions targets does not mean we don't support the Paris agreement. In Shell's scenario document "A better life with a healthy planet", Shell looked at what it could take to get to a net-zero emissions world. Commonly published scenarios by institutions such as the Potsdam Institute for Climate Impact Research and MIT indicate that, roughly speaking: to limit the temperature rise to 2°C would require net-zero emissions by around 2070, and 1.5°C would require net-zero emissions around 2050, followed thereafter by net-negative emissions. We have long said that one of the ways Shell can best help address climate change is by providing natural gas as a substitute for coal, or heavier fuels. And our BG acquisition gave us additional scale here. These examples reduce greenhouse gas emissions against the alternative, and while they would be worthwhile from a global perspective they actually increase our own emissions, so something we could be disinclined to pursue if we had absolute emissions targets.

We believe our business strategy is resilient to the energy transition. We set out our strategy in 2016 through our Capital Markets Day, and this reflected the acceleration of our growth in gas after the completion of the BG deal. As we look how the world could implement the goals of the Paris agreement we see the resilience of our strategy. This strategy to become a world-class investment means continuing to focus on advantaged assets at the lower end of the cost curve. Let me deepen the resilience argument a bit further by zooming in on a few businesses.

As I said earlier, we remain convinced of the ability of gas to help with the transition to a lower carbon world. With our material integrated gas business, and our ability to unlock new markets, Shell is very well positioned to help governments secure a lower carbon, cleaner energy system. Gas emits less CO_2 compared to coal and also there are benefits with regard to the air quality, a topic Governments in Asia are very much concerned about. The energy transition also provides opportunities to evolve our business models.

One of the areas we look at is marketing. We have developed 5 ambitions to 2025, and they are clear and bold. By 2025, our ambition is to reach a 50% margin-share from our retail offering - beyond fuels. We plan to do this by making our stations a retail destination, increasing our share of products we sell beyond fuel, and especially expanding our food and drink product offerings, increasingly partnering up with strong third-party brands. Secondly, by taking a leadership position on cleaner fuels we aim to significantly increase the amount of low-emission fuels we offer our customers around the world. These fuels will have lower emissions than our current gasoline and diesel. Also we want to reduce our carbon intensity. We aim to achieve this through low-CO_2 design equipment and operations as well as embedding a low-carbon mind-set. Our fourth ambition is about innovation to ensure every customer feels like a guest when they interact with the Shell brand; whether that be at a Shell Station, via the Shell App, or online. Lastly, reducing waste is our global social cause. We have an extraordinary opportunity to make a significant impact on our people, communities, and business by leveraging our presence in more than 43,000 locations worldwide. In addition to our marketing business, we are also taking action elsewhere in oil products – for example we have been high-grading our refinery portfolio over a number of years.

Chemicals, one of our growth priorities, is the fastest growing hydrocarbon demand sector - with annual global demand growth of 3.7% over the last 10 years. This is because we see key drivers for global growth in demand for chemicals – increased population, rising standards of living and urbanisation – continuing. Chemical products are essential to peoples' everyday lives, from health and hygiene to transport, construction, and computing. According to a study conducted by the International Council of Chemical Associations, the biggest opportunities to reduce CO_2 emissions over the lifetime of a product are in areas such as insulation, packaging materials, synthetic textiles, automotive plastics and low-temperature detergents. Many petrochemical products will play a role in a low carbon future. The large majority of Shell's petrochemical output comprises ethylene-based products such as styrene and higher olefins. Products made from these chemicals can enable CO_2 savings over their lifetime. Besides this, we also work to improve energy-efficiency performance and reduce Shell's greenhouse gas emissions across our chemical plants and we are making good progress there.

Our "Fit for the Future" programme in Upstream is a drive for top quartile CO_2 intensity and cost competitiveness. This drive for top quartile CO_2 intensity will also apply to new projects, and developments with high CO_2 intensity will be de-prioritized. We are working hard to reduce flaring associated with oil and gas production. Our policy is to reduce routine flaring and venting of this associated gas at our operations to a level as low as technically and financially feasible, with all new facilities required to be designed to export, use, or reinject associated gas that is produced. GHG and Energy management plans are expected to be in place for all assets (and projects). In these plans, we identify and assess the cost of measures to reduce our emissions as well as to deliver energy optimization.

We are working to detect and lower our methane emissions through a range of initiatives. Shell recognises that greater certainty over the methane footprint of natural gas systems is key to support gas as a lower-carbon energy source. Shell is taking action in many areas: We are working on reducing our flaring, looking to improve the quality of methane emission reporting - identifying, understanding and acting upon changes. Shell encourages industry roll out of Leak Detection and Repair (LDAR) programmes, and looks to advance development and deployment of new emissions detection, measurement, and reduction technologies. Methane is one of the priorities of the OGCI Climate investments. OGCI Climate investments was set up with Shell and 9 IOC and NOC partners, with the aim to spend $1 billion on low-carbon technologies. And we plan to spend around a third of this on cost-effective methane management technologies. With that I am pleased to introduce Guy Outen to talk further on our strategy, Guy.

Guy Outen

Ladies and gentlemen, it is good to speak to you today about Shell's strategy. I will first say some things on how we go about strategic thinking, then build on the summaries Ben provided as to the energy outlook and Hans provided on our beliefs, and explain the elements that underpin our current strategy – a strategy that sees us playing a positive role in the energy transition.

Let me first say something about scenarios and how we use them. Shell has been known for its thought leadership in scenarios since the 1970s. Scenarios are plausible and challenging descriptions of futures. They are meant to stretch the thinking of our board and executives and inform decision making. They are not forecasts, nor are they our planning assumptions. We believe that by considering possible futures, scenarios enable us to see indicators of these futures early and be better prepared to react should an unexpected future arise. Some of the key themes shaping our thinking today are not new. In the early 90s the forces of globalisation, liberalisation and technology were explored. The world we called New Frontiers, which embraced these forces, emerged and has led to an extraordinary period of development and demand for resources. However more recently those left behind are reacting and the alternative world of Barricades as we called it appears now on the rise. Our 2008 scenarios explored the choices the world had to respond to environmental challenges, either collectively as in our Blueprints scenario or with delay and reaction in the Scramble scenario. These and other scenarios helped us think about - and position for - some potentially important decisions including the rise of gas and LNG, oil price volatility, and investigating new energy sources such as biofuels, hydrogen and wind & solar PV. Not all of these energy sources have had the same success and so reflection on why - is a key part of our learning. We also publish supplements with a specific focus. Most recently on future cities - given their economic and environmental impact - and we explored what is needed to achieve to net-zero emissions in the world. Both recognise the critical impact on and of the environment on all our futures – and the roles we individually and collectively play in impacting these futures. Scenarios are important but only a part of our strategy process.

Ultimately it is our beliefs as to the future which influence our decisions on why and what our role should be. Our beliefs are informed by insights from our scenarios but also from factors such as deep dives into parts of our business, competitive assessments, analysis of capabilities, and ultimately leadership judgement. Three years ago when we refreshed our strategy we started with our long standing belief in the energy transition and deepened our thinking about the impact on markets, returns and capabilities. We also widened our thinking to recognise the force of digitalisation that by itself, and together with the energy transition, will also impact our industry. We see these forces re-shaping the energy system going forward - in a way we have not seen before. The rise in renewables will see risk management shift from subsurface to system integration and trading, lower costs, and customers' increasing ability to choose will enable greater differentiation, and transparency and communication will be pervasive; while Government policy will continue to be an important factor in how systems work.

We then considered what elements would be necessary for success in this future. We reflected that there are no obvious future winners at scale emerging yet. Oil and gas companies, utility companies and digital providers have much to learn about working in each other's space. So we considered Shell's values and our competitive strengths. The combination of our brand, our reach and our core competences in dealing with consumers and businesses and developing and integrating projects gives us multiple ways to participate in this emerging world. We are the number 1 brand in energy and serve around 25 million consumers, every day. We are bringing new fuels and in the future e-mobility and low carbon offers to our customers to fit their needs. Our core competence is to 'serve' end customers - whatever they intend to buy - and build differentiated offers around their needs. We have the capability to offer solutions, not just products. Our unique relationship with the automotive manufacturers as well as industrial equipment manufacturers in the lubricants business positions us strongly to develop partnerships that benefit customers. One example among a number you may have seen recently is our partnership with Jaguar Land Rover to offer their customers a seamless experience when they buy fuel at a retail site. Also, we should not forget our strong position in trading – covering oil, gas, power and CO_2 – is built on our competence that we have leveraged since the company was formed more than 100 years ago. Today it is a clear differentiator.

Given the significant large and growing scale of the future energy system Ben outlined, and our strong competitive capabilities I've touched on here, we made the strategic choice to be an active player through the energy transition and in the future energy system. We feel we can strengthen our leadership in the oil and gas industry, while positioning the company for the energy transition, through leveraging our existing businesses and exploring new areas we can develop attractive new opportunities as well as minimise potential risks. The Strategy continues to feel good to me, and feedback is positive. Our strategy is holistic and comprises the ambitions of our 'Aspired Future' and 'Aspired Portfolio' which you've seen before but also the 'Winning Capabilities' necessary for success. The 'Aspired Future' elements assist our thinking, being individually stretching but constraining when considered along with the other elements. Being a world-class investment is key to retaining shareholder support both now but also in the energy transition. Remaining relevant reinforces our belief that scale, when measured through a value lens is key to our future. Reducing our carbon intensity recognises that moving along with society's developments is the right sustainable approach to take. Finally, we accept and embrace that collaborative and open relationships with our stakeholders requires the value we bring to be understood and accepted. The 'Winning Capabilities' outline what we think will be key in the world we envisage. I'm sure you can see the linkages to the elements of success I covered earlier. These include being customer-centric, being able to grasp value along a dynamic, evolving value chain, leveraging technology - not just ours - continuing to be a world class developer of key projects, as well as embracing that cost competitiveness in the future world will remains key. Finally, our 'Aspired Portfolio' is considered both as a whole and for each strategic theme. The acquisition of BG further extended our long term gas advantage while also enhancing the competiveness of our oil portfolio. Chemicals is now prioritised for growth as we see it being a long term attractive business but currently is significantly underweight. Oil sands mining on the other hand is no longer a core long term business for Shell as you'll have seen with our recent divestment announcement.

Our Strategy saw us introduce new energies as a strategic theme last year. New energies is a new longer-term business where Shell looks to invest in a measured way to gain insights as to where we see the potential for material businesses in time. It is not driven by investment targets or volumes and will be aligned with our world class investment case. We have four themes emerging; advanced biofuels, where we aspire to build a material advanced biofuels manufacturing business and for this we focus on de-risking our technology portfolio. In hydrogen, we are developing early options to competitively position Shell for this emerging fuel. Our initial focus is on mobility and core markets in Europe and America. We do this in close partnership with OEMs, industrial gas companies and governments to address market adoption. We are also building integrated positions in the growing renewable power value chain. This ranges from exploring positions in offshore wind and solar in emerging markets, to selective energy storage and conversion that partners with renewable power generation, we are expanding our power trading and marketing footprint to leverage these integration systems, and we are exploring electric vehicle charging opportunities to enable load balancing on the grid and save money for the customer. This ties to the last theme which is Connected Customer. We're testing new customer service models through both business incubation and venture capital investment, focussing on mobility services, B2B services and 'behind-the-meter' solutions for renewable power & heat. Hopefully that gives you an insight into the detailed thinking behind our strategy. As you've seen from Ben's introduction, we're making good progress in implementation across our businesses covering the three elements of our Aspired Future, Winning Capabilities and Aspired Portfolio. With that, let me hand back to Ben.

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Ben van Beurden

Thanks Guy. 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 you will have the opportunity to ask Guy 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. Hans, and I will join those as well as it helps us to know what is on your mind.

------------------ ENDS ------------------

CAUTIONARY NOTE

This presentation contains data from Shell's New Lens Scenarios. The New Lens Scenarios are a 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 quantifications, and they are designed to stretch management to consider even events that may only be 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.

It is important to note that Shell's existing portfolio has been decades in development. While we believe our portfolio is resilient under a wide range of outlooks, including the IEA's 450 scenario, it includes assets across a spectrum of energy intensities including some with above-average intensity. While we seek to enhance our operations' average energy intensity through both the development of new projects and divestments, we have no immediate plans to move to a net-zero emissions portfolio over our investment horizon of 10-20 years.

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 "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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